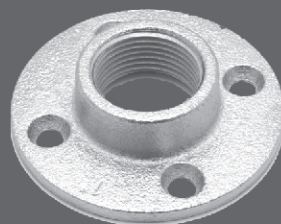
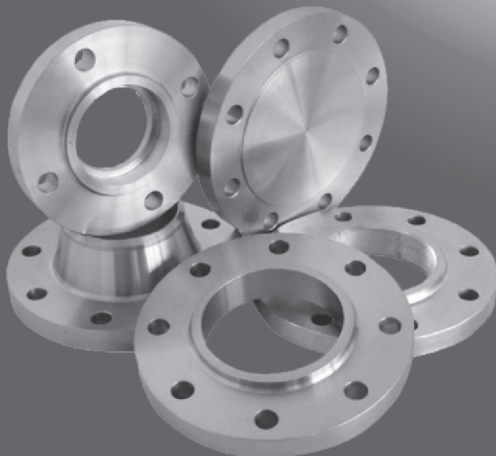
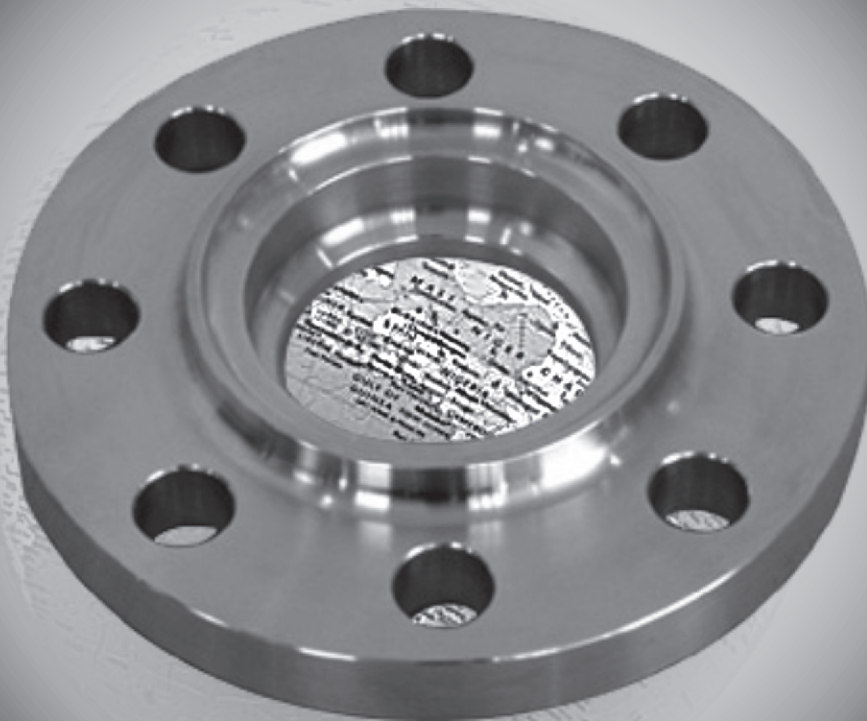




Shree Ganesh Forgings Ltd.



**Annual Report
2009-10**

NOTICE

NOTICE is hereby given that the Thirty-Seventh Annual General Meeting of **SHREE GANESH FORGINGS LIMITED** will be held on Friday, July 30, 2010 at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, Kala Ghoda, Mumbai 400 001 at 3:00 p m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with the Auditors' Report and the Directors' Report thereon;
2. To appoint a director in place of Mr.Pal Uppal, who retires by rotation and being eligible, offers himself for reappointment ;
3. To appoint Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of sections 198,269,309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. Deepak Balkrishan Sekhri by the Board of Directors as Managing Director of the Company for a period of three years with effect from 01.04.2010 be and is hereby approved on the terms and conditions including remuneration as approved by the Remuneration Committee of the Board and detailed in the Explanatory Statement annexed hereto.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to alter and vary the terms and conditions of the appointment and/ or remuneration at any time in consultation with the Remuneration Committee of the Board."

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of sections 198,269,309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mrs. Anita Deepak Sekhri by the Board of Directors as Executive Director of

the Company for a period of three years with effect from 01.04.2010 be and is hereby approved on the terms and conditions including remuneration as approved by the Remuneration Committee of the Board and detailed in the Explanatory Statement annexed hereto.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to alter and vary the terms and conditions of the appointment and/ or remuneration at any time in consultation with the Remuneration Committee of the Board.

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

"RESOLVED THAT pursuant to the provisions of section 94(1)(a) and other applicable provisions of the Companies Act, 1956, the Authorised Capital of the Company be increased from Rs.22,50,00,000 (Rupees Twenty Two Crores Fifty lacs) to Rs. 36,50,00,000 (Rupees Thirty Six Crores Fifty lacs) by creating 1,40,00,000 (One Crore Forty lacs) Preference Shares of Rs. 10/- (Rupees Ten) each.

"RESOLVED FURTHER THAT the existing 20,00,000 (Twenty lacs) 'Convertible Preference Shares' of Rs. 10 (Rupees Ten) each be and is hereby reclassified as 20,00,000 'Preference Shares' of Rs. 10 each.

"RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be amended by substituting the words "The Authorised Share Capital of the Company is Rs.22,50,00,000 (Rupees Twenty Two Crores Fifty lacs) divided into 2,05,00,000 (One Crore Fifty Five lacs) Equity shares of Rs. 10/- (Rupees Ten) each and 20,00,000 (Twenty lacs) Convertible Preference Shares of Rs. 10/-(Rupees Ten) each" with the words :

"The Authorised Share Capital of the Company is Rs.36,50,00,000 (Rupees Thirty Six Crores Fifty lacs) divided into 2,05,00,000 (Two Crore Five lacs) Equity shares of Rs. 10/- (Rupees Ten) each and 160,00,000 (One Crore Sixty lacs) Preference Shares of Rs. 10/-(Rupees Ten) each".

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED FURTHER THAT the existing Clause 3 of the Articles of Association of the Company be substituted with new Clause 3 which reads as



below:

3."The Authorised Share Capital of the Company is Rs.36,50,00,000 (Rupees Thirty Six Crores Fifty lacs) divided into 2,05,00,000 (Two crore five lacs) Equity shares of Rs. 10/- (Rupees Ten) each and 160,00,000 (One Crore Sixty lacs) Preference Shares of Rs. 10/-(Rupees Ten) each."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to section 81(1A) and other applicable provisions of the Companies Act, 1956, and the Securities Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other guidelines as applicable, consent of the Company be and is accorded to the Board of Directors to issue and allot, on a preferential basis, upto 1,60,00,000 Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10 each, at par, for an amount not exceeding Rs. 16,00,00,000 (Rupees Sixteen Crores) to the bankers of the Company, as per details provided in the Explanatory Statement attached hereto, in terms of the Corporate Debt Restructuring (CDR) package approved by the CDR Cell of the Reserve Bank of India vide their letter no. BY.CDR JCP.1544/ 2009-10 dated 15th March, 2010.

"RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorized to decide all matters in respect of the said issue of preference shares in consultation with the concerned lender- bankers and take all necessary action required to give effect to their issue and allotment."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to section 81(1A) and other applicable provisions of the Companies Act, 1956, and Securities Exchange Board of India (SEBI) (Issue of Capital and Disclosure) Regulations, 2009 and the Listing Agreement, consent of the Company be and is accorded to the Board of Directors to issue and allot, on a preferential basis, equity share capital of the Company upto the sum of Rs. 6 crores (Rupees Six Crores) to the promoters of the company at a price to be worked out as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, in terms of the Corporate Debt Restructuring (CDR) package approved by the CDR Cell of the Reserve Bank of India vide their letter no. BY.CDR

JCP.1544/ 2009-10 dated 15th March, 2010, as per details provided in the Explanatory Statement attached hereto.

"RESOLVED FURTHER THAT the 'Relevant Date' for determining the applicable price for the new Equity shares of issue shall be 15.03.2010 being the date of approval of the CDR package for the Company.

"RESOLVED FURTHER THAT the new Equity shares issued as aforesaid shall rank parri passu with the existing Equity shares of the Company in all respects.

"RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorized to do all such acts, deeds and things that may be necessary to give effect to the aforesaid issue and allotment of equity shares.

"RESOLVED FURTHER THAT this resolution shall supercede the resolution passed at the Annual General Meeting held on September 25, 2009 for issue of preferential shares to the promoters.

For & on behalf of the Board of Directors

Regd Office: of Shree Ganesh Forgings Ltd

412,EMCAHouse,

SBS Road, Fort,

Mumbai-400001

Date : June 18, 2010

Sd/-

Deepak B Sekhri

Chairman & Managing Director



Notes :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A DULY COMPLETED PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- b) Members are requested to bring their copies of Annual Report to the meeting. Members / Proxies attending the meeting should bring their attendance slip, duly filled, for handing over at the venue of the meeting.
- c) Members holding shares in physical form are requested to notify immediately any change in their address, quoting their Folio number(s) to M/s. Big Share Services Pvt Ltd, the Company's Registrar and Share Transfer agent.
- d) The Register of Members and Share Transfer books of the Company shall remain closed from Monday, July 19, 2010 to Friday, July 30, 2010 (both days inclusive).
- e) Members who desire any information as regards the accounts are requested to write to the Company at least 10 days before the date of the meeting so as to enable the management to keep the information ready.
- f) Pursuant to the provisions of the Section 205C of the Companies Act, 1956, the dividend remaining unclaimed/unpaid and IPO refund also remaining unclaimed/unpaid, for a period of seven years from the date they became due for payments shall be credited to the Investor Education and Protection fund, set up by the Central Government. Members and investors who have so far not claimed the dividend /IPO refund are requested to write to M/s. Big Share Services Pvt Ltd.

Details of Directors seeking Re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement

Mr. PAL UPPAL	
Age	46 years
Qualification	BCom
Date of Appointment	19th January, 2005
Expertise in specific functional area	Entrepreneur having more than two decades experience in automobile and related industries
Directorship in other companies	1. Submersible Pumps Pvt Ltd 2. S U Motors Ltd 3. S U Research & Investment Pvt Ltd
Committee membership	Audit Committee, Investor Grievance Committee and Remuneration Committee
Shareholding in the Company	Nil

Regd. Office:
412, EMCA House,
SBS Road, Fort,
Mumbai- 400 001
Date : June 18, 2010

For & on behalf of the Board of Directors
of Shree Ganesh Forgings Ltd

Sd/-
Deepak B Sekhri
Chairman & Managing Director



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 4

Mr Deepak B Sekhri was reappointed as Managing Director of the Company for a period of three years with effect from 01.04.2010 by the Board of Directors and his remuneration was duly approved by the Remuneration Committee of the Board, as detailed hereinbelow.

Basic Salary : Rs.2,20,000 per month (Rupees Two Lacs Twenty Thousand only).

Commission : 1% of the net profits of the company subject to a ceiling of 50% of the annual salary.

Perquisites : In addition to salary and commission, the following perquisites as specified in Part A, B and C below are payable subject to the ceiling applicable and mentioned therein :

Part A

Free furnished quarter with annual rent subject to a ceiling of Rs.30,000 per month or House Rent Allowance of Rs.30,000 per month;

Medical expenses incurred for self and family to be reimbursed subject to a ceiling of one month's salary per annum or three months' salary over a period of three years;

Leave Travel Concession for self and family, once in a year,subject to a maximum Rs.50,000 per annum ;

Personal Accident Insurance, the annual premium of which shall not exceed Rs.5,000.

Part B

Company's contribution to Provident Fund, Super-Annuation Fund or Annuity Fund as per the rules of the Company, but not exceeding 12% of the Basic Salary;

Gratuity payable at the rate of half month's salary, subject to a ceiling of Rs. 1.00 lac, for each completed year of service;

Encashment of leave at the end of tenure.

Part C

Free car with a driver will be provided for use for Company's business and will not be considered a perquisite. Use of car for private purposes will be billed by the Company.

Free facility of telephone at residence will be provided for the purpose of Company's business and will not be treated as perquisite. Long distance personal calls will be billed by the Company.

Where in any financial year, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Deepak B. Sekhri, the remuneration by way of

salary and other allowances not exceeding the limits specified in Section II (1)(B) of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

This resolution is being put up for the approval of the members as per the provisions of Schedule XIII of the Companies Act, 1956.

None of the directors, except Mr. Deepak B Sekhri, is interested in this resolution.

Item no. 5

Mrs Anita Deepak Sekhri was reappointed as Executive Director of the Company for a period of three years with effect from 01.04.2010 by the Board of Directors and her remuneration was duly approved by the Remuneration Committee of the Board, as detailed hereinbelow.

Basic Salary : Rs.2,00,000 per month (Rupees Two Lacs only).

Commission : 1% of the net profits of the company subject to a ceiling of 50% of the annual salary.

Perquisites : In addition to salary and commission, the following perquisites as specified in Part A, B and C below are payable subject to the ceiling applicable and mentioned therein :

Part A

Free furnished quarter with annual rent subject to a ceiling of Rs.30,000 per month or House Rent Allowance of Rs.30,000 per month;

Medical expenses incurred for self and family to be reimbursed subject to a ceiling of one month's salary per annum or three months' salary over a period of three years;

Leave Travel Concession for self and family, once in a year,subject to a maximum Rs.50,000 per annum ;

Personal Accident Insurance, the annual premium of which shall not exceed Rs.5,000.

Part B

Company's contribution to Provident Fund, Super-Annuation Fund or Annuity Fund as per the rules of the Company, but not exceeding 12% of the Basic Salary;

Gratuity payable at the rate of half month's salary, subject to a ceiling of Rs. 1.00 lac, for each completed year of service;

Encashment of leave at the end of tenure.

Part C

Free car with a driver will be provided for use for Company's business and will not be considered a perquisite. Use of car for private purposes will be billed by the Company.

Free facility of telephone at residence will be provided for the purpose of Company's business and will not be treated as perquisite. Long distance personal calls will be billed by the Company.

Where in any financial year, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mrs. Anita Deepak Sekhri, the remuneration by way of salary and other allowances not exceeding the limits specified in Section II (1)(B) of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

This resolution is being put up for the approval of the members as per the provisions of Schedule XIII of the Companies Act, 1956.

None of the directors, except Mrs. Anita Deepak Sekhri, is interested in this resolution

Item nos. 6 & 7

The initial debt restructuring exercise of the Company implemented in September, 2008 was not successful owing to various factors. In view of this, the company approached the Corporate Debt Restructuring (CDR) Cell of the Reserve Bank of India for a further restructuring which was approved by it vide letter no. BY.CDR JCP.1544/2009-10 dated 15th March, 2010. The reworked package envisages the issue of Preference Shares to the lender-bankers, subject to certain terms and conditions, to the extent of Rs. 15.65 crores.

As the present Authorised Share Capital comprises of only 20,00,000 Convertible Preference shares of Rs. 10 each and cannot accommodate any further issue of preference shares, it is proposed to increase the preference share capital of the company by creation of 140,00,000 Preference Shares of Rs. 10 each and reclassifying the existing 20,00,000 'Convertible Preference' Shares of Rs. 10 each as 20,00,000 'Preference' Shares of Rs. 10 each.

