



# ***EL FORGE LIMITED***



# **ANNUAL REPORT**

## **2021 - 2022**

# **EL FORGE LIMITED**

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## **BOARD OF DIRECTORS**

Sri.V.Srikanth, Chairman  
Sri.K.V.Ramachandran, Vice Chairman & Managing Director  
Smt.Shubha Ganesh, Independent Director  
Smt.Nivedita Lakshmi Ratan, Independent Director  
Sri.S.Balakrishnan, Independent Director

## **CFO & COMPANY SECRETARY**

Smt.R.Sowmithri

## **CHIEF EXECUTIVE OFFICER**

Sri. K.R Srihari

## **AUDITORS**

M/S. L.Mukundan & Associates  
Chartered Accountants  
Flat No.1,2, Kamala Arcade, 669, Mount Road, Thousand lights, Chennai 600 006.

## **BANKERS**

Bank of Baroda, Barathidasan Salai, Chennai 600018  
Indus Ind Bank, Eldams Road, Chennai 600018.

## **SHARE TRANSFER AGENTS**

M/s INTEGRATED REGISTRY MANAGEMENT SERVICES PVT LTD No.1,  
Ramakrishna Street, 2nd Floor, North Usman Road, T.Nagar, Chennai -17.

## **REGISTERED OFFICE & FACTORY**

1A, Sriperumbudur High Road (via) Singaperumal Koil Appur Village, Kattangulathur  
Onrium, Kancheepuram Dist., PIN 603 204. Ph : (044) 47112500, Fax (044) 4711 2523

## **CORPORATE OFFICE**

21C, A.R.K.Colony, Eldams Road, Alwarpet, Chennai 600018. Ph : (044) 24334010

# EL FORGE LIMITED

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## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that 86<sup>th</sup> Annual General Meeting of EL FORGE LIMITED will be held on – Friday, the 30<sup>th</sup> day of September, 2022 at 12 noon at the Registered Office of the Company at 1A Sriperumbudur High Road, (via) Singaperumal Koil, Appur Village, Kattangulathur Onrium, Kancheepuram District 603204 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March 2022, the Auditors' Report and the Directors' Report thereon.
2. To appoint a Director in the place of Mr. V. Srikanth (DIN00076856) who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and other applicable rules, if any, and pursuant to the recommendation of the Audit Committee and the Board of Directors, Mr. D VENKATESAN, Chartered Accountant, with Membership No 026465 , be and is hereby appointed as the Statutory Auditor of the Company, to hold the office for a period of five consecutive years commencing from the conclusion of this 86<sup>th</sup> Annual General Meeting till the conclusion of the 91<sup>st</sup> Annual General Meeting of the Company to be held in the year 2027 on such remuneration as may be mutually agreed by and between the Board of Directors of the Company and the Auditor of the Company

# EL FORGE LIMITED

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## SPECIAL BUSINESS

### 4. Appointment of Mr.S Balakrishnan as independent Director

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution.

Resolved that pursuant to the provisions of Sections 149,150,152 and provisions of schedule IV and other applicable provisions if any of the Companies Act.2013 (ACT) ,read with the Rules made there under including any statutory modification(s) or re-enactment thereof for the time being in force Mr.S.Balakrishnan (DIN 01467766) who was appointed as a Director of the company with effect from 13<sup>th</sup>October, 2021 and who holds office till the date of the Annual General Meeting ,in terms of Section 161of the Act, and in respect of whom the company has received a notice in writing from a member under section 160of the Act, signifying his intention to propose Mr.S.Balakrishnan as a candidate for the office of a Director of the company, be and is hereby appointed as an independent Director , not liable to retire by rotation, to hold office for a term of five consecutive years commencing 13<sup>th</sup>October, 2021.

**Place : Chennai**  
**Date:30/08/2022.**

**By Order of the Board**  
**R.Sowmithri**  
**Company Secretary**

# EL FORGE LIMITED

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## Notes

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and a proxy so appointed need not be a member of the Company. The proxy to be valid, shall be deposited with the Company not later than forty eight hours before the time for holding the meeting. Same person shall not be appointed as proxy on behalf for more than fifty members.
2. The instrument appointing Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members / Proxies should bring the attendance slips duly filled in for attending the meeting and annual report.
4. The explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of all the Items in the special business of the notice set out above, is here to annexed.
5. The Register of Members will be closed from 23rd September, 2022 to 30th September, 2022 both days inclusive.
6. Members are requested to communicate the change of address, if any, quoting their respective folios to the Share Transfer Agents of the Company.
7. As per the provision for nomination in the Companies Act, 2013, Shareholders may nominate persons who shall become entitled to the Shares upon the death of such holders.
8. The nomination has to be made in the form prescribed without any cost to the shareholders. Shareholders interested, are requested to contact the “Shares Department” El Forge Limited, No.21C, A.R.K.Colony, Eldams Road, Alwarpet, Chennai - 600 018.
9. Members, who are holding shares in identical order of names in more than one account, are requested to intimate to the Share Transfer Agents the ledger folio of such accounts together with the share certificates to enable the Company to consolidate all the holdings into one account. The share certificates will be returned to the members after making necessary endorsement in due course.
10. Demat Details - The Company’s shares have been dematerialised with Central Depository Services Ltd and National Securities Depository Ltd. The ISIN No. of the Company is INE 158F01017 and INE158F03013.
11. Website - Quarterly information on results and other developments are posted on the Company’s Website Members also note that the notice of the 86<sup>th</sup> Annual General Meeting and the Annual Report for 2021-22 will also be available on the Company’s website : <http://www.elforge.com>

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- 12. Electronic copy of the Annual Report will be sent to members in future whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member requests for a physical copy of the same. Positive consent letter is attached to the Notice being sent to the members for giving consent to receive documents in electronic mode.
- 13. In future electronic copy of the Notice of the General Meetings of the Company inter alia indicating the process and manner of e-voting along with attendance slip and proxy form will be sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member requests for a physical copy of the same.
- 14. Members may also note that the Notice of the 86th Annual General Meeting and the Annual Report 2020-21 will also be available on the Company's website [www.elforge.com](http://www.elforge.com) for being downloaded. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days till the date of the meeting. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's Investor email id [edf@elforge.com](mailto:edf@elforge.com).

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

### **form** Updation of PAN and Bank Account details

SEBI has mandated all issuer Companies to update the PAN and Bank Account details of all holders holding shares in Physical form. Hence we request all those share holders to communicate the details along with self attested proof of the PAN card and a cancelled cheque leaf of your Bank Account to The Registrar

Integrated Registry Management Services Private Ltd, 2nd floor, Kences Towers, No 1 Ramakrishna street, North Usman Road, T.Nagar, Chennai – 600017.

As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2020, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding physical shares are requested to consider converting their holdings to dematerialised form.

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As a part of the company's GO GREEN initiative, members who have not registered their e-mail id are requested to update the same with the company, if held in the physical form or to the Depository, if held in demat mode.

The route map for the venue of the AGM is enclosed.

## **1. Voting through Electronic means**

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

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

- A. In case a Member receives an email from NSDL (for members whose email IDs are registered with the Company / Depository Participant :
  - I. Open e-mail and open PDF file viz. "SPL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
  - II. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
  - III. Click on Shareholder – Login
  - IV. Put user ID and password as initial password noted in step (i) above. Click Login.
  - V. Password change menu appears, Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination there of, note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - VI. Home page of e-Voting opens. Click on e-Voting:Active Voting Cycles.
  - VII. Select "EVEN" of El Forge Limited
  - VIII. Now you are ready for e-Voting as Cast Vote page opens
  - IX. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - X. Upon confirmation, the message "vote cast successfully" will be displayed.
  - XI. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - XII. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail: [bhave23@rediffmail.com](mailto:bhave23@rediffmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

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- B. In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy).
- I (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM.  
**EVEN (EVoting Event Number) USER ID PASSWORD/PIN**
- (ii) Please follow all steps from Sr. No.(ii) to Sr.No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions(FAQs) for shareholders and e-voting user manual for Shareholders available at the “downloads” section of [www.evoting.nSDL.com](http://www.evoting.nSDL.com)
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password / PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on Tuesday 27th September, 2022 (9.00AM) and ends on 29th September, 2022 (5.00PM). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2022, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2022.
- VII. Mrs.B.Venkatalakshmi, Practicing Company Secretary (Membership No. 1005) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman/Managing Director of the Company.
- IX. The Results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer’s report shall be placed on the Company’s website [www.elforge.com](http://www.elforge.com) and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Ltd.
2. For the convenience of the members, Attendance Slip is annexed to this notice. Members /Proxy Holders /Authorised Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue.
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# EL FORGE LIMITED

## ANNEXURE TO THE NOTICE

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

As required under section 102(1) of the Companies Act,2013,the following explanatory statement sets out the material facts relating to business mentioned under item no 2 and 4 of the accompanying notice.

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

The board of Directors of the company had appointed Mr.S.Balakrishnan as an additional Director of the company with effect from 13<sup>th</sup> October, 2021 .In accordance with the provisions of Section 161 of the companies Act,2013 (ACT) and Articles Of Association of the Company Mr.S.Balakrishnan shall hold office upto the date of the Annual General Meeting. A brief profile of Mr.S.Balakrishnan including her nature of expertise , is provided below .

The company has received a declaration of independence from Mr.S.Balakrishnan that she meets the criteria of independence as prescribed both under sub section (6) of Section 149 of the Act and under SEBI Listing Regulations. In the opinion of the Board Mr.S.Balakrishnan fulfils the conditions of his appointment as an Independent Director as specified in the Act and SEBI Listing Regulations.

None of the Directors, Key Management Personnel and their relatives are in any way concerned or interested in the said resolution.

The directors recommend the aforesaid resolution for the approval by the members as an special resolution.

Profile of the Directors seeking appointment/reappointment at the Annual General Meting

<b>Name of the Director</b>	<b>Mr. V .SRIKANTH</b>	<b>Mr.S.Balakrishnan</b>
Date of Birth and Age	19/10/1953 (68 Years)	6/2/1950 (72 years)
Date of Appointment	26/08/1983	13/10/2021
Expertise in specific functional areas the Auto Industry	Professional exposure of over 4 decades in Auto Component Industry.	Business and Consultancy. Professional experience over 4 decades.
Board Membership of other companies As on March 31,2022	The Vellore Electric Corporation Ltd. Wesco Engineers Ltd	---

#### **Details of Statutory Auditors being appointed**

M/s.L.Mukundan & Associates, Chartered Accountants, (Firm Registration No. 010283S) were appointed as the Statutory Auditors of the Company to hold office for a period of five consecutive years commencing from the conclusion of 81<sup>st</sup> AGM till the conclusion of 86th AGM. Considering that the tenure of M/s.L.Mukundan & Associates will come to an end upon conclusion of the 86th AGM, the

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Board of Directors at its meeting held on 30<sup>th</sup> August, 2022, upon recommendation of the Audit Committee, have recommended for approval of the Members, appointment of Mr.D Venkatesan, Chartered Accountants (ICAI Membership No.026465) as Statutory Auditor of the Company for a term of five consecutive years, to hold office from the conclusion of the 86 AGM till the conclusion of 91st AGM to be held in year 2027. Mr.D.Venkatesan has confirmed that his appointment, if made, will be within the limits specified under Section 141 of the Act. He has also confirmed that he is not disqualified to be appointed as Statutory Auditor in terms of the provisions of Section 141 of the Act and the provisions of Companies (Audit and Auditors) Rules, 2014. Brief profile, terms & conditions of appointment and the proposed fee of the Statutory Auditors, are as follows:

### **Brief profile of Mr.D.Venkatesan**

Mr.D.Venkatesan is a Fellow member of the Institute of Chartered Accountants of India ("ICAI"). He has professional experience of more than 25 years; and he is practicing in his Individual Capacity. Having Keen Interest in the Profession, he writes comments on the exposure drafts issued by ICAI. He has rich and wise experience in manufacturing industries; and good exposure in the auto-ancillary industries.

### **Terms of appointment Mr.D.Venkatesan**

Mr.D.Venkatesan will continue as the Statutory Auditor of the Company for first term of five consecutive years from the conclusion of 86th AGM till conclusion of 91st AGM to be held in the year 2027.

**Fees payable:** The fees proposed to be paid to Mr.D.Venkatesan towards statutory audit and limited review for financial year 2022-2023 shall be fixed by the Board on the basis of recommendation of the Audit Committee. The fees for services in the nature of statutory certifications and other professional work will be in addition to the audit fee , and will be decided by the management in consultation with the Statutory Auditors, subject to approval of the Board of Directors and/or Audit Committee, wherever required.

### **Material changes, if any, in proposed fees**

No material changes.

### **Basis of recommendation for appointment including details and credentials**

The Audit Committee and the Board of Directors, while recommending the appointment of Mr.D.Venkatesan as the Statutory Auditors of the Company, have taken into consideration, among other things, the credentials of Mr.D.Venkatesan, his proven track record in the Automotive and Industrial Manufacturing sector and eligibility criteria prescribed under the Act.

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## REPORT OF THE DIRECTORS

The Directors present the 86<sup>th</sup> Annual Report along with the Audited Financial Statements of the Company for the year ended 31st March, 2022.

### 1. Summarised Financial Results are given below

Particulars	For the Year Ended 31st March,2022	For the Year Ended 31st March,2021
	(Rs. in Lakhs)	
Revenue from Operation – Forgings	4033.62	2729.66
Land Income	0.00	1115.80
Other Income	16.75	18.47
Profit/(Loss) before Depreciation	77.29	9.27
Profit/(Loss) after Depreciation	(540.01)	(602.23)
Exceptional Income / Loss (-)	143.16	365.50
Net Profit/(Loss) after tax	(396.85)	(236.73)

### 2. Company Performance

The initial months of the year 2021-22 were still sluggish due to the pandemic, slowly economic activity significantly picked up and the Company performance fell in line recording higher levels of activity.

Your Company has recorded Post Covid-19 and the turnover has increased from Rs.2729.66 lakhs in 2020-21 to Rs.4033.62 lakhs in 2021-22 which is nearly 48% increase over the previous year. The company continues to improve its activity and performance.

### 3. Dividend

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

### 4. Borrowings

- There are no borrowings from banks or financial institutions.

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## 5. CORPORATE MATTERS

### 5.01 Human Resources

El Forge has always been a people driven Company and its employees remain its most valuable asset. Our employees have always extended full cooperation and support during good as well as difficult times, and have unstintingly put their best effects to deliver on all our commitments.