Any increase in the Authorised Share Capital would also necessitate corresponding alterations in the Memorandum and Articles of Association of the Company.

As per the provisions of the Companies Act, 1956, any alteration to the Capital Clause of the Memorandum of Association and any alteration to the Articles of Association requires the consent of the members of the Company. The respective resolutions at item 6 and 7 are therefore placed for the approval of the members.

None of the directors is interested in this resolution.

Item no.8

As stated hereinbefore, the Corporate Debt Restructuring (CDR) package was reworked and approved by the CDR Cell of the Reserve Bank of India on 15th March, 2010, pursuant to which the Company would be required to issue Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) to the extent of Rs. 15.65 crores in lieu of part of the outstanding amount to the lender bankers viz. State Bank of Patiala, State Bank of Hyderabad, State Bank of Indore, and Bank of Maharashtra, broadly in the following manner :

State Bank of Patiala	Rs. 5.64 crores
State Bank of Indore	Rs. 5.27 crores
State Bank of Hyderabad	Rs. 4.14 crores
Bank of Maharashtra	Rs. 0.60 crores

However, the same is required to be issued-alloted on implementation of the reworked package.

The basic terms of issue are :

1. The OCCRPS to carry a coupon rate of 5% to be accrued on simple basis with effect from the date of its issue;
2. At the option of the allottees, the OCCRPS may be converted into equity within 18 months from the date of approval of the CDR package at a price to be determined as per the SEBI regulations prevalent at that time.
3. In case the OCCRPS are not converted, they are to be redeemed in 4 equal instalments falling due on March 31, 2016, 2017, 2018 and September 30, 2018 alongwith accumulated dividend, on simple basis, on the principal amount to be redeemed.

As per the provisions of section 81(1A) of the Companies Act, 1956, this issue requires prior approval of the members. The Board recommends the passing of this resolution in the interest of the Company.

All related documents shall be available for inspection at the Registered Office of the Company between 3:00 pm and 5:00 pm on any working day from July 10, 2010 to July 30, 2010 (both days inclusive).

None of the directors is interested or concerned in this resolution.

Item no. 9

One of the conditions of the CDR approval dated 15.03.2010 referred hitherto, requires the promoters of the Company to bring in a sum of Rs. 6 crores (Rupees Six Crores only) as Promoters' Contribution which would be converted into equity within 18 months of the cut-off date of the package which is 01.04.2009, at a price to be decided in accordance with the SEBI regulations in this behalf. Accordingly, Rs. 5 crores was brought in



by the promoters by 13.03.2010 and Rs 1 crore was brought in April 2010.

The disclosures as required under Chapter VII of the SEBI (ICDR) Regulations, 2009 are provided hereinbelow :

(a) Objects of the preferential issue : to comply with

Category	Holding as on 18.06.2010	%age of total shareholding	Post-allotment holding	%age of total shareholding post (allotment)
A. Promoters	37,54,758	30.04	86,24,888	49.66
Associates	31,48,133	25.18	31,48,133	18.12
Sub total (A)	69,02,891	55.22	1,17,73,021	67.78
B. Public shareholding: Institutions	-			
Bodies Corporate	7,17,881	5.74	7,17,881	4.13
Individuals(upto Rs. 1 lac)	23,64,995	18.92	23,64,995	13.61
Individuals(above Rs. 1 lac)	23,90,744	19.13	23,90,744	13.77
Others incl trusts	1,23,963	0.99	1,23,963	0.71
Sub total (B)	55,97,583	44.78	55,97,583	32.22
TOTAL	125,00,474	100	1,73,70,604	100

(d) Time within which the issue will be completed : by 1stOctober, 2010 as per the terms of the CDR approval, or such other extended date as the CDR Cell approves ;

(e) Identity of the proposed Allottees : Mr Deepak Balkrishan Sekhri and Mrs Anita Deepak Sekhri. Details of pre and post allotment holdings :

Name of Proposed Allottee	Category/ Designation	Pre-allotment holding/ percentage	Post-allotment holding/ percentage
Mr. Deepak Balkrishan Sekhri	Promoter / Chairman and Managing Director	2839259 22.71%	5517830 31.77%
Mrs Anita Deepak Sekhri	Promoter / Executive Director	915499 7.32%	3107058 17.89%

(f) The Company shall re-compute the price at which the shares are issued in case it is required to do so under the terms of the SEBI(ICDR) Regulations, 2009;

(g) There would be no amount payable by the allottees in case of recomputation of issue price.

The statutory auditors of the Company, M/s R K Chaudhary & Associates have certified that the issue is being made in accordance with the requirements of the SEBI (ICDR) Regulations, 2009.

The equity shares so issued/ allotted shall rank pari passu with the existing equity shares in all respects and shall be eligible to be listed in the Bombay and National Stock exchanges where the equity shares of the Company are

- the terms and conditions of the CDR scheme ;
- (b) Proposal of the promoters : to abide by the terms of the CDR package sanctioned for the Company;
- (c) Shareholding pattern before and after the preferential issue : detailed hereinbelow;

already listed ; however, they shall be locked-in for a period of one year from the date of allotment.

As per the provisions of section 81 (1A) of the Companies Act, 1956, any issue of shares other than to existing shareholders of the Company requires the prior approval of the members of the Company vide a Special Resolution

Since the CDR approval letter dated 15.03.2010 of the reworked package is in supercession of its earlier package approved in September 2008, approval of the members to issue shares on preferential basis is being sought afresh and in supercession of the approval taken in the previous Annual General Meeting of September 25, 2009

All related documents including the Auditors' Certificate shall be available for inspection at the Registered Office of the Company between 3:00pm and 5:00 pm on any working day from July 10, 2010 to July 30, 2010 (both days inclusive).

None of the directors, other than Mr Deepak B Sekhri and Mrs. Anita D Sekhri, are interested in this resolution.

For & on behalf of the Board of Directors
of Shree Ganesh Forgings Ltd
Sd/-

Place : Mumbai

Deepak B Sekhri

Date : June 18, 2010

Chairman & Managing Director



DIRECTORS' REPORT TO THE MEMBERS

Dear Members ,

Your Directors have pleasure in presenting the Annual Report and the Audited Statement of Accounts for the Financial Year ended 31st March ,2010.

Financial Highlights

(Rs. in lacs)

	2009-2010	2008-09
Operational Income	2958.85	4180.84
Other Income	348.56	233.00
Total Expenditure (excluding interest)	5801.26	4787.44
Interest	1327.44	1409.62
Profit/ (Loss) before Tax	(3840.18)	(1783.22)
Tax Expense	(917.94)	(1186.85)
Profit/ (Loss) after tax	(2922.24)	(596.37)

Dividend

In view of the loss incurred , the Board regrets their inability to recommend dividend for this year.

Operations

During the year under review, the turnover of the Company reduced considerably to Rs. 2958.85 lacs against the previous year's Rs. 4180.84 lacs. This is attributable to the failure of the Corporate Debt Restructuring (CDR) package on the one hand and the global meltdown on the other, besides the recurrent labour problems faced by the company.

The CDR package which saw the company take a few positive steps in late 2008 and early 2009 failed to meet the Company's requirements and expectations since all the facilities weren't released in time to gear the company towards fulfilling its business obligations. The company was therefore constrained to apply again to the CDR Cell for reworking of the package during the last quarter of 2009 . Due to unfavourable circumstances and lack of consensus amongst the bankers' consortium, the approval to this CDR proposal took longer than expected. Pending approval of the reworked package, the bankers had not released the working capital limits essential to the survival of any medium -sized unit given the melt-down in the global scenario. While the Company had been able to secure orders from some of its age-old European customers despite the economic downturn , many of these orders could not be executed by the company due to lack of working capital .

The global meltdown ofcourse left its scars on the export turnover which has always been the mainstay of the Company's business . This in turn resulted in the company not being able to meet its projected turnover under the CDR package, which led to an unprecedented tightening of working capital limits . In short the entire operations was into a vicious circle , and needless to say that our capacity

utilization was well below average industry standards.

Unfortunately, all these factors resulted in mounting losses for the Company so much so that the Company's net worth which stands at Rs.2800.48 lacs as on 31.03.2010 has been completely wiped out by the accumulated losses of Rs. 3576.39 lacs.

Under the advice of the Company's auditors , the Board shall be referring the Company to the Board of Industrial and Financial Reconstruction under the proviso to section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 .

Presently, the domestic market is showing signs of recovery and the Company has already started reviving its presence in the domestic sector. The export market is also slowly beginning to thaw and with the co-operation of the bankers in implementing the reworked CDR package without delay , the Company should be able to arrive at a more sustainable position.

The operations of the Company's step-down subsidiaries, Hertecant NV in Belgium, ELFE in France and Hertecant ME in Dubai also took a beating during the year with all of them having reported loss for the financial year ended 31.03.2010.

Corporate Debt Restructuring

As stated earlier, the CDR package sanctioned for the Company in September, 2008 was not very successful in bringing about the financial roundabout that was expected of it.

In view of this situation, during the year under review, the company approached the CDR Cell once again with a request to rework the CDR package and give us the required breather so that the company is able to meet its commitments to its clients and vendors. While the CDR Cell gave its approval to the reworked package at its meeting held on 15th March, 2010, the sanction of the consortium bankers have just been received and the implementation of the reworked package is expected to commence by July, 2010. The reworked CDR package , inter alia, envisages the following :

- a) Issue of Optionally Convertible Cumulative Redeemable Preference Shares(OCCRPS) to the extent of Rs. 15.65 crores to the lender- bankers viz. State Bank of Patiala, State Bank of Hyderabad, State Bank of Indore and Bank of Maharashtra on conversion of the Funded Interest Term Loans as on 01.04.2009 and the interest accrued on it thereafter.

The company therefore seeks your approval to the increase in the Authorised Share Capital in order to accommodate the issue of the aforesaid Preference Shares as detailed in the notice convening the Annual General Meeting and for the issue of OCCRPS to the aforesaid lenders under section 81(1A) of the Companies Act,1956.

- b) Issue of Equity shares to the promoters in lieu of



their Contribution of Rs. 6 crores, which has already been brought in. Although the members' approval for the issue and allotment of shares on a preferential basis was taken at the last Annual General Meeting, no shares were allotted owing to the failure of the CDR package and the applications made to the Bombay and National Stock Exchanges for in-principle listing of the proposed allotment was also withdrawn .

Your approval is sought once again under section 81(1A) of the Companies Act, 1956 for issue of shares to the promoters on preferential basis under the conditions of the reworked CDR package dated 15.03.2010.

Directors

Mr Deepak B Sekhri and Mrs. Anita D Sekhri were reappointed by the Board as Managing Director and Executive Director respectively, subject to confirmation of the shareholders at the general meeting ,with effect from 01.04.2010 as their previous appointment was valid until 31.03.2010 . The approval of the members for their appointment as Managing Director and Executive Director respectively is being sought at the ensuing Annual General Meeting .

In accordance with the provisions of the Articles of Association of the Company, Mr. Pal Uppal, independent director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his re-appointment.

Statutory Auditors

M/s R. K. Chaudhary & Associates, Mumbai, auditors of the Company , hold office until the conclusion of the ensuing Annual General Meeting. The Board recommends their reappointment. The company has received a certificate to the effect that their appointment, if made , will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. They have been subject to a 'peer review' by the ICAI.

Public Deposits

During the year under review, the Company has not invited and/ or accepted any deposits, within the meaning of Section 58 A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975 made thereunder.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2010, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) the accounting policies have been selected and applied consistently and all judgments and

estimates made are reasonable and prudent , so as to give a fair view of the state of affairs of the Company as at 31st March, 2010 and of the loss for that period ;

- c) proper and sufficient care has been taken 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 fraud and other irregularities ;
- d) the annual accounts have been prepared on a going -concern basis.

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

The information required in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given as Annexure A to this Report.

Subsidiary Company

The statement pursuant to Section 212 of the Companies Act, 1956 in respect of the Company's subsidiary is attached as Annexure B to this Report. As required under the listing agreement, the consolidated financial statements of the Company and its subsidiary are presented as part of this report .The standalone financial statements of the subsidiary together with the Management Report thereon also form part of this Annual Report.

Particulars of Employees

Information as per section 217 (2A) of the Companies Act, 1956 is attached as Annexure C to this report.

Industrial Relations

Industrial relations remained cordial during the year under review.

Management Discussion & Analysis Report and Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion & Analysis Report , the Report on Corporate Governance and the Certificate in respect of compliance of requirements of Corporate Governance are annexed to this Report and form part of this Annual Report .

Acknowledgement

Your Directors express their grateful appreciation to the company's valued customers, suppliers, investors and bankers for their continued support, assistance, co-operation and guidance. Your directors also thank all the employees and executives for their contribution and look forward to their continued support in the future too.

For and on behalf of the Board of Directors

Sd/-

Place: Mumbai

DEEPAK B. SEKHRI

Dated: June 18, 2010

Chairman & Managing Director



ANNEXURE A : CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, AND RESEARCH AND DEVELOPMENT

A. CONSERVATION OF ENERGY

The company is continuously exploring various options for reduction in consumption of energy. Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of Industries specified in the schedule thereto is given hereunder:

Particulars	2009-2010	2008-2009
Power & Fuel Consumption		
1) Electricity purchased (units in lacs)	33.52	26.9
Total Amount (Rs. in lacs)	203.68	61.63
Average Rate per unit (in Rs.)	6.07	6.01
2) Furnace Oil- Quantity (Lacs of litres)	6.70	8.18
Total Amount (Rs. in lacs)	185.97	315.15
Average Rate per Litre (Rs.)	27.74	38.50
3) Light diesel Oil- Qty (lacs of litres)	0.68	1.42
Total Amount (Rs. in lacs)	27.16	58.41
Average Rate per Litre(Rs.)	40.18	41.13
4) Diesel – Quantity (lacs of litres)	0.10	0.25
Total Amount (Rs. in lacs)	3.60	9.56
Average Rate per litre (Rs.)	360	37.50

B. TECHNOLOGY ABSORPTION

i Research & Development

Earlier investments include setting up of AUTO-CAD workstations , upgraded CAD-CAM facilities, Metal lab 75/80 Laboratory Optical Emission Spectrometer basic instruments consisting of 23 elements

for Fe base including N2 analysis system and mobile arm ,Vertical Turning Lathe and installation of Ring Rolling Machine, Manipulators with lifting Capacity upto 2000 Kgs, Scrap reducer, CNC – ROBO- operated machining lines and installation of 2500 and 4000 Presses for Forging.

ii Benefits derived as a result of the above efforts:

Reduction in lead-time in development of new and complex products, larger product range , more precise chemical analysis , enhanced material efficiency and product quality , easier handling of heavy jobs with savings in time and energy consumption.

The Company also enjoys the status of “Preferred Vendor” at major OEMs.

iii Future plans of action:

Include taking the requisite steps to ensure better product-mix and enhancing capacity utilization .