The Human Resources practices at your Company empowers the employees through greater knowledge, opportunity, responsibility, accountability and reward. Emphasis is laid on identifying & nurturing talent. Continuous improvement techniques are followed for betterment of the skills in the organisation by implementing TQM & other training programs and there exists an excellent system of assessment of the employees based on the sound HR practices.

During the year under review there were 165 employees on the rolls of the company.

### 5.02 Directors & Key Managerial Personnel

The following changes took place in the Directors and Key Management Personnel.

- 1) Mr.K.V.Ramachandran the Vice Chairman & Managing Director was reappointed as Vice Chairman and Managing Director on 10/02/2022 for a period of 3 years ending 31st March, 2025
- 2) Mrs.R.Sowmithri, ED (Finance) & Secretary resigned as Executive Director with effect from the close of business hours on 29/03/2022.
- 3) Mr. V.Ramachandran, Director resigned on 30/10/2021
- 4) Mrs. Shubha Ganesh was appointed as Independent Director in the AGM on 17<sup>th</sup> September, 2021.
- 5) Mr.S.Balakrishnan was appointed as Director on 13/10/2021
- 6) Mr.V.Srinivasan resigned as CFO with effect from 31/03/2022
- 7) Mrs.R.Sowmithri was appointed as CFO with effect from 01/04/2022.
- 8) Mr.K.R.Srihari was appointed as CEO of the company with effect from 1/4/2022.

## 6. Corporate Governance

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

At present the Company has five directors of which one director is an Executive Director and four are non executive.

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

The Company has adequate system of internal control with reference to the financial as well as non financial operations. All the transactions are properly authorised, recorded and reported by the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The Company ensures proper and adequate systems and procedures commensurate with its size and nature of its business even though there is no internal auditor during the year under report.

## **8. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

Information as per Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules 2014 relating to Conservation of Energy, technology absorption and foreign exchange earnings and outgo for the financial year 2021-22 are annexed as Annexure B which forms part of this Report.

## **9. Management Discussion and Analysis**

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

## **10. Research & Development**

R&D in El Forge is a continuous process. All efforts in product design and process development are directed at Customer's satisfaction, competitiveness, quality and responsiveness. This includes focus on material wastage reduction by improvement in technology and equipment with major emphasis at the Tool Room for value engineered die design and manufacture. Simultaneous efforts are made at the shop floor to improve manufacturing efficiency to sustain the development efforts. Annexure B to this report contains the details thereof.

## **11. Industrial Relations**

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

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## **12. Fixed Deposits**

The Company has not accepted (or renewed) any fixed deposits during the year under report. Majority of the deposit holders have been repaid during the year. As on 31st March, 2022, the outstanding deposits amount to Rs.3.81 lakhs.

## **13. Applicability of Section 197(12) of Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**

None of the employees come within the purview of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014. Accordingly, no disclosure has been made, in the above regard.

## **14. Directors Responsibility Statement**

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors of the Company hereby states and confirms that:

- a) In the preparation of Annual Accounts, the applicable accounting standards had been followed.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March,2022 and of the Profit or Loss of the Company for that year.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the Annual accounts on a going concern basis

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- e) That proper internal financial controls were followed by the Company and that such internal financial controls was adequate and were operating effectively.
- f) That proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## **15. Remuneration Policy of the Company**

The remuneration policy of the Company comprising the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company including criteria of determining qualifications, positive attributes, independence of a director and other related matters have been provided in the Corporate Governance report which is attached, herewith.

## **16. Secretarial Audit**

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company engaged the Services of Mrs.B.Venkatalakshmi, Company Secretary in Practice, to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2022.

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

## **17. Related Party Transactions**

All transaction entered by the Company with Related Parties were in the ordinary course of business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transaction (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors. There were no materially significant transactions with Related Parties during the financial year 2021-22 which were in conflict with the interest of the Company Suitable disclosures as required under AS 18 have been made in Item No.16 of Note No.3.02 of financial statements. Accordingly there are no transactions that are required to be reported in Form AOC-2 and accordingly AOC-2 has not been attached.

## **18. Corporate Social Responsibility**

Our company does not fall under the criteria laid for Corporate Social Responsibility under section 135 of the Companies Act,2013 and hence the section is not applicable to the Company for the year under report.

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

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

## **20. Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its powers) Rule 2014 and Clause 49 of the Listing Agreement, the Board of Directors had approved the policy on Vigil Mechanism/Whistle Blower and the same is hosted on the Website of the Company. The policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

## **21. Director**

During the year Director Mr.V. Ramachandran had resigned with effect from 13/10/2021. The board records its thanks to him for the contribution made during his tenure.

Mrs.R.Sowmithri Executive Director resigned with effect from 30<sup>th</sup> March,2022The board records its thanks to her for the contribution made during her tenure.

In the board meeting on 13<sup>th</sup>October,2021 the company appointed Mr.S.Balakrishnan as a director. Resolution for his appointment by the shareholders forms part of the agenda of the notice of the 86th AGM.

## **22. Statutory Auditors**

The Statutory Auditors M/s L.Mukundan & Associates, Chartered Accountants (Firm Registration No.010283S) had been appointed in the 81stAnnual General Meeting for a term of five years upto the conclusion of 86th AGM. The Auditor's Report is enclosed with the Financial Statements in this Annual Report.

In the meeting held on 30<sup>th</sup> August, 2022, the Audit Committee of the Company has proposed, and the Board of Directors of the Company has recommended appointment of Mr.D.Venkatesan , Chartered Accountant (ICAI Membership no FCA 026465), Chennai as the Statutory Auditor of the Company



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Subject to approval of shareholders of the Company, ,Mr.D.Venkatesan , Chartered Accountant, Chennai will hold office for a period of 5 (five) consecutive years from the conclusion of 86th Annual General Meeting of the Company scheduled to be held on September 30, 2022, till the conclusion of 91st Annual General Meeting to be held in the year 2027. The Company has received a certificate from Mr.D.Venkatesan, Chartered Accountant, to the effect that their appointment, if made, at the ensuing 86th Annual General Meeting of the Company will be in accordance with the conditions laid down under the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules,

## **24.Explanation to Auditor’s remark**

The Directors have responded to the qualifications of the Statutory Auditors in the addendum to the Directors Report.. The Statutory Auditors have drawn attention to some points under “ Emphasis of Matters “ which are dealt with in the notes on accounts.

## **25. Material changes**

There has been no material changes affecting the financial position of the company between 31st March,2022 till the date of the report.

## **26.Prohibition and redressal of sexual harassment of women at work place**

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

**27.The Annual Report for 2021-22 has been posted in the website of the company it can be accessed by clicking the following link.**

<https://www.elforge.com/docs/Annual%20reports%202021-2022f.pdf>

## **27.Acknowledgements**

The Company places on record the co-operation of Bankers, Bank of Baroda, Indus Ind Bank We also thank all our Customers, Suppliers, Employees and others connected with the business for their co-operation. We sincerely thank the shareholders for their support.

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

**Place : Chennai**  
**Date:30/08/2022**

**V.SRIKANTH**  
**CHAIRMAN**  
**(DIN 00076856)**

# EL FORGE LIMITED

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## Addendum to the Directors' Report For 2021-22

**In Response to the Audit Qualification, the directors state the following:**

**1.) Actuarial valuation for contribution towards employees Gratuity fund.**

The company maintains its gratuity fund with LIC of India under the Group Gratuity Scheme. The gratuity liability has been funded based on the actuarial valuation figures provided by LIC based on the employee details provided by the company. Hence a separate actuarial valuation was not done by the company.

**2) Emphasis Matter**

The points under emphasis matter have been clarified in the notes on accounts.

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

**Place : Chennai  
Date: 30/08/2022**

**V.SRIKANTH  
CHAIRMAN  
(DIN 00076856)**

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# EL FORGE LIMITED

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

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

### 1. Company's philosophy on code of Governance

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

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

### 2. Composition of Board

The Board is comprised of whole time Director–Vice Chairman & Managing Director, the Executive Director (Finance), non executive Chairman, non executive promoter Director and non executive Independent Directors..

Name of the Director	Category	Attendance Particulars			Number of other Directorships and Committee Memberships//Chair manships in other Indian Public Companies		
		Number of Board Meetings		Last AGM	Other Director Ships	Committee Member Ships	Committee Chairman Ships
		Held	Attended				
Mr.V.Srikanth	Non Executive	6	6	Yes	2	-	-
Mr.K.V.Ramachandran	Executive	6	6	Yes	3	3	1
Mr.V.Ramachandran	Non-Executive & Non-Independent	6	2	Yes	1	-	-
Mrs.R.Sowmithri	Executive	6	6	Yes	5	-	-
Ms.Nivedita Lakshmi Ratan	Non Executive & Independent	6	4	yes	2	-	-
Shubha Ganesh	Non Executive & Independent	6	6	Yes	-	-	-
S.Balakrishnan	Non Executive & Independent	6	4	NA	-	-	-

## EL FORGE LIMITED

### Requirement of core skills/expertise/competencies for the Board of Directors as identified for Companies Business

The Board continues to recognise that an appropriate mix of diversity and skills is key for introducing different perspectives into Board debate and for better anticipating the risks and opportunities in building a long-term sustainable business. As set out in the charts below, each member of the Board offers a range of core skills and experience that is relevant to the successful operation of the Group.

The below table summarises the key qualifications, skills and attributes which are taken into consideration while nominating to serve on the Board

Areas of expertise required	Description
Strategy & Planning	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies and priorities
Board Diversity	Representation of Gender, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments and other stakeholders.
Business operations	Experience in driving business success and regulatory frameworks and have a broad perspective on market opportunities.
Technology	A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.

### Report on Corporate Governance

Areas of expertise required	Description
Sales & Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance Company reputation.
Finance Acumen	Ability to comprehend, interpret and guide on financial management, reporting, controls and analysis
Governance and Risk Management	Experience in the application of Corporate Governance principles. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance

## EL FORGE LIMITED

In the table below, the specific areas of focus or expertise of individual board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skills:

Name of the director	Areas of Expertise						
	Strategy & Planning	Board Diversity	Business operations	Technology	Sales & Marketing	Finance Acumen	Governance and Risk Management
Mr.V SRIKANTH – Chairman	√	√	√	√	√	√	
Mr. K V Ramachandran Vice chairman & Managing Director	√	√	√	√	√	√	√
Mr. V Ramachandran Promoter & Non Executive Director	√	√	√	√			
Mrs. R Sowmithri Executive Director	√	√	√			√	√
Mrs. Nivedita Lakshmi Ratan Independent Director	√	√				√	√
Mrs. Shubha Ganesh Independent Director	√	√				√	√
Mr. S.Balakrishnan Independent Director	√	√				√	√

## **EL FORGE LIMITED**

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During the financial year 2021-2022, Six (6) Board Meetings were held on 30/07/21, 13/08/21, 13/10/21, 13/11/21, 10/02/22 and 24/03/22. Details of Composition of the Board of Directors, Directors' Attendance Records and Directorships are given below

### **Audit Committee**

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

The terms of reference of the Audit Committee include:

- a) To review financial statements and pre-publication announcements before submission to the Board.
- b) To ensure compliance of internal control systems and action taken on internal audit reports.
- c) To appraise the Board on the impact of accounting policies, accounting standards and legislation.
- d) To hold periodical discussions with statutory auditors and internal auditors on the scope and consent of the audit.
- e) To review the Company's financial and risk management policies.
- f) To make recommendations to the Board on matters relating to the financial management of the Company including Audit Report. During the financial year 2021-2022, four Audit Committee Meetings were held on 13/07/21, 13/08/21, 13/11/21 and 10/02/22.

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

Name of the Directors	Position	Number of Meetings attended during 2021-22	
		Held	Attended
Ms.Nivedita Lakshmi Ratan	Chairman (Upto 30/7/21)	4	3
Mrs. Shubha Ganesh	Chairman (From 13/08/21)	4	4
Mr.V.Srikanth	Member	4	4
Mr.V.Ramachandran	Member	4	2 (Resigned On 13/10/21)
Mr.S.Balakrishnan	Member	4	2 (from 13/11/21)

## EL FORGE LIMITED

### 4. Remuneration of Directors

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

- a) Review the remuneration of the Executive Chairman and Vice Chairman & Managing Director, executive directors and key management personnel after considering the Company's performance.
- b) Review and recommend payment of commission to the executive Directors or other Directors.
- c) Recommend to the Board, the remuneration including Salary, Perquisites and Commission to be paid to the Whole time Directors of the Company.

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

Name of the Directors	Position	Number of meeting attended during 2021-22	
		Held	Attended
Mr. S. Balakrishnan	Chairman	2	2
Mr. V.Ramachandran	Member	2	0
Mr. V.Srikanth	Member	2	2
Ms. Nivedita Lakshmi Ratan	Member	2	2

### Details of Remuneration paid to Board of Directors

Non-whole time Directors		Whole time Directors			
Name	Sitting Fees (Rs.)	Name	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. V.Ramachandran	20000	K.V.Ramachandran	3780000	2620092	6400092
Mr. V.Srikanth	0				
Mrs.Niveditha Lakshmi Ratan	0	R.Sowmithri	2580000	1619592	4199592
Mrs. Shubha Ganesh	40000				
Mr. S. Balakrishnan	20000				
<b>Total</b>	<b>80000</b>				

# EL FORGE LIMITED

Service Contracts, Severance Fees and Notice Period :

Period of Contract of Vice Chairman & Managing Director : 3 Years from 01.04.2022;

Period of Contract of Executive Director: Resigned w.e.f 30/03/2022

## 5. Stakeholders Relationship Committee

The Committee meets at frequent intervals to consider, inter alia share transfers, share holders' complaints etc.

During the Financial Year 2021-22 four Shareholders / Investors Grievance Committee Meetings were held on 30/07/21, 13/08/21, 13/11/21 and 10/02/22.