C. FOREIGN EXCHANGE EARNINGS & OUTGO

Earnings	Rs. 1915.44 lacs (Previous year Rs. 3133.56 lacs)
Outgo	Rs . 76.37 lacs (Previous year Rs. 141.17 lacs)
CIF value of imports	Rs. nil (Previous year Rs. 8.46 lacs)

For and on behalf of the Board of Directors

Sd/-

Date : June 18,2010

(DEEPAK B. SEKHRI)

Place: Mumbai

Chairman & Managing Director

ANNEXURE B : STATEMENT UNDER SEC. 212 OF THE COMPANIES ACT, 1956

Name of Subsidiary	SGFL International B V	
Financial period ended on	31st March,2010	
Extent of interest of company at the end of financial Year :	Face Value	100 euros
	No. of shares held	180
	Shareholding %age	100%
Net aggregate amount of profit / loss so far as they concern members of the Company and not dealt with in the company’s accounts :	For F Y ended 31.03.2010*	21,659 euros (loss)
	For F Y ended 31.12.2008	18,501 euros (loss)
Net aggregate amount of profit / loss so far as they concern members of the Company and dealt with in the company’s accounts:	For F Y ended 31.03.2010*	Nil
	For previous years	Nil
*The current Financial Year of M/s SGFL International B V is of 15 months from 1.1.2009 to 31.3.2010		



ANNEXURE C : DETAILS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

Name	Designation	Age	Last employment/ designation	Employed since	Qualification & Experience	Gross Remuneration (Rs. in lacs)
Mr. Deepak B. Sekhri	Chairman & Managing Director	49	N.A	1981	B.Com; 28 years in forging industry	35.37
Mrs. Anita D Sekhri	Executive Director	52	N.A	1993	B.A; 17 years in the field of materials management	34.56

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Industry Structure and Development

The forging industry is a major contributor to the manufacturing sector of the Indian economy, and its products are used largely by the automotive sector and other infrastructure industries. A large number of the forging units in India are small or medium scale units and are labour- intensive and few are the companies which believe in installing state of the art technology.

The last couple of years have been tough for all forging units , with many of them being plagued with under-utilisation of capacity , rising costs and slowing of demand. While the Indian forging industry has been increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in low-cost countries, the sharp decline in that sector, worldwide , has resulted in a corresponding decline in the export earnings capacity of all indigeous manufacturers.

Although forging products also find application in oil and gas plants, steel and cement plant equipments , electrical plant equipments and basic infrastructure industries such as ship- building and railways, the unprecedented fall in the European markets reduced export sales considerably causing loss of revenue to the industry as well as the government.

From a global perspective , the decline in demand is resulting in declining margins, and this might slowly force restructuring of operations in the form of consolidation of holdings or closure or sale of non cash- rich set ups.

II. Opportunities and threats

Although the major demand driver for the forging industry is the automotive sector, forgings and

flanges are also required by the infrastructure industries, oil and gas industries, cement and steel equipment manufacturing industries and the railways and ship-building industries . Therefore, in terms of the growing infrastructure companies worldwide, there is no dearth of opportunities.

The major threat faced by the forging industry is the easy availability of cheap imported forged products in the domestic and the international markets. Another major threat is the volatility of steel prices and rising costs of power, furnace oil, LDO, resulting in increased cost of production whereas market conditions do not allow for increase in selling price . The industry also faces dumping of poor quality forging steel into the Indian markets which is procured as raw material by the forging units . The experience of many forging units last year which faced rejection of their export consignments due to marginally higher radiation levels in the forged products has brought to book the need to establish quality standards for sale of forging quality steel.

We, at Shree Ganesh Forgings Ltd. have made substantial investments in high tech, state -of- the-art equipment of the highest international standards and have also long established our presence in the infrastructure industries as well as the foreign markets as a major manufacturer and supplier. Our products are well known in the international markets and having acquired certifications from various internationally-renowned quality organizations, is a brand to reckon with in the global market for flanges and fittings. With the expected correction in the global market situation and the revival of the domestic market, our company should be doing well in the years to come.



III. Future Outlook

The expanded facilities of the Company are poised to meet additional challenges that may arise with the improvement of the global markets. Our Company is also set to cater to the automotive industry , as part of our diversification plans .

IV. Risks and concerns

The Board of Directors of the company review and assess the risk factors on a continuous basis. The Chief Executive Officer of the Company is the Chairman and Managing Director , who is also responsible for the overall risk governance in the Company. The Audit Committee also reviews the risk management policy annually.

Major risks faced by the Company could be broadly categorized into product- related risks and market-related risks.

Product-related risks have been mitigated considerably well by ensuring :

- a. continuous technological upgradation : our press and machining lines are comparable to the best in the world , and our clients know it;
- b. quality checks : on the raw materials bought as well as throughout the production process, and the finished products;
- c. conformity to international standards: our products conform to international standards such as TUV/CERT/RWTUV , ISO 9001:2000, ANSI, Syncrude Canada etc. Our process facilities have also been surveyed by various inspection agencies such as Bureau veritas, UHDE, American Bureau of Shipping etc.

Market- related risks are continuously reviewed and :

- a. your company is on its way to ensure diversification of markets so that our presence is felt not only in the infrastructure industries , but also in the automotive sector;
- b. steps to train and motivate the work force are undertaken on a continuous basis,

thereby reducing attrition rate of skilled and unskilled manpower.

It is the continuous endeavour of the Company to tighten our quality norms as we expand our presence in the industry.

V. Internal Control Systems and their adequacy

In the opinion of the management, the Company has adequate internal audit and control systems , to ensure that all business transactions are recorded , approved and reported correctly.

VI. Financial and Operating Performance

The financial and operating performance has already been discussed in the Directors' Report.

As informed, the Board is constrained to make a reference under the Sick Industrial Companies (Special Provisions) Act, 1985 due to erosion of net worth .

The Corporate Debt Restructuring package was reworked and sanctioned by the CDR cell of the Reserve Bank of India on March 15, 2010 and although the sanction of the individual bankers has been received, the implementation is expected to commence by July 2010. Once the working capital facilities are restored, the Company should be able to revive its operations in a phased manner.

VII. Human Resources

The Company has high regard for its human resources and considers it as amongst its most valuable assets. We are an equal opportunities employer, and as we expand, we offer our employees opportunities to grow within the company, whilst also bringing professionals from outside.

Cautionary Statement

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements may differ from those expressed or implied in any such forward - looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company is committed to achieve excellence in Corporate Governance by conforming to the guidelines on Corporate Governance and by ensuring transparency in all its dealings. The Company has adopted a Code of Conduct for all its employees including the Managing Director. The Company believes that good Corporate Governance practices enable the attainment of transparency, accountability and integrity in all facets of its operation and its interactions with stakeholders, employees, banks and the Government authorities.

2. COMPOSITION OF THE BOARD

The Board comprised of six directors at the commencement of the year under review. However, after the resignation of Mr Albert D'Souza, independent director, on 29th July 2009, the strength of the Board has been reduced to five. The composition of the Board is in conformity with Clause 49 of the listing agreements with stock exchanges.

Except the Chairman and Managing Director, Mr. Deepak B. Sekhri and the Executive Director, Mrs. Anita D. Sekhri, all other directors are independent directors and their office is liable to retiring by rotation as per the provisions of section 255 of the Companies Act, 1956.

None of the Directors are members of more than ten Board level committees nor are they Chairmen of more than five committees in which they are members.

As for the Independent Directors :

- apart from receiving sitting fees for attending board meetings, none of them have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management, its subsidiaries and associates which may affect their independence ;

- none of them is related to promoters or persons occupying management positions at the board level or at one level below the board;
- none of them has been an executive of the company in the immediately preceding three financial years;
- none of them is a partner or executive or was a partner or executive during the preceding three years of the statutory audit firm or the internal audit firm that is associated with the company or the legal firms and consulting firms that have a material association with the company ;
- none of them is a material supplier, service provider or customer or lessor or lessee of the company, which may affect independence of the director;
- none of them is a shareholder of the Company .

Number of Board Meetings

During the year under review , the Board of Directors met 7 times on 15.05.2009 , 30.06.2009, 29.07.2009, 07.08.2009, 05.11.2009, 02.02.2010 and 29.03.2010 .

Remuneration paid to Directors:

No.	Name of the Director	Boardmeeting sitting fees	comm meeting sitting fees	Salary+ Perquisites (Rs. in lacs)	TOTAL (Rs. in lacs)
1	Mr. Deepak B. Sekhri	Nil	NA	35.37	35.37
2.	Mrs. Anita D. Sekhri	Nil	NA	34.56	34.56
			Total	69.93	69.93

*Other Directors of the Company received only Sitting fees for attending Board and Committee level Meetings @Rs. 2500/- for each meeting.

Attendance of each Directorship at the Board meetings & AGM their other Directorships and committee memberships

	Designation/ Category	Board Meetings Held	Board Meeting Attendance	Last Annual General Meeting Attendance	Other Directorships	Committee memberships	Committee chairman ship
Mr. Deepak B. Sekhri	CMD/ PD	7	7	Yes	Nil	Nil	Nil
Mrs. Anita D. Sekhri	ED/ PD	7	7	Yes	4	1 (wef 29.07.2009)	Nil
Mr. Gain Prakash Singh	ID	7	7	Yes	Nil	3	2
Mr. Pal Uppal	ID	7	6	Yes	3	3	1 (wef 29.07.2009)
Mr. Krishan Kumar Khurana	ID	7	4	Yes	2	2	Nil
Mr. Albert D' Souza (upto 29.07.2009)	ID	3	3	-	Nil	2	2



Code of Conduct

Shree Ganesh Forgings Limited’s Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct is available on the website of the Company www.shreeganeshforgings.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chairman and Managing Director(CMD) and the Chief Financial Officer (CFO) to this effect is enclosed at the end of this report.

3. AUDIT COMMITTEE

The terms of reference to the Audit Committee cover the matters specified under clause 49 of the Listing Agreement. The terms of reference also conform to the requirements of Section 292A of the Companies Act, 1956. The composition of the Audit Committee underwent a change since the resignation of its Chairman, Mr Albert D’Souza on 29.07.2009. Presently, the Committee consists of three Independent Directors ,viz.Mr. Gian Prakash Singh(Chairman), Mr. Pal Uppal (Member) and Mr. Krishan Kumar Khurana (Member). Ms. Geeta Krishnan, Company Secretary, is the secretary of the Committee. The Audit Committee held six meetings during 2009-10 on 15th May 2009, 30th June 2009, 29th July 2009 , 5th November 2009, 27th January 2010 and 2nd February 2010 . The time gap between any two meetings was less than four months.

The details of the Audit Committee meetings are given below:

No. of meetings

Name of Members	Status	Held	Attended
Mr. Albert D’ Souza	Chairman (upto 29.7.2009)	3	3
Mr.G P Singh	Member (Chairman wef 30.07.2009)	6	6
Mr. Pal Uppal	Member	6	5
Mr. Krishan Kumar Khurana	Member (wef 30.07.2009)	3	1

All members of the Audit Committee have accounting and financial management expertise. However, the Chairman of the Audit Committee , Mr Albert D’Souza could not attend the last Annual General Meeting held on 25th September, 2009 on account of ill- health.

Audit Committee Report for the year ended 31st March, 2010

All the members of the audit committee are independent Directors, and hence, comply with the requirements of

Clause 49 of the Listing Agreement with the relevant stock exchanges. The management is responsible for the Company’s internal controls and financial reporting process. The independent auditors are responsible for performing an independent audit of the Company’s financial statements in accordance with the Indian GAAP (Generally Accepted Accounting Principles) and for issuing a report thereon. The Committee is also responsible for overseeing the processes related to the financial reporting and information dissemination.

In this regard, the Committee discussed with the Company’s internal auditors and independent auditors the overall scope and plan for their respective audits. The Committee also discussed the results of their examinations, their evaluation of the Company’s internal controls and the overall quality of financial reporting. The management presented to the Committee, the company’s financial statements and also affirmed that the company’s financial statements had been drawn in accordance with the Indian GAAP.

Based on its review and discussions conducted with the management and the independent auditors, the audit committee believes that the Company’s financial statements are fairly presented in conformity with Indian GAAP in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the Internal Control systems of the Company.

The Committee has recommended to the Board the appointment and fees of statutory auditors of the Company.

In conclusion, the Committee is sufficiently satisfied that it has complied with the responsibilities as outlined in the Audit Committee’s responsibility statement.

Sd/-

Mumbai

G P Singh

June 18,2010

Chairman, Audit Committee

4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Committee consists of three members. Mr. Albert D’ Souza who was the Chairman of the Committee resigned on 29.07.2009 ,and in his place, Mrs Anita D Sekhri was appointed to the Committee. Mr. Pal Uppal was appointed Chairman of the Committee with effect from 30.07.2009. Mr. Gain Prakash Singh is also a member of this Committee. Ms Geeta Krishnan, Company Secretary, is the Compliance officer. The Committee met three times during the year on 30.06.2009, 27.01.2010 and 29.03.2010.

**Attendance details of the Shareholders' / Investors' Grievance Committee**

No. of Meetings

Name of Members	Status	Held	Attended
Mr. Albert D' Souza	Chairman (upto 29.7.2009)	1	1
Mr. Pal Uppal	Member (Chairman wef 30.07.2009)	3	3
Mr. Gian Prakash Singh	Member	3	3
Mrs Anita D Sekhri	Member (wef 30.07.2009)	2	2

The Committee supervises the mechanism for redressal of investor grievances and ensures cordial investor relations apart from looking into redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of annual reports, non-receipt of dividend and allied matters.

Investor complaints status for the period 1.4.2009 to 31.3.2010

Pending on 1.4.2009 nil
 Received during the year nil
 Resolved during the year nil
 Pending as on 31.3.2010 nil

6. GENERAL MEETINGS

Location and time of the last three General Meetings.

Financial Year	Category	Place of the Meeting	Date	Time
2007-2008	AGM	Indian Merchants Chamber, Walchand Hirachand Hall, 4th floor, LNM IMC Building, P.B. No. 11211, Churchgate, Mumbai 400 020.	12/09/2007	3:30 pm
2008-2009	AGM	Maharashtra Chamber of Commerce, Oricon House, 6th floor, 12K, Dhubash Marg, Fort, Mumbai -400001	25/09/2008	3:00 pm
2009-2010	AGM	Maharashtra Chamber of Commerce, Oricon House, 6th floor, 12K, Dhubash Marg, Fort, Mumbai -400001	25/09/2009	3:00 pm

In the last three Annual General Meetings , special resolutions were passed for the following items:

- 1 Making of loans/investments/ corporate guarantees under Section 372A of the Companies Act, 1956
- 2 Appointment of Mr. Deepak B Sekhri as Chairman & Managing Director and of Mrs Anita D Sekhri as Executive Director for a period of three years w e f 01.04.2007

Requests were received for issue of demand draft in lieu of old dividend warrants which were attended to in the normal course.