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

### 1. Stakeholders Relationship Committee

Name of Members	Position	No. of Meetings attended during the year 2021-2022
Mrs. Nivedita Lakshmi Ratan	Chairman	4
Mr.V.Srikanth	Member	4
Mr. K.V.Ramachandran	Member	4
Mrs. R.Sowmithri	Member	4

### 2. Share Transfer Committee

Name of Members	Position	No. of Meetings attended during the year 2021-2022
Ms.Nivedita Lakshmi Ratan	Chairman	4
Mrs. Shubha Ganesh	Member	4
Mr. K.V.Ramachandran	Member	4
Mrs. R.Sowmithri	Member	4

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



## **EL FORGE LIMITED**

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

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

- I. Annual operating plans and budgets and any updates
  - II. Capital Budgets any updates
  - III. Annual Accounts, Directors' Report etc.
  - IV. Quarterly Results of the Company
  - V. Minutes of the meetings of Audit Committee and other Committees of the Board
  - VI. The information on recruitment and promotion of Senior Officers to the level of Executive Director which is just below the Board level.
  - VII. Fatal or serious accidents, dangerous occurrences etc.
  - VIII. Operational highlights.
  - IX. Major investments.
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## EL FORGE LIMITED

- X. Award of large contracts.
- XI. Disclosure of interest by Directors about Directorship and committee positions occupied by them in other companies.
- XII. Quarterly Report on Foreign exchange exposures.
- XIII. Any significant development in Human Resources / Industries Relations.
- XIV. Non-Compliance of any regulatory, statutory or listing requirements and shareholders services such as non payment of dividend, delay in transfer of shares etc.,
- XV. Short term investments.
- XVI. Information relating to any legal disputes.
- XVII. Other materially important information.

### 7. General Body Meetings

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

Financial Year	Location of the meeting	Date	Time
2019-20	Registered Office of the Company at 1A, Sriperumbudur High Road, (Via) Singa-perumal Koil, Appur Village, KattangulathurOnrium, Kancheepuram District 603204.	Sep 25, 2020	11.30AM
2020-21	Registered Office of the Company at <b>1A, Sriperumbudur High Road,</b> (Via) Singa-perumal Koil, Appur Village, KattangulathurOnrium, Kancheepuram District 603204.	Sep 17, 2021	12.00Noon
2021-22	Registered Office of the Company at <b>1A, Sriperumbudur High Road,</b> (Via) Singa-perumal Koil, Appur Village, KattangulathurOnrium, Kancheepuram District 603204.	Sep 30, 2022	12.00Noon

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

# EL FORGE LIMITED

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## 8. Subsidiary Companies

The company has no subsidiaries.

## 9. Disclosures

### Details of related party transactions :

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

### Pecuniary relationship or transactions of the Non-executive Directors

There is no material transaction with any Non- Executive as well as Independent Directors of the company that requires separate disclosure. The non executive Directors have not taken their sitting fees during the year.

Details on the use of proceeds from Public Issues, Rights issues, Preferential Issues etc. During the year there has been no fresh issue of capital.

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

None during the year. The company's application for revocation of suspension in trading of equity shares is pending with BSE.

## 10. Secretarial Audit

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

## 11. Means of communication

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

## 12. Management Discussion and Analysis Report –

Forms part of the annual report.

# EL FORGE LIMITED

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## 13. General Shareholders information

### A. Annual General Meeting

Date and Time	: 30 <sup>th</sup> September,2022
Venue	: 1A, Sriperumbudur High Road,Appur Village, Kancheepuram District 603204
Book Closure Date	: 23 <sup>rd</sup> September,2022 to 30 <sup>th</sup> September,2022 (both days inclusive)
Cut off date for e-voting	: 23 <sup>rd</sup> September, 2022
E-Voting	: 27 <sup>th</sup> September,2022 (9.00 am) to 29 <sup>th</sup> September,2022 (5.00 pm)

### b) Financial Calendar

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

### c) Date of Book Closure

The Directors decided to close the Register of Members from : 23<sup>rd</sup> September,2022 to 30<sup>th</sup> September,2022 (both days inclusive)

### d) Listing on Stock Exchanges

The Company's shares are listed on  
BSE

PhirozeJeeJeeBhoy Towers  
Dalal Street, Mumbai 400 001

At present the trading in BSE has been suspended. The company has appealed for revocation of the suspension and is hopeful of getting this completed .

### e) Stock Code

BSE – Script Code No.531144

### f) Market Price Data

As the trading of shares in BSE has been suspended the details of monthly highest and lowest closing quotations of the equity shares of the Company are not available.

## **EL FORGE LIMITED**

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### **(g) Registrars and Share Transfer Agents**

M/s.Integrated Registry Management Services Pvt Ltd,“Kences Towers”, 2nd Floor, No.1, Ramakrishna Street T.Nagar, Chennai 600 017, Phone:044-28140801, Fax : 044 – 28143378, Demat ISIN No. INE 158F03013 INE 158F01017

### **h) Share Transfer System**

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

### **i) Investor Services**

Complaint received during the year

<b>Nature of the Complaints</b>	<b>For the Year 2021-22</b>	
	<b>Received</b>	<b>Cleared</b>
Relating to Transfer, Transmissions, Dividend, Demat and Remat and Change of Address etc.	0	0

## EL FORGE LIMITED

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### Distribution of Shareholdings as on 31<sup>st</sup> March,2022.

Sl No	Category	Holders	% of Shareholders	Holdings	% of Holdings
01	Upto 100	5565	56.66	2310528	11.37
02	101 - 250	1559	15.87	948380	4.67
03	251 - 500	1064	10.83	1084252	5.33
04	501 - 1000	631	6.42	6794512	33.43
05	1001 - 5000	684	6.96	2855425	14.05
06	5001 - 10000	125	1.27	197585	0.97
07	10001 &Above	194	1.98	6133622	30.18
	<b>TOTAL</b>	<b>9822</b>	<b>100.00</b>	<b>20324304</b>	<b>100.00</b>

### Pattern of Shareholding as on 31st March, 2022

S No	Category	No.of Shares	% of Shareholding
1	Promoters	8273358	40.71
2	Corporate Bodies	1729023	8.51
3	Mutual Funds	1605	0.01
4	Banks	945	0.00
5	NRI's/Foreign Nationals	197757	0.97
6	Public	10121616	49.80
	<b>Total</b>	<b>20324304</b>	<b>100.00</b>

# EL FORGE LIMITED

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## 13. Address for Correspondence

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

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

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

## 15. Compliance with Non-mandatory Requirements

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

- i) The Board: No specific tenure has been specified for the Non Executive Director, Mr.V. Ramachandran.
- ii) Remuneration Committee : Details are given under the heading Remuneration Committee.
- iii) Shareholder Rights - The financial results are also put up on the Company's website.
- iv) Audit Qualification:.

The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

## EL FORGE LIMITED

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v)Remuneration Committee : Details are given under the heading Remuneration Committee.

vi)Shareholder Rights - The financial results are also put up on the Company's website.

V. Mechanism for evaluation of non-executive Board Members –The performance evaluation of non-executive members is done by the Board annually based on criteria of attendance and contributions at Board Committee meetings as also role played / contributions other than at meetings.

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct.