In order to provide efficient services to investors and for speedy redressal of the complaints, the Board of Directors has delegated the power of approving transfer and transmission of shares and other matters like split up/subdivision, and consolidation of shares, issue of new certificates on re-materialization, sub-division, consolidation, exchange and duplicate share certificates severally to Registrar and Share Transfer Agent (Bigshare Services Private Limited).

5. REMUNERATION COMMITTEE

The Committee consists of three members, Mr. Gian Prakash Singh , Chairman, Mr. Pal Uppal and Mr. Krishan Kumar Khurana, members. The committee met once during the year on 29th March 2010.

Name of Members	Status	Held	Attended
Mr. Gian Prakash Singh	Chairman	1	1
Mr. Pal Uppal	Member	1	1
Mr. Krishan Kumar Khurana	Member	1	0

The Committee performs the following functions:

- 1 To approve the remuneration and commission/ incentives payable to the Managing Director and Executive Director.
- 2 Such other matters as the Board may from time to time request the remuneration committee to examine and recommend/ approve.

3 Increase in Authorised Share Capital from Rs.1750 lacs to Rs. 2250 lacs

4 Consent for issue and allotment of equity shares to the promoters of the Company on preferential basis .

No special resolution was conducted through postal ballot.



7. DISCLOSURES

Related Party Transactions

Details of the related party transactions have been referred to under note 10 of the Notes to Accounts. None of these transactions are in conflict with the interests of the company at large.

Compliances by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties/restrictions were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

Accounting Treatment

The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India.

Code for prevention of insider trading practices

In compliance with the SEBI regulation on prevention

of insider trading, the Company has instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Shree Ganesh Forgings Limited, and cautioning them of the consequences of violations.

Code of Ethics and Conduct

Shree-Ganesh Forgings Limited has a well-defined policy framework, which lays down procedures to be followed by employees for ethical professional conduct. The code outlines fundamental ethical considerations as well as specific considerations that need to be maintained for professional conduct. This code has been displayed on the Company's website, www.shreeganeshforgings.com. The CEO, Mr. Deepak B. Sekhri, has affirmed to the Board that this Code of Ethics and Conduct has been complied by the Board and senior management personnel.

8. MEANS OF COMMUNICATION WITH SHAREHOLDERS

The quarterly financial results were published in the year 2009-2010 as follows:

Description	Date	Newspapers
Unaudited Financial Results for the Quarter ended 30th June 2009	July 31, 2009	Free Press Journal, Navshakti
Unaudited Financial Results for the Quarter/half year ended 30th September 2009	November 7, 2009	Free Press Journal, Navshakti
Unaudited Financial Results for the Quarter/nine months ended 31st December 2009	February 4, 2010	Free Press Journal, Navshakti
Audited year ending Results for the year ended 31st March 2010.	June 22, 2010	Free Press Journal, Navshakti
Audited year ending Results for the year ended 31st March 2010.	June 22, 2010	Free Press Journal, Navshakti

9. GENERAL SHAREHOLDER INFORMATION

A FINANCIAL CALENDER

The financial year covers the period from 1st April to 31st March.

For the year ending 31st March, 2011, quarterly results will be announced as follows:

- For qtr ended 30th June, 2010 : by 15.08.2010
- For qtr ending 30th September, 2010 : by 15.11.2010
- For qtr ending 31st December, 2010 : by 15.02.2011
- For qtr ended 31st March 2011 and audited annual for FY ended 31.03.2011 : by 30.05.2011

B ANNUAL GENERAL MEETING

Scheduled to be held on July 30, 2010

C DATES OF BOOK CLOSURE

July 19,2010 to July 30,2010 (both days inclusive).

D LISTING

At present, the equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

The requisite listing fees for the financial year 2009-10 to BSE and NSE have been paid.

Stock Exchange Codes:-

Bombay Stock Exchange Limited	532643
National Stock Exchange of India Limited	SGFL
Demat International Security Identification Number in NSDL and CDSL	INE 883G01018

**E STOCK MARKET DATA**

Month-wise High and Low prices for the financial year 2009-10 at BOMBAY STOCK EXCHANGE and NATIONAL STOCK EXCHANGE

MONTH	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April 2009	10.50	8.27	10.20	7.80
May 2009	15.95	8.15	11.60	8.40
June 2009	20.20	12.50	18.40	12.20
July 2009	15.00	11.22	15.00	11.00
August 2009	16.24	12.91	14.65	12.35
September 2009	15.90	13.30	15.00	12.85
October 2009	15.15	11.50	15.25	12.20
November 2009	13.39	10.92	12.90	10.65
December 2009	13.73	11.05	13.00	11.60
January 2010	15.59	10.81	15.60	10.85
February 2010	11.92	9.25	11.90	10.25
March 2010	10.64	8.79	10.20	8.30

F DISTRIBUTION OF SHAREHOLDINGS

Shareholding pattern by size as on 31st March, 2010

Range	No. of Holders	% of Total Holders	Total Holdings	% of Total Capital
1-5000	4634	96.95	20,48,283	16.38
5001-10000	69	1.44	5,12,663	4.10
10001-20000	26	0.54	3,79,221	3.03
20001-30000	16	0.33	3,93,539	3.15
30001-40000	7	0.15	2,43,278	1.95
40001-50000	3	0.06	1,38,500	1.11
50001-100000	8	0.17	6,61,102	5.29
100001 & above	17	0.36	81,23,888	64.99
	4780	100.00	1,25,00,474	100.00

Shareholding pattern by ownership as on 31st March, 2010

Category	No. of shares held	Percentage of shareholding
A Promoters' holding		
1 Promoters		
- Indian Promoters	37,54,758	30.04
- Foreign Promoters	0	0.00
2. Persons acting in concert	31,48,133	25.18
Sub-Total (A)	69,02,891	55.22
B. Non-Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	0	0.00
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-government Institutions)	0	0.00
c. FIs	0	0.00
Sub-Total (B 1)	0	0.00
4. Others		
a. Private Corporate Bodies	7,21,150	5.77
b. Indian Public	47,42,287	37.93
c. NRIs/OCBs	1,15,671	0.93
d. Any other (Shares in Transit)	18,475	0.15
Sub-Total (B 2)	55,97,583	44.78
GRAND TOTAL (A+B1+B2)	125,00,474	100.00

**G DEMATERIALIZATION OF SHARES AND LIQUIDITY**

To facilitate trading in demat form, in India, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shree Ganesh Forgings Limited has entered into agreement with both these depositories. Shareholders can open their accounts with any of the Depository Participants registered with these depositories.

- As on 31st March 2010 , 95,82,146 shares representing 76.65 per cent of share capital of the Company were held in dematerialized form.
- The equity shares of the Company are frequently traded at Bombay Stock Exchange Ltd. and . National Stock Exchange .

H OUTSTANDING GDRs /ADRs /WARRENTS/ OPTIONS

Shree Ganesh Forgings Limited has no outstanding GDRs /ADRs/Warrants/Options

I REGISTRAR AND TRANSFER AGENT

Big Share Services Pvt.Limited
Unit - Shree Ganesh Forgings Limited
E/2, Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri(E), Mumbai-400072.

Ph-022-28470652

J SHARE TRANSFER SYSTEM

All share transfer and other communications regarding

share certificates, change of address, dividends, etc. should be addressed to Registrar and Transfer Agents. Shareholders/Investor Grievance Committee is authorized to approve transfer of shares in the physical segment. All share transfers are completed within statutory time limit from the date of receipt, provided documents meet the stipulated requirement of statutory provisions in all respects.

K COMPANY'S REGISTERED OFFICE ADDRESS:

412, EMCA HOUSE,
S.B.S.Road,
Fort, Mumbai 400 001

Ph-022-66311054/55

Fax- 022-22625217

L CORPORATE OFFICE AND PLANT

C-3/C, Trans Thane Creek Indl Area
Pawane, Thane Belapur Road,
Navi Mumbai-400705.

Ph. 022 27681193/27632024

Fax – 022-27670267

M INVESTORS' SERVICE CELL

Company Secretary
C-3/C, Trans Thane Creek Indl Area
Pawane, Thane Belapur Road
Navi Mumbai-400705.

Ph-022-27681193/27632024

E-mail: companysecretary@shreeganeshforgings.com
sgflinvestorgrievance@yahoo.co.in

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

This is to confirm that the Company has adopted a Code of Conduct for all Board members and senior management of the Company. This Code has been hosted on the Company's web site.

I confirm that the Board of Directors and the senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the year ended 31st March,2010.

Place: Mumbai

Date: June 18,2010

Sd/

Mr. Deepak B. Sekhri

Chairman and Managing Director



CERTIFICATION BY CHAIRMAN AND MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Deepak B. Sekhri, Chairman and Managing Director acting as Chief Executive Officer and Mr. P.K Chakravarthy , Finance Controller of Shree Ganesh Forgings Limited, to the best of our knowledge and belief certify that:

- 1) We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2010 and all its schedules and notes on accounts, as well as the Cash Flow Statement.
- 2) To the best of our knowledge and information:
 - a) these statements do not contain any materially untrue statement or omit to state a material fact or contain statement that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 3) We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the company's code of conduct.
- 4) The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
- 5) The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the company's auditors and through them to the audit committee of the Company's Board of Directors:
 - a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - b) Significant changes in internal control during the year;
 - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control systems;
 - d) Significant changes in accounting policies during the year.

We further declare that all board members and senior management have affirmed compliance with the code of conduct for the current year.

MR. DEEPAK B. SEKHRI

MR. P.K CHAKRAVARTHY

Date: June 18,2010

Chairman and Managing Director

Chief Financial Officer

Place : Mumbai

Shree Ganesh Forgings Limited

Shree Ganesh Forgings Limited

AUDITORS' CERTIFICATE TO THE SHAREHOLDERS ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

We have examined the compliance of conditions of corporate governance by Shree Ganesh Forgings Limited for the year ended 31 March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

We have to state that as per records maintained by the Company, there were no investor queries/grievances remaining unattended/ pending for more than one month.

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

For R.K Chaudhary & Associates
Statutory Auditors to the Company

R K Chaudhary

Place: Mumbai

Proprietor

Date :June 18,2010

(M No. 35487)



REPORT OF AUDITORS TO MEMBERS

1. We have audited the attached Balance Sheet of SHREE GANESH FORGINGS LIMITED as at 31st March, 2010, the related Profit & Loss Account and Cash Flow statement for the year ended on that date annexed thereto to which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub section 227(4A) of the Companies Act, 1956, (the Act), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above:
 - 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 the books;
 - c) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss account and the Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act;
 - e) On the basis of written representation received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors of Company, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement read together with the Notes thereon and annexed thereto, give in the prescribed manner, the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - (iii) in the case of Cash flow statement, of the cash flow of the company for the year ended on that date.

For R.K Chaudhary & Associates

Chartered Accountants

R.K.Chaudhary

Proprietor

(M. No. 35487)

Place: Mumbai

Date: June 18, 2010



ANNEXURE TO AUDITORS' REPORT

1. (a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets, according to the practice of the Company are physically verified by the management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. To the best of our knowledge, no material discrepancies have been noticed on verification;
- (c) The Company has not disposed off any substantial part of its Fixed Assets so as to affect its going concern status.
2. (a) As explained to us, inventories have been physically verified by the management at reasonable intervals;
- (b) In our opinion, and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business;
- (c) In our opinion, and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order, are not applicable to the Company for the current year;
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of the paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanation given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the Register maintained under that section;
- (b) According to information and explanations given to us, the transactions of purchase and sale of goods/services made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the company has an in-house internal audit system commensurate with the size and nature of business of the company.
8. The Central Government has prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of certain products of the company. As explained to us, the specified records have been maintained to the extent applicable. We have, however, not made a detailed examination of the records, with a view to determine whether they are accurate.
9. The Corporate Debt Restructuring Cell of the RBI has approved a reworked CDR package for the company on 15.03.2010, which is pending implementation as of date.
10. In respect of statutory dues:
 - (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as on 31st March, 2010;



(b) The disputed statutory dues aggregating to Rs.270.68 lacs that have not been deposited on account of matters pending before the Commissioner of Income Tax (Appeals) are as under :

Assessment Year	Amount (Rs.)
2000-2001	9,450
2001-2002	3,50,003
2002-2003	30,43,843
2003-2004	22,16,678
2004-2005	13,31,956
2006-2007	2,11,15,850
Total	2,70,67,780

11. The Company has also incurred cash losses during the year under audit. The Company has accumulated losses of Rs. 357,639,510 which has completely eroded the current net worth of Rs. 280,047,652. Therefore, the Company is a sick company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. The company has been advised to be referred to the Board for Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by pledge of shares, debentures and other securities.
13. The company is not a chit fund or nidhi mutual benefit fund /society. Hence the provisions of clause 4(xiii) of Companies (Auditors' Report) Order, 2003 is not applicable.
14. In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments.
15. The Company has given guarantee on behalf of its Joint Venture Company, Geldbach (UK) Ltd favouring HSBC Bank Plc for GBP 625000.
16. On an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
17. The company has not made any preferential allotment of shares during the year.
18. No debentures have been issued by the company during the year.
19. The Company has not raised by way of public issue any amount during the year.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of major fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For R.K Chaudhary & Associates
Chartered Accountants

R K Chaudhary

Proprietor

(M No. 35487)

Place: Mumbai

Date: June 18, 2010



BALANCE SHEET AS AT 31st MARCH 2010

		SCHEDULE	(Rs.)	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SOURCES OF FUNDS					
1	Shareholders' Funds				
	a) Share Capital	1		125,004,740	125,004,740
	b) Reserves & Surplus	2		151,694,846	154,158,828
	c) Promoters' Contribution			50,000,000	8,000,000
2	Loan Funds	3			
	a) Secured Loans			1,407,312,973	1,276,348,624
	TOTAL			1,734,012,559	1,563,512,192
APPLICATION OF FUNDS					
1	Fixed Assets	4			
	a) Gross Block		829,644,931		813,079,216
	b) Less : Depreciation		286,903,422		213,511,716
				542,741,509	599,567,500
2	Investments	5		88,503,318	87,509,559
3	Deferred Tax Assets			215,800,000	100,389,955
4	Current Assets, Loans & Advances	6			
	a) Inventories		510,522,419		633,122,737
	b) Sundry Debtors		108,655,537		120,458,986
	c) Cash & Bank Balance		7,016,929		3,877,416
	d) Loans & Advances		140,208,244		142,283,583
			766,403,129		899,742,722
	Less : Current Liabilities & Provisions	7			
	a) Liabilities		160,512,667		181,104,615
	b) Provisions		79,687,898		12,051,058
			240,200,565		193,155,673
	Net Current Assets			526,202,564	706,587,049
5	Miscellaneous Expenditure			3,125,658	4,042,838
6	Profit & Loss Account			357,639,510	65,415,291
	Total			1,734,012,559	1,563,512,192
	Notes to Accounts	15			

As per our report of even date

For R.K.Chaudhary and Associates

(Chartered Accountants)

R.K.Chaudhary
(M.No. 35487)

For & on Behalf of the Board of Directors

Deepak B Sekhri
(Chairman & Managing Director)G.P.Singh
(Chairman - Audit Committee)Anita D Sekhri
(Executive Director)P.K.Chakravarthy
(Finance Controller)Place : Mumbai
Date : June 18, 2010Geeta Krishnan
(Company Secretary)



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	SCHEDULE	(Rs.)	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
INCOME				
Operational Income	8		295,885,181	418,084,046
Other Income	9		34,856,219	23,300,028
			<u>330,741,400</u>	<u>441,384,074</u>
EXPENDITURE				
Raw Material Consumed	10		202,262,320	255,447,198
(Increase)/Decrease in Stock	11		139,589,270	(11,592,830)
Employees Cost	12		35,946,035	29,073,012
Interest	13		132,744,318	140,961,501
Other Expenses	14		131,400,949	160,700,396
Depreciation		73,391,706		
Less : Transferred from Revaluation Reserve		2,463,982	70,927,724	45,117,352
			<u>712,870,615</u>	<u>619,706,629</u>
Profit / (Loss) before Taxation			(382,129,215)	(178,322,555)
Provision for I.Tax of earlier years		23,615,850		—
Fringe Benefit Tax		—		720,396
Deferred Tax		(115,410,045)		(119,289,180)
Excess prov. of IT in Previous Years			—	(116,137)
			<u>(91,794,195)</u>	<u>(118,684,921)</u>
Profit / (Loss) after Tax			(290,335,020)	(59,637,634)
Prior Year Adjustments (Net)			(1,889,199)	(5,347,618)
			<u>(292,224,219)</u>	<u>(64,985,252)</u>
Profit / (Loss) brought Forward			(65,415,291)	(430,039)
Balance Carried to Balance Sheet			<u>(357,639,510)</u>	<u>(65,415,291)</u>
Notes to Accounts	15			

As per our report of even date

For R.K.Chaudhary and Associates
(Chartered Accountants)

R.K.Chaudhary
(M.No. 35487)

For & on Behalf of the Board of Directors

Deepak B Sekhri
(Chairman & Managing Director)

G.P.Singh
(Chairman - Audit Committee)

Anita D Sekhri
(Executive Director)

P.K.Chakravarthy
(Finance Controller)

Place : Mumbai
Date : June 18, 2010

Geeta Krishnan
(Company Secretary)



CASH FLOW STATEMENT FOR THE YEAR 2009-10

	2009-10 Rs.	2008-09 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax & Extra ordinary items	(382,129,215)	(178,322,555)
Adjustment for		
Depreciation	70,927,724	45,117,352
Interest & Financial Expense	132,744,318	140,961,501
Miscellaneous Expenditure Written Off	917,181	917,181
Interest Income	(2,083,272)	(6,901,788)
Operating profit before Working Capital Changes	(a) (179,623,264)	1,771,691
Adjustment for (increase)/Decrease in Working Capital		
Inventories	122,600,318	(17,903,367)
Sundry Debtors	11,803,449	62,738,326
Loans and Advances	2,075,339	6,804,359
Current Liabilities and Provisions	23,429,042	(174,755,464)
	(b) 159,908,148	(123,116,146)
Cash Generated from Operations	(a + b) (19,715,116)	(121,344,455)
Prior Year Adjustments	(1,889,199)	(5,347,618)
Net Cash From/(used in) Operating Activities	(c) (21,604,315)	(126,692,073)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Pre-Operative Expenses	(16,565,715)	(339,900,988)
(Increase)/ Decrease in Capital work in Progress	—	218,413,776
(Purchase)/Sale of Investments (Net)	(993,759)	(3,055,869)
Interest Income	2,083,272	6,901,788
Net Cash From/(used in) Investing Activities	(d) (15,476,202)	(117,641,293)
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans Availed/(Paid) (Net)	130,964,348	375,398,089
Share Application Money (Pending Allotment)	42,000,000	8,000,000
Interest Paid	(132,744,318)	(140,961,501)
Net cash from/(used in) Financing Activities	(e) 40,220,030	242,436,588
NET INCREASE / (DECREASE) IN CASH & CASH EQUVT.	3,139,513	(1,896,778)



	2009-10	2008-09
	Rs.	Rs.
Cash & Cash equivalents at the commencement of the year	3,877,416	—
Cash & Cash equivalents at the end of the year	7,016,929	3,877,416
Cash and Cash Equivalents comprise :		
Cash and Cheques on Hand	7,016,929	3,586,020
Balances with Scheduled Banks in		
-Current Accounts	6,549,378	(83,843)
-Unpaid Dividend Accounts	190,078	220,453
-Unclaimed share application money	154,786	154,786
Cash and Cash Equivalents as at the end of the year	7,016,929	3,877,416

Note:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2. Previous year's figures have been re-grouped and re-arranged wherever necessary.

As per our report of even date

For R.K.Chaudhary and Associates

(Chartered Accountants)

R.K.Chaudhary
(M.No. 35487)

For & on Behalf of the Board of Directors

Deepak B Sekhri
(Chairman & Managing Director)

G.P.Singh
(Chairman - Audit Committee)

Anita D Sekhri
(Executive Director)

P.K.Chakravarthy
(Finance Controller)

Geeta Krishnan
(Company Secretary)

Place : Mumbai

Date : June 18, 2010

**SCHEDULES PERTAINING TO BALANCE SHEET AND PROFIT & LOSS A/C**

PARTICULARS	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 1		
SHARE CAPITAL		
Authorised		
205,00,000 Equity Shares of Rs.10/— each	205,000,000	15,50,00,000
20,00,000 Convertible Preference Shares of Rs.10/— each	20,000,000	2,00,00,000
	225,000,000	17,50,00,000
Issued, Subscribed and Paid up 1,25,00,474 Equity Shares of Rs.10/— each fully paid	125,004,740	125,004,740
SCHEDULE — 2		
RESERVES & SURPLUS		
Share Premium	100,009,480	100,009,480
Revaluation Reserve	43,526,366	45,990,348
General Reserve	8,159,000	8,159,000
TOTAL	151,694,846	154,158,828
SCHEDULE — 3		
SECURED LOANS		
From Banks		
Cash Credit	330,464,809	231,871,712
Packing Credit	212,631,265	219,507,102
Term Loan	863,537,407	823,619,846
	1,406,633,481	1,274,998,660
From Others		
Vehicle Loans	679,492	1,349,964
TOTAL	1,407,312,973	1,276,348,624



SCHEDULE - 4
FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance	Additions	Transfer/ Adjustment	Closing Balance	Opening Balance	For the Year	Transfer/ Adjustment	Closing Balance	As at 31.03.2010	As at 31.03.2009
1	2	3	4	5	6	7	8	9	10	11
Lease Hold Land	45,480,656	—	—	45,480,656.00	—	—	—	—	45,480,656	45,480,656
Factory Building	95,934,339	11,365,636	—	107,299,975.16	13,560,638	3,323,702	—	16,884,340	90,415,635	82,373,701
Plant & Machinery	648,268,291	4,444,900	—	652,713,190.60	187,986,384	67,242,429	—	255,228,813	397,484,378	460,281,907
Furniture & Fixture	4,789,006	266,168	—	5,055,174.27	1,571,019	311,590	—	1,882,609	3,172,566	3,217,988
Office Equipments	1,315,347	—	—	1,315,347.30	458,960	62,479	—	521,439	793,908	856,387
Computer & Software	12,090,738	406,209	—	12,496,946.57	7,881,697	1,996,019	—	9,877,716	2,619,230	4,209,040
Other Assets	1,017,654	82,802	—	1,100,456.32	604,802	58,084	—	662,886	437,570	412,852
Vehicles	4,183,185	—	—	4,183,185.00	1,448,216	397,403	—	1,845,619	2,337,566	2,734,969
Total	813,079,215	16,565,715	—	829,644,931	213,511,716	73,391,706	—	286,903,422	542,741,509	599,567,500
Previous Year	691,592,004	456,441,361	334,954,149	813,079,216	165,930,383	47,581,333	—	213,511,716	599,567,500	307,247,846

Note :The Company had revalued "Leasehold Land", "Factory Building" and "Plant & Machinery" as on 31.03.95 on the basis of current value of these assets as per valuation report of the approved valuer. This has resulted in an increase in the gross value of these assets by Rs. 8,82,16,898/-.

SCHEDULE — 5

INVESTMENTS (Unquoted at Cost)

Geldbach (UK) Ltd.

Geldbach (UK) Ltd (Interest accrued on investment).

SGFL International B.V.

HDFC Long Term Equity Fund Growth

	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
	20,821,300	20,821,300
	4,049,628	3,055,869
	63,232,390	63,232,390
	400,000	400,000
	88,503,318	87,509,559



PARTICULARS	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 6		
CURRENT ASSETS, LOANS AND ADVANCES		
1 Stock in Trade (As per Inventory taken, valued and certified by Managing Director)		
Die Steel and Dies Block (At Cost)	103,530,345	83,791,074
Consumable Store (At Cost)	6,528,133	6,505,732
Raw Material (At Cost)	68,711,541	71,484,261
Finished Goods (Lower of estimated cost or realizable value)	114,187,956	118,100,488
Semi Finished Goods (At estimated cost)	216,768,977	351,904,902
Scrap (At net realisable value)	795,467	1,336,280
	510,522,419	633,122,737
2 Sundry Debtors — Unsecured		
Debts over 6 months		
Considered good	61,754,268	60,508,092
Considered doubtful	—	—
	61,754,268	60,508,092
Other debts — Considered good	46,901,269	59,950,894
	108,655,537	120,458,986
3 Cash & Bank Balance		
Cash in Hand	122,688	3,586,020
Balance with Scheduled Bank — In Current Accounts	6,549,378	(83,843)
Balance with Scheduled Bank — Unclaimed Dividend	190,078	220,453
Balance with Scheduled Bank — Unclaimed Share Application Money	154,786	154,786
	7,016,929	3,877,416
4 Loans & Advances		
(Unsecured but considered good)		
Advances recoverable in cash or in kind or value to be received	90,613,835	93,232,709
DEPB Export Licence	15,716,597	12,490,617
Balance with Central Excise	21,769,507	26,658,447
Sundry Deposits	11,800,663	9,274,240
Prepaid Expenses	263,333	583,262
Gratuity Deposit	44,308	44,308
	140,208,244	142,283,583
Total Current Assets	766,403,129	899,742,722



PARTICULARS	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 7		
CURRENT LIABILITIES & PROVISIONS		
1 Current Liabilities		
Sundry Creditors	123,747,786	139,069,147
Other Liabilities	26,821,662	29,372,942
Deposits	2,635,023	1,936,903
Bill discounting A/c	6,963,332	10,350,384
Unclaimed Dividend	190,078	220,453
Unclaimed Share Application money	154,786	154,786
	160,512,667	181,104,615
2 Provisions		
For Leave Encashment	900,944	582,057
For Gratuity	1,816,206	1,703,944
For Interest	53,589,841	—
For Fringe Benefit Tax	1,745,603	1,745,603
For Taxation	21,635,304	8,019,454
	79,687,898	12,051,058
SCHEDULE — 8		
OPERATIONAL INCOME		
1 Domestic Sales		
Sales — Domestic	64,591,796	52,812,763
Sales — Scrap	39,092,189	50,407,697
Labour Charges	657,498	1,507,273
	104,341,483	104,727,733
2 Export Sales		
Sales — Export	191,543,698	313,356,313
	295,885,181	418,084,046
SCHEDULE — 9		
OTHER INCOME		
Interest Received	1,086,569	3,845,919
Interest Receivable	2,944	—
Interest Accrued(Geldbach ,UK)	993,759	3,055,869
Other Income	—	24,462
Discount Received	989,206	—
Export Incentives Recd.(Sale Of DEPB)	14,573,816	13,430,557
Exchange Rate Diff.	—	2,925,409
Parking Charges	34,363	—
Profit on Sale of Misc. assets	189,510	—
Misc.Income	43,264	17,812
Prior Year Adjustment	13,901,797	—
S/ Balance Written Off	3,040,991	—
	34,856,219	23,300,028



PARTICULARS	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 10		
RAW MATERIAL CONSUMED		
Opening Stock	71,484,261	65,173,724
Add : Purchases	199,489,600	261,757,735
	270,973,861	326,931,459
Less : Closing Stock	68,711,541	71,484,261
TOTAL	202,262,320	255,447,198
SCHEDULE — 11		
(INCREASE)/DECREASE IN STOCK		
Opening Stock—Finished goods	118,100,488	120,022,404
Opening Stock—Semi Finished goods	351,904,902	323,599,486
Opening Stock—Scrap	1,336,280	16,126,950
	471,341,670	459,748,840
Closing Stock—Finished goods	114,187,956	118,100,488
Closing Stock—Semi Finished goods	216,768,977	351,904,902
Closing Stock—Scrap	795,467	1,336,280
	331,752,400	471,341,670
(INCREASE)/DECREASE	139,589,270	(11,592,830)
SCHEDULE — 12		
EMPLOYEES COST		
Salaries, Wages, Bonus etc.	32,234,002	25,409,950
Contribution to P.F. and other Funds	1,261,929	1,463,805
Staff & Labour Welfare	2,120,104	2,199,257
Supervision / Formen Charges	330,000	—
TOTAL	35,946,035	29,073,012
SCHEDULE — 13		
INTEREST & FINANCIAL CHARGES		
1 Interest On Fixed Loan		
To Banks	121,390,670	132,012,554
To Others	7,761,865	—
2 Financial Charges		
Bank & Financial Charges	3,591,783	8,948,947
Bank Charges (LC)	—	—
TOTAL	132,744,318	140,961,501



PARTICULARS	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 14		
OTHER EXPENSES		
Dies Consumed	1,511,059	15,174,878
Stores & Tools Consumed	14,563,731	15,318,306
Freight, Cartage & Octroi	9,101,055	14,475,192
Gas & Welding	1,101,411	1,045,344
Labour Charges	14,065,916	19,825,683
Oils & Lubricants	3,269,680	3,632,325
Packing Expenses	3,065,822	3,730,356
Other Factory Exp.	2,131,662	2,065,412
Power, Fuel & Water	38,771,754	38,567,648
Lease on Machinery	1,200,000	1,200,000
Repairs to Machinery	2,104,713	4,467,315
Repairs & Maintenance	1,779,391	1,874,575
Repairs to Building	379,729	350,343
Insurance	766,590	812,697
Legal & Professional Charges	2,540,291	2,799,235
Motor Car Expenses	2,316,207	2,126,575
Postage, Telegram & Telephone	1,680,155	1,697,706
Printing & Stationery	1,202,328	999,676
Travelling Expenditure	5,549,502	6,985,127
Selling, General & Administrative Exp.	8,637,978	12,134,006
Duties & Taxes	8,799,299	2,131,353
Advertisement & Publicity	1,654,455	2,900,024
Auditors' Remuneration	250,000	275,750
Fines & Penalties Paid	444,499	—
Exchange Rate diff	3,595,842	—
S/Balances Written Off	—	5,093,690
Other Expenses	917,881	1,017,181
TOTAL	131,400,949	160,700,396