In accordance with Clause 49 sub-clause 1(D) of the Listing Agreement with Stock Exchanges, I hereby confirm that all the Directors of the Company have affirmed compliance to their respective codes of conduct as applicable to them for the year ended 31st March, 2022

**Place:Chennai**  
**Date :30/08/2022**

**K V RAMACHANDRAN**  
**VICE CHAIRMAN AND MANAGING DIRECTOR**  
**(DIN NO.:00322331)**



# EL FORGE LIMITED

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

- |    |  |   |
|----|--|---|
| 1. | Energy Conservation measure taken  | Gas and Power Consumption are closely Monitored to conserve energy. |
| 2. | Additional Investments and Proposal if any being implemented for reduction of consumption of energy                                  | Nil   |
| 3. | Impact of the measures at 1 and 2 Above for reduction of energy Consumption and consequent Impact on the cost of Production of goods | Not Applicable  |

<b>FORM OF DISCLOSURE OF PARTICULARS WIHT RESPECT TO TECHNOLOGY ABSORPTION</b>		
Sl.No.	RESEARCH AND DEVELOPMENT (R & D)	
1	Specific areas in which R & D carried out by the Company	Research & Development is an ongoing process to improve the quality of end products.
2	Benefits derived as a result of the above R & D	1) Developing new forgings to meet specific requirements. 2) Reduction in cost and improvement in quality
3	Future plan of action	Continued improvement in quality and productivity
4	Expenditure on R & D	Expenditure on R & D is not directly incurred during the period and hence not ascertainable
	a) Capital	Nil
	b) Recurring	Nil
	c) Total	Nil
	d) Total R & D expenditure as percentage of total turnover	Nil

## EL FORGE LIMITED

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation	Continuous interaction with Technology Experts to improve quality, die life, etc.,
2. Benefits derived as a result of the above efforts Eg. Production Improvement, cost reduction, product development, import substitution etc.,	Reduction in Rejections and improvement in yield.
3. In case of imported Technology (imported during the last three years reckoned from the Beginning.	Not Applicable.

### FOREIGN EXCHANGE EARNING AND OUTGO

1. Activities relating to Exports	Overseas Markets are being constantly scanned and Requests for quotations from customers overseas are answered and followed up to obtain orders.
2. Initiatives taken to increase exports and development of new export markets for products and services and export plans.	<ol style="list-style-type: none"> <li>1. Present and prospective buyers are being invited to see our production and Inspection Facilities.</li> <li>2. Quality systems are constantly being upgraded to meet international Requirements</li> </ol>
3. Total Foreign Exchange	
a) Used (Rs.)	Nil
b) Earned (Rs. in Lacs)	90.40

# EL FORGE LIMITED

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## ANNEXURE C TO THE DIRECTORS' REPORT

### Management Discussion and Analysis

#### Overview

The objective of this report is to convey the Management's perspective on the external environment and forging industry, as well as strategy, operating and financial performance, material developments in human resources and industrial relations, risks and opportunities and internal control systems and their adequacy in the Company during the FY 2022-23.

This should be read in conjunctions with the Company's financial statements, the schedules and notes thereto and other information included elsewhere in the Integrated Report. The Company's financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') complying with the requirements of the Companies Act, 2013 as amended and regulations issued by the Securities and Exchange Board of India ('SEBI') from time to time

#### Global Economy

The Global economy has recovered in the year 2021-22, post the period of recession due to COVID-19. The global economy is estimated to have grown by 6.1% in 2021-22. India has grown at 8.9% during the year.

The tension between Russia and Ukraine have impacted the growth prospects. The outbreaks of Pandemic has also left the global economy with uncertainty on growth prospects which has led the global agencies to lower the output projection for 2022-23

#### Indian Economy

The Indian economy has grown at an estimated 8.9% GDP in 2021-22 post the disruption caused by the pandemic. The proactive measures of the Indian Government to vaccinate most population and contain the third wave has helped the consumer and market sentiments to remain steady.

The outlook for the Indian economy remains strong. The increasing government funding in public infrastructure, capital spending, regulatory relaxation and continued export growth are likely to contribute to growth in the current year 2022-23. As per IMF's World Economic Outlook India's GDP is projected to grow at 8.9% in FY 2022-23 and 7.1% in FY 2023-2024, making India the fastest growing major economy in the world.

# EL FORGE LIMITED

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## **Indian Auto Industry**

The total automobile production increased marginally from 22.66 million units in FY 2020-21 to 22.23 million units in FY 2021-22 in spite of supply chain issues and increased input costs. Product upgrades in passenger and commercial vehicles coupled with new launches from new OEMs led to increased sales in this sector. The Indian auto industry is faced with challenges across segments caused by changes in safety norms, increased costs, regulatory changes, technological shift from ICE to EV etc. However it is expected that the Government's strong focus on infrastructure development including road construction is expected to propel growth for the industry.

## **Opportunities & Threats**

The heavy vehicle industry in India enjoys a strong position in the global market. India is the largest tractor producer, second largest bus manufacturer and third largest heavy trucks manufacturer in the world. India is also a prominent exporter and expects a strong export growth in future. In addition the Govt. of India has initiated several measures which are expected to propel India to emerge as a leader in automotive market in the world.

The ongoing pressure between Russia and Ukraine, under utilisation of the installed capacity resulting in increasing fixed costs of the company, growing cost of key raw materials may impact revenues and profitability of the company.

## **Risk Management**

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

## **Commodity Price Risk**

The Steel prices have increased substantially during the year and continues to be on the upward spiral. The increases are compensated from customers. Other input costs are also increasing and the company deals with obtaining compensation from customers on a case to case basis.

# EL FORGE LIMITED

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## **Financial and Operational Performance:**

The Company has undertaken numerous operational initiatives to improve performance and reduce material loss. Undertaken impactful actions to make its quality control process robust and reduce cost of production. We have implemented strict control on raw material purchase and implemented productivity measures, both manpower and machine productivity. Also a number of cost control and cost management measures were initiated during the periods of slowdown this year to improve the financial performance.

## **Key Financial Ratios:**

In accordance with the SEBI (listing Obligations and Disclosure Requirements) Amendment Regulations, 2018 the Company is required to give details of significant changes (changes of 25% or more as compared to immediately previous financial year) in financial ratios are as follows.

Particulars	2021-22	2020-21	Reasons for deviation
Inventory Turnover Ratio	10.22	3.08	Improvement in Turnover
Trade Receivables Turnover Ratio	24.04	11.75	Improvement in Collection
Trade Payable Turnover Ratio	8.11	0.34	Improvement in Payments

## **Manpower Development in HR and Industrial relations:**

Over the years Company has maintained consistency in its efforts in training and developing its human resource with a view to face the competition. Industrial relations were in order throughout the year and there was satisfactory co-operation between the management and the workers in working towards the overall objectives of the Company.

## **Cautionary Statements:**

Statements made in this Management Discussion Analysis report describing the Company's projections expectations, estimates, global conditions, government policies etc. Contain forward looking statements based upon the data available with the Company. The Company cannot guarantee the accuracy of assumptions and perceived performance of the Company in future based on this data and the assertions made in the report. Therefore it is cautioned that the actual results may differ from those expressed or implied in and through this analysis.

# EL FORGE LIMITED

<b>Financial Review</b>			
<b>Particulars</b>	<b>2021-22</b>	<b>2020-21</b>	<b>Increase / (Decrease) in%</b>
<b>Income</b>			
Revenue from operations (incl.excise duty upto 30.06.17)	4033.62	2729.66	0.48
Land Income	-	1115.80	0.00
Other income	16.75	18.47	-0.09
<b>Total</b>	<b>4050.37</b>	<b>3863.93</b>	<b>0.05</b>
<b>Expenditure</b>			
Cost of materials and services consumed	2218.94	1477.21	0.50
Changes in inventories of finished goods, stock-in-trade and work-in-progress	-30.72	-34.81	-0.12
<b>Total</b>	<b>2188.22</b>	<b>1442.40</b>	<b>0.52</b>
Cost of Land Sold	-	1131.16	
Employee benefits expense	750.51	479.24	0.57
Finance costs	43.28	46.15	-0.06
Depreciation and amortisation expense	617.30	611.50	0.01
Other expenses	991.08	747.31	0.33
<b>Total</b>	<b>4590.39</b>	<b>3015.36</b>	<b>0.52</b>
<b>Profit/ (Loss) before exchange gain/ (loss) on swap contracts, exceptional items and tax</b>	<b>-540.01</b>	<b>-593.83</b>	<b>-0.09</b>
Exchange gain/ (loss) on swap contracts	0.00	0.00	0.00
<b>Profit/ (Loss) before exceptional items and tax</b>	<b>-540.01</b>	<b>-593.83</b>	<b>-0.09</b>
Exceptional Items [ Income / (Expenses) ]	143.16	365.50	-0.61
<b>Profit/ (Loss) before extraordinary items and tax</b>	<b>-396.85</b>	<b>-228.33</b>	<b>0.74</b>
Extraordinary Items	0.00	0.00	0.00
<b>Profit/ (Loss) before tax</b>	<b>-396.85</b>	<b>-228.33</b>	<b>0.74</b>
<b>Tax expense:</b>			
(a) Current tax expense	0.00	0.00	0
(b) (Less): MAT credit	0.00	0.00	0
(c) Short / (Excess) provision for tax relating to prior years	0.00	0.00	0
(d) Net current tax expense	0.00	0.00	0
(e) Deferred Tax	0.00	0.00	0
Tax expense	0.00	0.00	0
<b>Profit for the year from continuing operations</b>	<b>-396.85</b>	<b>-228.33</b>	<b>0.74</b>
Basic Earning per Share	-1.95	-1.12	
Diluted Earning per share	-1.95	-1.12	
Face Value (Rs.).	10.00	10.00	

## EL FORGE LIMITED

### Revenues

The revenues are from the sale of forgings. During the year there has not been any income from sale of land.

### Costs

**Material Costs :**The material cost for the year was 56.76 % of the sale value compared to 59.80% in the previous period. This is due to the product mix during the year.

**Staff Cost :**There is a marginal increase in the staff costs in order to maintain and retain talent with the company.

**Other expenses :**The management has made constant efforts to bring down costs and as a result other costs have also dropped during the year compared to the previous year.

### Depreciation :

The depreciation has been charged according to the provisions of the companies Act, 2013

### Summary of Balance Sheet is given below :

Particulars	As At 31/03/2022	As At 31/03/2021	As at 31/03/2020	Inc/(Dec) %
Source of Funds			(Rs. in Lakhs)	
Share holders Funds	(5849.78)	(5452.93)	(5224.60)	7.28
Non current Liabilities	8736.13	1211.12	1211.12	621.33
Current Liabilities	804.40	8288.86	10161.32	(90.30)
<b>Total</b>	<b>3690.75</b>	<b>4047.05</b>	<b>6147.84</b>	
Application of Funds				
Fixed Assets	2656.23	3198.92	3764.58	0.00
Investments	0.01	0.01	373.84	0.00
Loans & other Non Current Assets	68.61	82.83	99.81	(17.17)
Current Assets	965.90	765.29	1909.63	26.21
<b>Total</b>	<b>3690.75</b>	<b>4047.05</b>	<b>6147.84</b>	

## EL FORGE LIMITED

### Summary of Cash Flow Sheet is given below :

Particulars	2021-22	2020-21
Profit / Loss (-) for the year	(396.85)	(228.33)
Operating profit before working capital changes	98.57	63.82
Cash generated from operations	(11.67)	624.13
Income tax paid	0.00	0.00
Net cash flow from operating activities [A]	(11.67)	624.13
Net cash flow from investing activities [B]	100.95	(27.75)
Net cash flow (used in) financing activities [C]	(30.04)	(196.90)
Net cash Inflow [A+B+C]	59.24	64.47
Opening cash and cash equivalents	82.97	18.49
Closing cash and cash equivalents*	142.21	82.97

### Human Resources

El Forge has always been a people driven Company and its employees remain its most valuable asset. Our employees have always extended full cooperation and support in good as well as difficult times, and have unstintingly helped to deliver on all our commitments. The Human Resources practices at your Company empowers the employees through greater knowledge, opportunity, responsibility, account-ability and reward. Emphasis is laid on identifying & nurturing talent. Continuous improvement techniques are followed for betterment of the skills in the organisation by implementing TQM & other training programs and there exists an excellent system of assessment of the employees based on the sound HR practices.

During the year under review, there were 165 employees on the rolls of the company.

### Foreign Exchange Risk

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

### Outlook

#### Internal control systems and their adequacy

The Company has an internal control system that is geared towards achieving efficiency in operations, optimum utilisation of resources, effective monitoring and compliance with all



## EL FORGE LIMITED

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applicable laws and regulations. The Company has in place a proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and stated properly and applicable statutes and Corporate policies are duly complied with.

### **Cautionary Statement**

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

# EL FORGE LIMITED

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

We hereby certify that for the year ended 31st March, 2022 on the basis of the review of the financial statements and the cash flow statements and the best of our knowledge and belief.

1. These statements do not contain any materially untrue statement or omit to state a material fact or contain statement that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
3. These are to the best of our knowledge and belief, no transactions entered into by the Company during the year 2021-22 which are fraudulent, illegal or violation of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company
5. We further certify that
  - a) There has been no significant changes in internal control over financial reporting during the year.
  - b) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting and
  - c) There has not been any significant change in Accounting policies during the year requiring disclosure in notes to the financial statements.

**Place: Chennai**  
**Date: 30/08/2022**

**K V RAMACHANDRAN**  
**VICE CHAIRMAN &**  
**MANGING DIRECTOR**

**R.SOWMITHRI**  
**CHIEF FINANCIAL OFFICER**

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# EL FORGE LIMITED

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## ANNEXURE E

### Independent Auditors' Certificate on Corporate Governance

#### To the Members of El Forge Limited

1. We have examined the compliance of conditions of Corporate Governance by El Forge Limited (“the Company”), for the year ended on 31st March, 2022, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’)

#### Management's Responsibility

2. The compliance of conditions of corporate governance is the responsibility of the Company's management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

#### Auditor's Responsibility

3. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 1 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (‘ICAI’), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

6. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2022.

## EL FORGE LIMITED

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

### **Restriction on use**

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **L MukundanandAssociates**  
*Chartered Accountants*  
Firm Registration No.010283S

Place: Chennai  
Date: 30.05.2022

L Mukundan  
*Partner*  
Membership No: 204372  
UDIN: 22204372AJXXWW6037

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# EL FORGE LIMITED

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**Form No.,MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2022**  
**Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules 2014**  
**and Pursuant to Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements)**  
**Regulations 2015.**

To  
The Members  
El Forge Limited  
21C, A.R.K.Colony  
Eldams Road  
Alwarpet, Chennai 600018

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate practices by M/s.El Forge Limited, CIN L34103TN1934PLC000669 (“the Company”) Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit. I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place to the extent, I the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2022 according to the provisions of

- I. The Companies Act, 2013(the Act) and the rules made thereon;
  - II. The Companies Act, 1956 (to the extent applicable);
  - III. The Securities Contracts(Regulation)Act,1956 (“SCRA”) and the rules made there under;
  - IV. The Depositories Act,1996 and the Regulations and Bye-laws framed there under;
  - V. Foreign Exchange Management Act,1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - VI. The Following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’)
- A. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - B. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;