**SCHEDULE –15****NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.****1) Significant Accounting Policies****i) Basis Of Accounting :**

The financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company.

ii) Fixed Assets :

- a) The fixed assets are stated at cost less depreciation. The Company capitalizes all direct cost relating to the acquisition and installation of fixed assets. Interest on borrowed funds if any used to finance the acquisition of Fixed Assets, are capitalized up to the date the assets are ready for commercial use.
- b) Depreciation on fixed assets is being charged on straight-line method at the rate prescribed under schedule XIV to the Companies Act, 1956.
- c) Depreciation on revalued assets is transferred from revaluation reserve to the Profit & Loss Account.
- d) Leased land value is not amortized in view of the long tenure of unexpired lease period.

iii) Inventories :

The inventories are valued:-

- a) Raw Material : At cost on FIFO
- b) Finished Goods : Lower of estimated cost or realizable value
(Estimated cost comprises of material cost and direct overheads)
- c) Semi Finished Goods : At estimated cost (Estimated cost comprises of material cost and Related direct overheads)
- d) Scrap : At net realizable value
- e) Sundry Materials : At cost on FIFO Basis

iv) Contingent Liabilities :

Contingent liabilities are generally not provided for in the accounts and are shown as notes to the accounts.

v) Foreign Currency Transaction :

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in the Profit and Loss Account.

vi) Revenue Recognition :

Sales are recognized upon delivery of goods and are recorded net of trade discounts, rebates, sales tax/ value added tax but are inclusive of excise duty.

vii) Export Benefits/ Incentives :

Export Benefits/ Incentives on export are accounted on accrual basis taking into account the present realizable value of DEPB License.

viii) Taxation :

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax for timing differences between the income as per financial statement and income as per the Income Tax Act, 1961 is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets arising from the timing differences are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against such deferred tax assets can be realized.

ix) Retirement Benefits :

Liabilities in respect of retirement benefits to employees are provided in books of account on accrual basis.



x) Investments :

Long-term investments are valued at cost. Current investments are valued at lower of cost or fair value as on the date of the Balance Sheet. However, as per management, diminutions which are temporary in nature are not provided for.

xi) Turnover :

Turnover includes Sale of Goods, Scrap, Service Charges, and excludes Export Incentives and Excise Duties, Sales tax, Value Added Tax, Discounts .

xii) Miscellaneous expenditures :

Share issue expenses are amortized equally over a period of ten years.

2) i) Borrowings and Securities

Name of the Consortium Lenders	Type of Loan	Repayment Schedule
State Bank of Indore	Term Loan	30 Qtrly instalments wef 30.06.2011 Upto 30.09.2018
State Bank of Hyderabad	Working Capital Term Loan	30 Qtrly instalments wef 30.06.2011 Upto 30.09.2018
State Bank of Patiala		
Bank of Maharashtra	Funded Interest Term loan (FITL) IV	24 Qtrly instalments wef 30.06.2011 upto 31.03.2017
	Working Capital Interest Term Loan (WCITL) II	20 qtrly instalments wef 30.06.2011 upto 31.03.2016
	Working Capital limits	

a) The consortium bankers have first pari passu charge over the entire fixed assets and second charge over the current assets of the company with respect to the Term loan facility and first pari passu charge on the current assets and the second charge over the fixed assets of the company in respect of the working capital facilities.

b) Personal Guarantees of Mr. Deepak Sekhri & Mrs. Anita Sekhri have been provided in favor of the consortium Bankers, under the CDR package

ii) Provision For Current And Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from “timing difference” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

3. a) Contingent Liabilities :

Sr. no.	Particulars	31.03.10	31.03.09 (Rs in lacs)
1.	On Letter Of Credit Opened by Banks	nil	723.00
2.	Margin Money given against l/c to be adjusted	156.05	357.27

b) The Company has issued guarantee in favor of HSBC Bank,UK, for an amount upto GBP 6,25,000 with respect to facilities availed by Geldbach (UK).

4. The Income Tax Assessments of the company have been completed up to the assessment year ended 31st March, 2007.

5. Sales Tax assessment has been completed up to the year ended 31st March, 2006.

6. The amount in respect of sundry debtors, creditors, advances and deposits are shown as appearing in the accounts and are subject to confirmation and reconciliation from the parties.



7. Managerial Remuneration paid : (Rs. in lacs)

	2009-2010	2008-2009
Salaries	50.40	50.40
Provident Fund	6.05	6.05
Other perquisites	13.48	12.28

No commission was payable in the current year and previous year on account of loss incurred .

8. (i) Installed Capacity and Actual Production :

(in metric tons)

Particulars	31.03.2010	31.03.2009
Licensed Capacity	(*)	(*)
Installed Capacity	23,500	11,450
Actual Production	1,949.45	2,484

(*) The company has been given license to manufacture / forging of steel under ITC general description of iron & steel vide Govt. of India, Ministry of Industry, Dept of Industrial Development Entrepreneur Assistance unit vide letter 4843/SIA/IMO/92 Dt. 29.12.1992.

(ii) Opening and Closing Stock:

(Rs. in lacs)

Particulars	Opening Stock		Closing Stock	
	01.04.2010	01.04.09	31.03.2010	31.03.09
I Die Steel & Dies Stock	1035.30	837.91	1035.30	837.91
II Consumables	65.28	65.06	65.28	65.06
III Raw Material	687.12	714.84	687.12	714.84
IV Finished	1141.88	1181.00	1141.88	1181.00
V Semi Finished	2167.69	3519.05	2167.69	3519.05
VI Scrap	7.95	13.36	7.95	13.36
	5105.22	6331.22	5105.22	6331.22

(iii) Raw Material Consumed :

Particulars	Units	Quantity	Amount (Rs.)
Steel	MT	2013.89 (Prev Yr:3390.87)	202,262,320 (Prev Yr: 255,447,118)

(iv) Actual Production , Opening Stock , & Turnover of goods produced:

Class Of Goods	Units	Opening Stock	Actual Production	Closing Stock	Turnover Qty
Steel	MT	605.53	1949.45	338.68	2216.3
Previous year		1882	2484	605.53	3760.47

(v) Value of indigenous material and spares consumed:

	31.03.2010 (Rs.)	31.03.2009 (Rs.)
Dies & Consumables incl stores and spares	16,074,790	30,493,184



9. (i) Sales & other income

	Qty (in MT)	31.03.2010	Qty (in MT)	31.03.2009
a. Steel Forgings	2216.30	256,135,494	3760.00	366,169,076
b.. Job Work	—	657,498	—	1,507,273
c. Other Sales	866.53	39,092,189	1186.12	50,407,697
TOTAL	3082.83	295,885,181	4946.12	41,80,84,046

(ii) Earnings in Foreign Currency

	31.03.2010 Rs.	31.03.2009 Rs.
a) FOB value of Exports	191,543,698	313,356,313
b) Freight, Insurance & Commission on Exports	8,357,395	NA

(iii) Expenditure in foreign Currency

	31.03.2010 Rs.	31.03.2009 Rs.
a) Traveling Expenses	4,368,904	6,985,127
b) Commission	180,238	2,465,813
c) Exhibition Expenses	2,214,063	2,900,024
d) Consultancy Charges	873,921	1,766,200
TOTAL	7,637,126	14,117,164

10. Disclosure with regard to related party transactions as per Accounting Standard AS-18 is as under:-

(Rs. in lacs)

Nature of transaction	Category A	Category B	Category C
Rent	13.20	—	—
Transportation charges	26.61	—	—
Machining charges	21.79	—	—
Trading (Net)	113.34	30.87	—
Managerial Remuneration	—	—	69.93
Closing Balance – Cr/ (Dr)	(548.52)	78.06	nil

Category A : Associate Concerns : Namha Metals Ltd. ; Dean Akshatt Exim Pvt Ltd.; Namha Profiles Inc ; Namha Euro Enterprises ; Chandramouli Silk Mills

Category B : Subsidiaries/ Jt. Venture : Hertecant NV ; Hertecant ME; Geldbach(UK)Ltd.

Category C : Directors : Mr Deepak B Sekhri, Mrs. Anita D Sekhri

12. Earning per share has been computed as under :

Particulars	2009-2010 (Rs.)	2008-2009(Rs.)
Profit/(loss) after tax	-2922.24	-596.37
Total no. of shares outstanding as on 31st March	1,25,00,474	1,25,00,474
Earning per share (face value Rs. 10 per share)	-23.37	-5.20

13. Consolidated Financial Statement:

The Consolidated financial statements of the Company alongwith its subsidiaries are given separately in this Annual Report.

14. Previous year's figures have been reworked/ regrouped/ rearranged and/or reclassified wherever necessary.

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details :**

Registration No. : 16008
 State Code : 11
 Balance Sheet Date : 31.03.2010

II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue
 N I L

Rights Issue
 N I L

Bonus Issue
 N I L

Private Placement
 N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities
 1 7 3 4 0 1 3

Total Assets
 1 7 3 4 0 1 3

Sources of Funds

Paid-up Capital
 1 2 5 0 0 5

Reserves & Surplus(including RevIn Reseve)

1 5 1 6 9 5

Secured Loans
 1 4 0 7 3 1 3

Promoters' Contribution
 5 0 0 0 0

Application of Funds

Net Fixed Assets
 5 4 2 7 4 2

Investments
 8 8 5 0 3

Net Current Assets
 5 2 6 2 0 3

Misc Expenditure
 3 1 2 6

Accumulated Losses
 3 5 7 6 3 9

Deferred Tax Asset
 2 1 5 8 0 0

IV Performance of the Company (Amount in Rs. Thousands)

Turnover (Total Income)
 3 3 0 7 4 1

Total Expenditure
 7 1 2 8 7 0

Net Loss
 3 8 2 1 2 9

Loss After Tax
 2 9 0 3 3 5

Earning Per Share (Rs)
 - 2 3 . 3 7

Dividend Rate
 N I L

V Generic Names for Three Principal Products / Services of the Company

Item Code No. (ITC Code)

N A

F L A N G E F I T T I N G S

Item Code No. (ITC Code)

N A

A U T O M A T I V E C O M P O N E N T S

Item Code No. (ITC Code)

N A

D E F E N C E C O M P O N E N T S

As per our report of even date

For R.K.Chaudhary and Associates

For & on Behalf of the Board of Directors

(Chartered Accountants)

R.K.Chaudhary**Deepak B Sekhri****Anita D Sekhri****(M.No. 35487)**

(Chairman & Managing Director)

(Executive Director)

G.P.Singh**P.K.Chakravarthy**

(Chairman - Audit Committee)

(Finance Controller)

Place : Mumbai

Geeta Krishnan

Date : June 18, 2010

(Company Secretary)



REPORT OF THE AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SHREE GANESH FORGINGS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Shree Ganesh Forgings Limited and its subsidiary (the Group) as at March 31, 2010 and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the period then ended, both annexed thereto. These consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes , examining on a test basis, evidence supporting the amounts and disclosures in the financial statements . An audit also includes assessing the accounting principles used and significant estimates made by the management ,as well as evaluating t he overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of SGFL International BV for the year ended 31st March,2010. These financial statements are not subject to audit as per the provisions of the Dutch Civil Code and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely upon the financial statements of the subsidiary. The financial statements of Hertecant NV , Elfe and Hertecant ME are subject to audit by auditors in their respective countries.However, we are not in receipt of the audit report as of date.
4. We report that the consolidated financial statements have been prepared by the management of Shree Ganesh Forgings Limited in accordance with the requirements of Accounting Standard AS 21 issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Shree Ganesh Forgings Limited and the financial statements of the subsidiaries included in the Consolidated Financial Statements.
5. Based on our audit and on consideration of the Management Report of the subsidiary, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in case of the Consolidated Balance Sheet , of the consolidated state of affairs of the group as at March 31, 2010;
 - b) in case of the Consolidated Profit and Loss Account , of the consolidated results of operations of the group for the period ended on that date;
 - c) in case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the group for the period ended on that date .

For R.K Chaudhary & Associates
Chartered Accountants

R K Chaudhary

Proprietor

(M No. 35487)

Place: Mumbai

Date:June 18,2010



CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2010

	SCHEDULE	(Rs.)	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SOURCES OF FUNDS				
1 Shareholders Fund				
a) Share Capital	1		125,004,740	125,004,740
b) Reserves & Surplus	2		255,517,691	365,679,537
c) Promoters' Contribution			50,000,000	8,000,000
2 Loan Funds	3			
a) Secured Loans			1,527,536,447	1,297,642,887
b) Unsecured Loans			2,047,672	—
TOTAL			1,960,106,550	1,796,327,164
APPLICATION OF FUNDS				
1 Fixed Assets	4			
a) Gross Block		902,900,955		884,599,419
b) Less : Depreciation		305,425,657		224,008,481
				660,590,938
Add : Capital Work in Progress		—		91,849,918
			597,475,298	752,440,856
2 Investments	5		25,270,928	24,277,169
3 Deferred Tax Assets			215,800,000	100,389,955
4 Current Assets, Loans & Advances	6			
a) Inventories		731,282,074		1,009,493,610
b) Sundry Debtors		268,106,783		337,723,387
c) Cash & Bank Balance		10,654,509		34,819,014
d) Loans & Advances		148,484,697		151,443,725
			1,158,528,063	1,533,479,736
Less : Current Liabilities & Provisions	7			
a) Liabilities		465,571,725		587,109,154
b) Provisions		84,761,195		31,194,235
			550,332,920	618,303,389
Net Current Assets			608,195,143	915,176,346
5 Miscellaneous Expenditure			3,125,658	4,042,838
6 Profit & Loss Account (Debit Balance)			510,239,523	—
Total			1,960,106,550	1,796,327,164
Notes to Account	15			

As per our report of even date

For R.K.Chaudhary and Associates

(Chartered Accountants)

R.K.Chaudhary
(M.No. 35487)

For & on Behalf of the Board of Directors

Deepak B Sekhri
(Chairman & Managing Director)G.P.Singh
(Chairman - Audit Committee)Anita D Sekhri
(Executive Director)P.K.Chakravarthy
(Finance Controller)

Place : Mumbai

Date : June 18, 2010

Geeta Krishnan
(Company Secretary)



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	SCHEDULE	(Rs.)	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
INCOME				
Operational Income	8		769,112,694	1,505,227,900
Other Income	9		61,615,260	61,090,332
			<u>830,727,954</u>	<u>1,566,318,232</u>
EXPENDITURE				
Raw Material Consumed	10		429,801,633	769,052,283
(Increase)/Decrease in Stock	11		154,847,283	(15,612,401)
Cost of Goods Purchased			103,438,681	368,619,604
Employee Cost	12		212,462,954	262,670,892
Interest	13		145,986,587	140,961,501
Other Expenses	14		238,926,607	204,167,785
Depreciation		83,881,159		
Less : Transferred from Revaluation Reserve		2,463,982	81,417,177	55,401,397
			<u>1,366,880,922</u>	<u>1,785,261,061</u>
Profit / (Loss) before Taxation			(539,152,968)	(218,942,830)
Corporation Tax		22,192,110		4,357,090
Fringe Benefit Tax		—		720,396
Deferred Tax		(115,410,045)		(119,289,180)
Excess prov. of IT in Previous Years		—		(116,137)
			<u>(93,217,935)</u>	<u>(114,327,831)</u>
Profit / (Loss) after Tax			(442,935,033)	(104,614,999)
Prior Year Adjustments (Net.)			(1,889,199)	(5,382,001)
			<u>(444,824,232)</u>	<u>(109,997,000)</u>
Profit / (Loss) brought Forward			(65,415,291)	182,646,956
Balance Carried to Balance Sheet			<u>(510,239,523)</u>	<u>72,649,956</u>
Notes to Account	15			

As per our report of even date

For R.K.Chaudhary and Associates

(Chartered Accountants)

R.K.Chaudhary
(M.No. 35487)

For & on Behalf of the Board of Directors

Deepak B Sekhri

(Chairman & Managing Director)

G.P.Singh

(Chairman - Audit Committee)

Anita D Sekhri

(Executive Director)

P.K.Chakravarthy

(Finance Controller)

Geeta Krishnan

(Company Secretary)

Place : Mumbai

Date : June 18, 2010

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2009_10**

		2009_10 Rs.	2008_09 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit / (Loss) Before Tax & Extra ordinary items		(536,152,968)	(218,942,830)
Adjustment for			
Depreciation		81,417,177	55,401,397
Interest & Financial Expense		145,986,587	140,961,501
Miscellaneous Expenditure Written Off		917,181	917,181
Interest Income		(2,083,272)	(6,901,788)
Operating profit before Working Capital Changes	(a)	<u>(309,915,295)</u>	<u>(28,564,539)</u>
Adjustment for (increase)/Decrease in Working Capital			
Inventories		278,211,535	(394,274,240)
Sundry Debtors		69,616,604	(154,526,075)
Loans and Advances		2,959,028	16,638,376
Current Liabilities and Provisions		(173,889,801)	250,650,342
	(b)	<u>176,897,366</u>	<u>(281,511,597)</u>
Cash Generated from Operations	(a + b)	<u>(133,017,929)</u>	(310,076,136)
Prior Year Adjustments		(1,889,199)	(5,382,001)
Net Cash From/(used in) Operating Activities	(c)	<u>(134,907,127)</u>	<u>(315,458,137)</u>
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets/Pre_Operative Expenses		(18,301,536)	(411,421,191)
(Increase)/ Decrease in Capital work in Progress		—	218,413,776
(Purchase)/Sale of Investments (Net)		(993,759)	269,183,070
Interest Income		2,083,272	6,901,788
Net Cash From Investing Activities	(d)	<u>(17,212,023)</u>	<u>83,077,443</u>
C CASH FLOW FROM FINANCING ACTIVITIES			
Long Term Loans Availed/(Paid) (Net)		231,941,232	387,131,997
Share Application Money		42,000,000	8,000,000
Interest Paid		(145,986,587)	(140,961,501)
Net cash from/(used in) Financing Activities	(e)	<u>127,945,645</u>	<u>254,170,496</u>



NET INCREASE / (DECREASE) IN CASH & CASH EQUVT.	(24,164,505)	21,789,802
Cash & Cash equivalents at the commencement of the year	34,819,014	13,029,212
Cash & Cash equivalents at the end of the year	10,654,509	34,819,014
Cash and Cash Equivalents comprise :		
Cash and Cheques on Hand	1,914,016	30,419,887
Balances with Scheduled Banks in		
–Current Accounts	8,395,629	4,023,888
–Unpaid Dividend Accounts	190,078	220,453
–Unclaimed share application money	154,786	154,786
Cash and Cash Equivalents as at the end of the year	10,654,509	34,819,014

Note:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2. Previous year's figures have been re_grouped and re_arranged wherever necessary.

As per our report of even date

For R.K.Chaudhary and Associates
(Chartered Accountants)

R.K.Chaudhary
(M.No. 35487)

For & on Behalf of the Board of Directors

Deepak B Sekhri
(Chairman & Managing Director)

Anita D Sekhri
(Executive Director)

G.P.Singh
(Chairman - Audit Committee)

P.K.Chakravarthy
(Finance Controller)

Place : Mumbai
Date : June 18, 2010

Geeta Krishnan
(Company Secretary)

**CONSOLIDATED SCHEDULES PERTAINING TO BALANCE SHEET AND PROFIT & LOSS A/C**

PARTICULARS	As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 1		
SHARE CAPITAL		
Authorised		
205,00,000 Equity Shares of Rs.10/— each	205,000,000	15,50,00,000
20,00,000 Convertible Preference Shares of Rs.10/— each	20,000,000	2,00,00,000
	225,000,000	17,50,00,000
Issued, Subscribed and Paid up		
1,25,00,474 Equity Shares of Rs.10/— each fully paid	125,004,740	125,004,740
SCHEDULE — 2		
RESERVES & SURPLUS		
Share Premium	100,082,213	100,009,480
Revaluation Reserve	46,032,509	45,990,348
General Reserve	8,159,000	8,159,000
Legal Reserve	4,005,762	4,498,290
Retained Earning	63,394,215	175,855,419
Capital Reserves	33,001,000	33,001,000
Minority Interest	842,992	(1,834,000)
TOTAL	255,517,691	365,679,537
SCHEDULE — 3		
SECURED LOANS		
From Banks		
Cash Credit	448,134,974	250,888,063
Packing Credit	212,631,265	219,507,102
Term Loan	863,537,407	823,619,846
	1,524,303,646	1,294,015,011
From Others		
Vehicle Loans	3,232,801	3,627,876
TOTAL	1,527,536,447	1,297,642,887



SCHEDULE - 4

CONSOLIDATED FIXED ASSETS

	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
	Opening Balance	Additions	Transfer/ Adjustment	Closing Balance	Opening Balance	For the Year	Transfer/ Adjustment	Closing Balance	As at 31.03.2010	As at 31.03.2009
1	2	3	4	5	6	7	8	9	10	11
Land	45,480,656	–	–	45,480,656	–	–	–	–	45,480,656	45,480,656
Factory Building	129,980,657	11,365,636	–	141,346,293	18,801,660	4,771,488	–	23,573,148	117,773,145	111,178,997
Plant & Machinery	671,626,325	4,444,900	–	676,071,225	191,472,056	69,594,570	–	261,066,626	415,004,599	480,154,269
Furniture & Fixture	12,200,798	276,677	–	12,477,475	2,654,027	835,361	–	3,489,388	8,988,087	9,546,771
Office Equipments	1,380,943	4,399	–	1,385,342	469,747	74,882	–	544,629	840,713	911,196
Computer & Software	12,999,936	619,424	–	13,619,360	8,155,379	3,781,879	–	11,937,258	1,682,102	4,844,556
Other Assets	2,432,637	82,802	–	2,515,439	665,627	277,124	–	942,751	1,572,688	1,767,010
Vehicles	8,497,467	811,408	–	9,308,875	1,789,9834	1,385,583	–	3,175,567	6,133,308	6,707,484
Intellectual Proprieties	–	696,290	–	696,290	–	696,290	–	696,290	–	–
Total	884,599,419	18,301,536	–	902,900,955	224,008,479	81,417,177	–	305,425,657	597,475,298	660,590,939
Previous Year	691,592,004	527,961,564	334,954,148	884,599,419	165,930,383	58,078,098	–	224,008,480	660,590,939	307,247,845

PARTICULARS

SCHEDULE — 5

INVESTMENTS (Unquoted at Cost)

Geldbach (UK) Ltd.

Geldbach (UK) Ltd.(Interest accrued on Investment).

HDFC Long Term Equity Fund Growth

**Consolidated
As At
31st March
2010
(Rs.)**

**As At
31st March
2009
(Rs.)**

20,821,300

20,821,300

4,049,628

3,055,869

400,000

400,000

25,270,928

24,277,169



PARTICULARS	Consolidated As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 6		
CURRENT ASSETS, LOANS AND ADVANCES		
1 Stock in Trade (As per Inventory taken, valued and certified by Managing Director)		
Die Steel and Dies Block (At Cost)	103,530,345	147,719,929
Consumable Store (At Cost)	6,528,133	6,505,732
Raw Material (At Cost)	68,711,541	167,071,089
Finished Goods (Lower of estimated cost or realizable value)	273,386,854	268,568,460
Semi Finished Goods (At estimated cost)	220,220,293	357,652,996
Scrap (At net realisable value)	795,467	1,336,280
Contracts in Progress	107,042	697,914
Good Purchase for Resale	58,002,399	59,941,209
	731,282,074	1,009,493,609
2 Sundry Debtors		
Debtors over 6 months considered as goods	144,029,667	199,667,389
Considered good	61,754,268	76,431,495
Other debts — Considered good	51,642,591	59,950,894
Intercompany Receivable	10,680,257	1,673,609
	268,106,783	337,723,387
3 Cash & Bank Balance		
Cash in Hand	1,914,016	30,419,887
Balance with Banks	8,740,493	4,399,127
	10,654,509	34,819,014
4 Loans & Advances (Unsecured but Considered good)		
Advances recoverable in cash or in kind or value to be received	90,613,835	118,306,597
DEPB Export Licence	15,716,597	—
Balance with Central Excise	21,769,507	26,658,447
Sundry Deposits	12,983,779	883,571
Loans & Advances	257,860	—
Prepaid Expenses	7,098,810	5,550,802
Gratuity Deposit	44,308	44,308
TOTAL	148,484,697	151,443,725
Total Current Assets	1,158,528,063	1,533,479,736



PARTICULARS	Consolidated As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 7		
CURRENT LIABILITIES & PROVISIONS		
1 Current Liabilities		
Sundry Creditors	248,560,778	545,073,686
Other Liabilities	56,790,479	29,372,942
Deposits	7,071,072	1,936,903
Bill discounting A/c	6,963,332	10,350,384
Other Loans	1,618,582	—
Income Tax & Social Security Liability	61,384,974	—
Unclaimed Dividend	190,078	220,453
Unclaimed Share Application money	154,786	154,786
Bank Overdraft	82,837,644	—
	465,571,725	587,109,154
2 Provisions		
Employees' Retirement Benefits	388,449	5,051,094
For Leave Encashment	1,256,802	582,057
For Gratuity	1,816,206	1,703,944
For Interest	53,589,841	—
Accrued Expenses	909,993	—
For Taxation	26,799,904	23,857,140
	84,761,195	31,194,235
SCHEDULE — 8		
OPERATIONAL INCOME		
1 Domestic Sales		
Sales — Domestic	537,819,309	1,139,956,617
Sales — Scrap	39,092,189	50,407,697
Labour Charges	657,498	1,507,273
	577,568,996	1,191,871,587
2 Export Sales		
Sales — Export	191,543,698	313,356,313
TOTAL	769,112,694	1,505,227,900



PARTICULARS	Consolidated As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 9		
OTHER INCOME		
Interest Received	1,086,569	3,845,919
Interest Receivable	2,944	—
Interest Accrued(Geldbach UK)	993,759	3,055,869
Other Income	26,506,593	28,110,983
Discount Received	989,206	—
Export Incentives Recd.(Sale Of DEPB)	14,573,816	13,430,557
Exchange Rate Diff.	—	2,925,409
Paking Charg	34,363	—
Profit on Sale of assets	189,510	—
Misc.Income	295,712	9,721,594
Prior Year Adjustment	13,901,797	—
S/ Balance Written Off	3,040,991	—
	61,615,260	61,090,332
SCHEDULE — 10		
RAW MATERIAL CONSUMED		
Opening Stock	71,484,261	155,470,530
Add : Purchases	427,028,913	775,362,820
	498,513,174	930,833,350
Less : Closing Stock	68,711,541	161,781,067
TOTAL	429,801,633	769,052,283
SCHEDULE — 11		
(INCREASE)/DECREASE IN STOCK		
Opening Stock—Finished	139,311,625	137,213,971
Opening Stock—Semi Finished	351,904,902	323,599,486
Opening Stock—Scrap	1,336,280	16,126,950
	492,552,807	476,940,407
Closing Stock—Finished	129,445,969	139,311,625
Closing Stock—Semi Finished	207,464,088	351,904,902
Closing Stock—Scrap	795,467	1,336,280
	337,705,524	492,552,807
(INCREASE)/DECREASE	154,847,283	(15,612,401)
SCHEDULE — 12		
EMPLOYEES COST		
Salaries, Wages, Bonus etc.	208,362,629	259,007,830
Contribution to P.F. and other Funds	1,563,805	1,463,805
Staff & Labour Welfare	2,536,520	2,199,257
TOTAL	212,462,954	262,670,892



PARTICULARS	Consolidated As At 31st March 2010 (Rs.)	As At 31st March 2009 (Rs.)
SCHEDULE — 13		
INTEREST & FINANCIAL CHARGES		
1 Interest On Fixed Loan		
To Banks	134,632,939	132,012,554
To Others	7,761,865	—
	142,394,804	132,012,554
2 Financial Charges		
Bank & Financial Charges	3,591,783	8,948,947
TOTAL	145,986,587	140,961,501
SCHEDULE — 14		
OTHER EXPENSES		
Dies Consumed	1,587,665	17,569,622
Stores & Tools Consumed	14,563,731	15,318,306
Freight, Cartage & Octroi	9,101,055	14,475,192
Gas & Welding	1,101,411	1,045,344
Labour Charges	14,065,916	19,825,683
Oils & Lubricants	3,269,680	3,632,325
Packing Expenses	3,065,822	3,730,356
Other Factory Exp.	6,721,226	2,571,698
Power, Fuel & Water	38,771,754	38,567,648
Lease on Machinery	1,200,000	1,200,000
Repairs to Machinery	2,104,713	4,467,315
Lease Rent	—	3,366,123
Reparis — Others	1,951,754	1,952,338
Repairs to Building	379,729	350,343
Insurance	805,327	812,697
Legal & Professional Charges	3,611,643	3,648,375
Motor Car Expenses	2,821,333	2,253,457
Postage, Telegram & Telephone	2,206,030	1,697,706
Printing & Stationery	1,404,398	1,144,266
Travelling Expenditure	5,765,356	7,219,606
Selling, General & Administrative Exp.	14,952,012	14,008,655
Duties & Taxes	10,326,571	4,204,779
Advertisement & Publicity	1,654,455	2,900,024
Auditors' Remuneration	250,000	275,750
Fines & Penalties Paid	444,499	—
Fees & Subscription	—	24,025
Exchange Rate diff	3,595,840	—
S/Balances Written Off	—	5,093,690
Other Expenses	93,204,687	15,312,299
TOTAL	238,926,607	186,667,621

**SCHEDULE –15****NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.****1) Significant Accounting Policies****a) Basis Of Accounting :**

The financial statements are prepared under the historical cost convention, in accordance with the generally accepted accounting principles in India , and in the respective countries where the subsidiaries are situated.

b) Principles of Consolidation :

The Consolidated Financial Statements relate to Shree Ganesh Forgings Limited('the Company') and its direct and indirect subsidiaries (collectively referred to as 'the Group'). The Consolidated Financial Statements have been prepared using uniform accounting policies and on the following basis :

- the financial statements of the Company and its subsidiaries have been combined on a line-by- line basis by adding together the book value of like items like assets, liabilities, income and expenses, after fully eliminating intra-group transactions and intra-group balances and resultant unrealized profits/ losses;
- the excess of the Company's portion of equity and reserves of the subsidiaries as at the time of its investment is treated as Capital Reserve ;
- minority interest consisting of equity has been adjusted against the Reserves of the Group.

c) Fixed Assets :

- i) The fixed assets are stated at cost less depreciation. The Company capitalizes all direct costs relating to the acquisition and installation of fixed assets. Interest on borrowed funds if any used to finance the acquisition of Fixed Assets, are capitalized up to the date the assets are ready for commercial use.
- ii) Depreciation on fixed assets is being charged on straight-line method at the rate prescribed under schedule XIV to the Companies Act, 1956, and in case of subsidiaries, at the rates applicable as per rules prevalent in their respective countries.
- iii) Depreciation on revalued assets is transferred from revaluation reserve to the Profit & Loss Account.
- iv) Leased land value is not amortized in view of the long tenure of unexpired lease period.

d) Inventories :

The inventories are valued:-

- a) Raw Material At cost on FIFO
- b) Finished Goods Lower of estimated cost or realizable value (Estimated cost comprises of material cost and direct overheads)
- c) Semi Finished Goods At estimated cost (Estimated cost comprises of material cost and Related direct overheads)
- d) Scrap At net realizable value
- e) Sundry Materials At cost on FIFO Basis

e) Contingent Liabilities :

Contingent liabilities are generally not provided for in the accounts and are shown as notes to the accounts.

f) Revenue Recognition :

Sales are recognized upon delivery of goods and are recorded net of trade discounts, rebates, sales tax/ value added tax but are inclusive of excise duty.

g) Retirement Benefits :

Liabilities in respect of retirement benefits to employees are provided in books of account on accrual basis.



h) Investments :

Long-term investments are valued at cost. Current investments are valued at lower of cost or fair value as on the date of the Balance Sheet. However, as per management, diminutions which are temporary in nature are not provided for.

i) Miscellaneous expenditures :

Share issue expenses are amortized equally over a period of ten years.

2. The consolidated Financial Statements relate to Shree Ganesh Forgings Limited (parent company), SGFL International BV (the wholly- owned subsidiary incorporated in the Netherlands), and that of Hertecant NV, Elfe and Hertecant ME, which are subsidiaries of SGFL International BV.
3. Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. In view of this, the company has disclosed only such Notes from the individual financial statements , which fairly present the needed disclosures.
4. Consolidated Contingent Liability is same as contingent liability of (stand-alone) Shree Ganesh Forgings Ltd.
5. Consolidated Capital Commitments are same as capital commitments of (stand-alone) Shree Ganesh Forgings Ltd.
6. Consolidated related party transactions are same as related party transactions of (stand-alone) Shree Ganesh Forgings Ltd
7. Earning per share has been computed as under :

Particulars	2009-2010	2008-09
1. Profit / (Loss) after tax (Rs. In Lacs)	(4448.23)	(1099.94)
2. Total No. of Shares outstanding as on 31st March , 2010	12500474	12500474
3. Earning Per Share (Face Value Rs.10/- Per Share)	(35.58)	(8.80)

8.
 - a) Accounts of SGFL International BV and two of its subsidiaries are prepared in EURO currency and one subsidiary in AED currency. Figures in the consolidated accounts have been taken at the prevailing rupee rate as on 31.03.2010.
 - b) Previous year's figures have been reworked/ regrouped/ rearranged and/or reclassified wherever necessary. (Loss of previous year was adjusted against last years retained earnings.)
 - c) Financial Year of SGFL International BV was extended to 15 months such as to end on 31st March, 2010. No adjustments have been made in respect of the period as the Company is only a holding company .
 - d) Accounts of SGFL Intl BV are not required to be audited in its country of incorporation as the company qualifies for exemption as "small company" exempt from audit under the Dutch Civil Code.



SGFL International B.V. Annual Report- March 31,2010

The Board of Managing Directors herewith submits the financial statements of SGFL International B.V. for the financial year ended March 31, 2010.

Summary of Activities

The Company has been incorporated as per March 22,2007. The Company's principal activity is to act as a holding company.

During the period under review, the company recorded a net loss of EUR 21,659, details of which are set out in the attached Profit and Loss Account. In the previous financial year, the net loss amounted to EUR 18,501.

Future Developments

General – The company has no immediate intention to change its business. As the company commenced holding activities, future results will largely depend on dividends received.

Personnel development – The average number of employees during the year was zero. The company does not expect to employ any personnel during the coming year.

Finance development – The company does not expect that the method of finance will significantly change during 2010.

Post Balance Sheet Event – No Major post balance sheet event affecting the financial statements have occurred to date.

Amsterdam

April 28,2010

Sd/-
Deepak Sekhri

Sd/-
Patrick van Maurik

Sd/-
Clemens van den Brock

Supplementary Information March 31, 2010

1 Proposed Appropriation of Results

Subject to the provision under Dutch law that no dividends can be declared until all losses have been recovered, profits are at the disposal of the Annual General Meeting of Shareholders in accordance with the Company's Articles of Association.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal reserves.

The management proposed not to declare a dividend and to add the net result for the year to the retained earnings.

This proposal has not been reflected in the accompanying annual accounts.

2 Post Balance Sheet events

No major post balance sheet events affecting the financial statements have occurred to date.

3 Auditor's Report

Since the Company qualifies as a "small sized company", it is not legally required to have its accounts audited as provided for in Article 396, paragraph 1, of Book 2 of the Dutch Civil Code.



BALANCE SHEET AS AT MARCH 31, 2010

ASSETS	NOTES	(In EUROS)	
		12/31/2010	12/31/2008
Fixed assets			
Investments	5	3,730,000	3,730,000
Current Assets			
Accounts receivables	6	48,466	48,466
Intercompany receivables		182,500	200,000
Cash at bank	7	3,967	4,656
		<u>234,933</u>	<u>253,122</u>
Total Assets		<u>3,964,933</u>	<u>3,983,122</u>
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity	8		
Issued and fully paid share capital		18,000	18,000
Retained earnings		2,927,227	2,945,728
Net result for the year		(21,659)	(18,501)
		<u>2,923,568</u>	<u>2,945,227</u>
Current Liabilities			
Other Current Liabilities	9	1,029,227	1,029,227
Accounts payable and accrued expenses	10	12,138	8,668
		<u>1,041,365</u>	<u>1,037,895</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>3,964,933</u>	<u>3,983,122</u>

The accompanying notes from part of these accounts.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING MARCH 31, 2010

	Note	31-Dec-08	
		12/31/2010	12/31/2008
Other Income / (Expense)			
General and administrative expenses	11	21,566	14,856
Financial Income / (Expense)			
Interest expense bank		93	422
interest expense loan	12	—	3,223
		<u>93</u>	<u>3,645</u>
RESULT BEFORE TAXATION		<u>21,659</u>	<u>18,501</u>
Provision for corporate tax	13	—	—
NET RESULT FOR THE YEAR		<u>(21,659)</u>	<u>(18,501)</u>

The accompanying notes from part of these accounts.

NOTES TO THE ANNUAL ACCOUNTS

March 31, 2010

1. GENERAL

SGFL International B.V. is a Dutch private company with limited liability, incorporated in Amsterdam on March 22, 2007. The Company mainly acts as holding and finance company and currently has its office address at Naritaweg 165, 1043 BW, Amsterdam, The Netherlands.

On August 24, 2009 the Company amended its Articles of Association by which, inter alia, the company changed the book-year into a financial year from April 1 to March 31. As a result of this, the period under review comprise a period of fifteen months (from January 1, 2009 to March 31, 2010)

(a) Use of estimates

In applying the accounting policies and guidelines for financial statements, management makes a range of estimates and judgments that might be essential for the amounts disclosed in the financial statements. If necessary for the purposes of providing the view required under section 362(1) Book2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions is disclosed in the notes to the Financial Statement items in question. Actuals may differ from these estimates.

2. ACCOUNTING POLICIES FOR THE BALANCE SHEET

The accompanying financial statements have been prepared in accordance with the provisions of the fourth and seventh Directive of the European Community as set forth in Title 9, Book 2 of the Dutch Civil Code.

(a) Comparison with previous year

The principles of valuation and determination of result remained unchanged compared to the previous year.

(b) Foreign currencies

All assets and liabilities denominated in currencies other than EUR have been translated at the rates of exchange prevailing on balance sheet date. All transactions in foreign currencies have been translated into EUR at rates of exchange approximating those prevailing on the dates of the transaction. Unless otherwise indicated, any resulting exchange differences are included in the Profit and Loss Account. Income and expenses are translated at the average rates of exchange during the year.

(c) Financial fixed assets

Participating interests including majority investments where significant influence can be exercised, are stated at acquisition cost in accordance with Article 214.325 of the RJ 2007 (Richtlijnen voor de Jaarverslaggeving), with reference to Title 9, Book2, Article 408 of the Dutch Civil Code in case of a permanent impairment of the value of the shares, at lower equity value as determined on the basis of the financial statements of the group companies.

(d) Receivables

Receivables are valued at face value less a provision for probable uncollectible accounts.

(e) Long-term liabilities

Long-term liabilities are carried at amortised cost, being the amount received taking account of any premium or discount, less transaction costs. The difference between the carrying value determined and the ultimate repayment value, together with the interest due, is determined in such a manner that the effective interest is taken to the income statement during the term of liabilities.

3. ACCOUNTING POLICIES FOR THE INCOME STATEMENT

(a) General

Result is determined as the difference between income generated by the supply of goods and services, and the costs and other charges for the year. Income from transactions is recognised in the year in which it is earned.

(b) Exchange rate difference

Exchange rate difference arising upon the settlement of monetary items are recognised in the Profit and



Loss Account in the period that they arise. Exchange rate differences on long term loans relating to the financing of foreign participation's are recognised in the Profit and Loss Account in the period they arise.

(c) Financial income and expenses

Interest expenses are recognised on a time weighted basis, making allowance for the effective interest rate applicable to the liability item in question.

(d) Taxation

Domestic corporate income tax is determined by applying Dutch fiscal practice relues and taking into account allowable deductions, charges and exemptions.

4. CONSOLIDATION

Consolidated Financial Statements have not been prepared, as is permitted by Article 408, Book2 of the Dutch Civil Code. Pursuant to the conditions of this article, the company will file with the Trade Register of the Chamber of Commerce in Amsterdam the consolidated financial statements of its parent company Shree Ganesh Forgings Ltd., Mumbai, India.

5. Investments

The Company has shares in the following groups :

Name	Domicile	ownership	book value
Hertecant N.V.	Belgium	100%	2,020,000
Hertecant Middle East Fzco.	Dubai	80%	110,000
Etires Lamines forges Estampes	France	100%	1,600,000
		12/31/2010	12/31/2008

6 Accounts receivable

Reimbursement from Outkumpu Stainless costs for "Clean the soil pollution"	48,466	48,466
--	---------------	--------

7 Cash at banks

Current account	3,967	4,656
-----------------	--------------	-------

8. Shareholder's Equity

The Company's authorized share capital amounts to EUR 90,000 divided into 900 ordinary shares with a nominal value of EUR 100 each.

At the Balance sheet date, a total of 180 shares were issued and fully paid up. The movements in the year can be summarised as follows:

	Issued and paid-up capital	Retained earnings	Result for the year	Total
Opening Balance -2008	18,000	—	2,945,728	2,963,728
Additions	—	2,945,728	(2,945,728)	—
Result for the year	—	—	(18,501)	(18,501)
Closing balance 2008	18,000	2,945,728	(18,501)	2,945,227
Additions	—	(18,501)	18,501	—
Result for the year	—	—	(21,659)	(21,659)
Closing balance 2010	18,000	2,927,227	(21,659)	2,923,568



	12/31/2010	12/31/2008
9 Other Current Liabilities		
Share Application Money	1,029,227	1,029,227
10 Accounts payable and accrued expenses		
Represents the following accounts payable		
Accounts payable	9,186	4,968
Accrued tax advisory fees	2,000	2,500
Accrued accounting fees	952	1,200
	12,138	8,668
11 General and administrative expenses		
Management fees	12,016	6,915
Accounting fees	1,686	1,577
Tax advisory fees	4,040	4,320
Consulting fees		980
Legal fees	2,158	—
General Expenses	1,285	744
Bank charges	381	320
	21,566	14,856
12 Interest expenses loans		
ING Belgium S.A./N.V. Gent	—	3,223
	—	3,223
13 Provision for corporate tax		

The corporate tax is based on the fiscal results, taking into account that certain income and expenses as reported in the Profit and Loss Account are exempted from taxation.

14 Number of employees and employees costs

Neither during the year under review nor in the previous year did the company have any employees. Hence, it did not pay any wages and related social security.

15 Directors and employees

During the year under review, the company had three Managing Directors, who received no remuneration during the current or the previous financial year. The company has no Board of Supervisory Directors.

The Board of Managing Directors

Sekhri Deepak Balkrishan
(Shee Ganesh Forgings)

Patrick van Maurik
(Europe Management Company B.V.)

Amsterdam

April 28, 2010

Clemens van den Brock
(Trust International Management (T.I.M.) B.V.)

SHREE GANESH FORGINGS LTD

Factory: C-3/C, TTC Industrial Area, Thane Belapur Road, Pawne, Navi Mumbai 400 705
Registered Office: 412, EMCA HOUSE, S.B.S.Road, Fort, Mumbai 400 001.

ATTENDANCE SLIP

I certify that I am a registered shareholder/ proxy for the registered shareholder of the Company.

Name of the Shareholder (in Block Letters)

DP ID

Master Folio No.*

Client ID

No. of shares held

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company held on Friday, July 30, 2010 at Babasaheb Dahanukar Sabha Griha, Maharashtra Chamber of Commerce, Oricon House, Mumbai-400001

Signature of Member / Proxy

*Applicable for investors holding shares in Physical form.

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PROXY FORM

DP ID

Master Folio No.*

Client ID

No. of shares held

I/We
Of
being a member/members of Shree Ganesh Forgings Limited hereby appoint
of or
failing him
of
as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING to be held on Friday, July 30, 2010, at 3:00 pm at Babasaheb Dahanukar Sabha Griha, Maharashtra Chamber of Commerce , Oricon House, Fort , Mumbai-400001 or at any adjournment thereof.

Signedthis day of 2010

* Applicable for investors holding shares in physical form

NOTE :

- (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