## EL FORGE LIMITED

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- C. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act and dealing with client;
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- D. The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations 2015; ■
- E. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations.
- VII. We are informed that the Company, during the year, was not required to comply with the following regulations, and consequently not required to maintain any books, papers, minute books and other records or other records or file any forms/returns under:
- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 1999
- b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
- VIII. Based on the study of the systems and processes in place and a review of reports of (1) the heads of the Departments; (2) Occupier/Manager of the Factories located in Appur (3) the compliance reports made by the Functional heads of various departments which are submitted to the Board of Directors of the Company; (4) a test check on the licences and returns made available on other applicable laws. I report that the Company has complied with the provisions of the following statutes and the rules made there under to the extent it is applicable to them.
- Motor Vehicles Act, 1988
  - The Explosive Act, 1884,
  - The Petroleum Act, 1934
  - The Environment (Protection) Act, 1986
  - The Water (Prevention and Control of Pollution) Act, 1974
  - The Air (Prevention and Control of Pollution) Act, 1981
  - Factories Act, 1948
  - Industrial Disputes Act, 1947
  - The Payment of Wages Act, 1936
  - The minimum Wages Act, 1948
  - Employees \ State Insurance Act, 1948

## EL FORGE LIMITED

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- The Employees Provident Funds and Miscellaneous Provisions Act,1952
  - The Payment of Bonus Act,1965
  - The Payment of Gratuity Act,1972
  - The Contract Labour(Regulation &Abolition) Act,1972
  - The Maternity Benefit Act,1961
  - The Child Labour(Prohibition & Regulation)Act,1986
  - The Industrial Employment (Stating Order) Act,1946.
  - The Employees Compensation Act,1923.
  - The Apprentices Act,1961
  - Equal Remuneration Act,1976
  - The Employment Exchange (Compulsory Notification of Vacancies)Act,1959.
  - The Building and other Construction Workers (Regulation of Employment & Conditions of Service)Act, 1996.
  - Conferment of Permanent Status Act,1981
  - The Municipality/Local Acts.
  - The Public Liability Insurance Act,1991
  - Indian Electricity Act,2003
  - The Energy conservation Act,2001
  - The Environment Impact Assessment Notification, 2006
  - The inflammable Substance Act,1952
  - The Legal Metrology Act,2009
  - The Coastal Regulation Zone Notification,2011
- have also examined compliance with the applicable clauses of the following

I. Secretarial Standards issued by the Institute of Company Secretaries of India.

II. The Listing Agreements entered into by the Company with BSE Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors,

Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

## EL FORGE LIMITED

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- Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report majority decision is carried through and that there were no dissenting votes form any Board member that was required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor, report deviations to the Board, take corrective actions and to ensure compliance with applicable laws, rules and regulations and guidelines.

**Date: 03.09.2022**

**Place : Chennai**

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

**ACS/FCS No. 1005**

**CP No. 677**

**UDINO: F001005D000904039**

Note:

This report is to be read with our letter of even date which is annexed Annexure A and forms an integral part of this report.



# EL FORGE LIMITED

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ANNEXURE – A

To  
The Members  
EL FORGE LIMITED

1A, Sriperumbudur High Road (via) Singaperumal Koil Appur Village, Kattangulathur Onrium,  
Kancheepuram Dist., PIN 603 204.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required. I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Date :03.09.2022**  
**Place : Chennai**

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

**ACS/FCS No. 1005**

**CP No. 677**

**UDINO: F001005D000903896**

# EL FORGE LIMITED

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS (Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members  
EL FORGE LIMITED

1A, Sriperumbudur High Road (via) Singaperumal Koil Appur Village, Kattangulathur Onrium, Kancheepuram Dist., PIN 603 204.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of EL FORGE LIMITED having CIN L34103TN1934PLC000669 and having registered office at “1A, Sriperumbudur High Road (via) Singaperumal Koil, Appur Village, Kattangulathur Onrium, Kancheepuram Dist., PIN 603 204. ( hereinafter referred to as ‘the Company’), produced before me by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India ( Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verification ( including Directors Identification number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

Sr. No.	Name of Director	DIN	Date of appointment in Company
NA	NA	NA	NA

Ensuring the eligibility of for the appointment / continuity of ever director on the board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

**Date: 03.09.2022**

**Place : Chennai**

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

**ACS/FCS No. 1005**

**CP No. 677**

**UDINO: F001005D000903973**

# EL FORGE LIMITED

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of El Forge Limited Report on the Audit of the Financial Statements

#### 01. Qualified Opinion

We have audited the financial statements of El Forge Limited (“the Company”), which comprise the balance sheet as at 31<sup>st</sup> March 2022, and the statement of Profit and Loss (including Other Comprehensive Income), the statement of cash flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects / possible effects of the matter described in the ‘Basis for Qualified Opinion’ section of our report, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under Section 133 of the Companies Act, 2013 (“the Act”), of the state of affairs (financial position) of the Company as at 31 March 2022, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### 02. Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

- *We draw attention to Sl No. 09(b) of Note 3.01 to the financial Statements, the company has not obtained actuarial valuation for providing contribution towards employees’ gratuity as required by the Indian Accounting Standards, Ind AS 19 and consequently the actual liability provided in the financial statements is not verifiable for its accuracy.*

# EL FORGE LIMITED

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## 03. Emphasis of Matter

We draw attention to the following;

- (01) Refer SI No. 18 of Note 3.01 to the financial statements, which explain the uncertainties and the impact of COVID-19 pandemic situation on the Company's financial results as assessed by the management.
- (02) The Company has paid all the fixed deposits which have matured and claimed; but the Company has not paid the Fixed Deposits matured but not claimed. The amount of such deposits works out to Rs. 3.81 Lakh as at March 31, 2022, since the amount is due for payment, the same has been included and/or shown under the grouping current liabilities.
- (03) Refer SI No.13 of Note 3.02 to the financial Statements, Wherein the option to exercise conversion of preferential share to equity shares has not been received by the company.
- (04) Refer SI No.3 of Note 3.02 to the financial statements Wherein Moneys due to statutory authorities, as ascertained by the management, have been provided fully. Any difference between the amount provided in the Notes to the financial statements and amount demanded by the statutory authorities shall be accounted in the year of request of demand.

Our opinion is not modified in respect of the above matters.

## 04. Key Audit Matters

- (01) Key audit matters are those matters those, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- (02) The Company has significant accumulated losses and has incurred losses during the current and earlier years. However this condition does not raise doubt regarding the company's ability to continue as going concern.

## EL FORGE LIMITED

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### **05. Information Other than the Financials Statements and Auditor's Report thereon (Other Information)**

- (01) The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Corporate Governance and Corporate Information, but does not include the financial statements and our auditor's report thereon.
- (02) Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- (03) In connection with our audit of the financial statements, our responsibility is to read the other Information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
- (04) When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and we are further required to report such fact. In the above regard, we have nothing to report.

### **06. Responsibility of Management and Board of Directors for Financial Statements**

- (01) The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss(financial performance), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.
- (02) This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- (03) In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- (04) That Board of Directors is also responsible for overseeing the company's financial reporting process.

# EL FORGE LIMITED

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## 07. Auditor's Responsibilities for the Audit of the Financial Statements

- (01) Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- (02) As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

# EL FORGE LIMITED

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters if they are materially significant in our auditor's report unless labour regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **08. Report on Other Legal and Regulatory Requirements**

- (01) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (02) As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The financial statements dealt with by this report are in agreement with the books of account;

## EL FORGE LIMITED

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- (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- whether the company has disclosed the impact, if any, of pending litigations on its financial position in its financial statement;
  - The Company do not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - The company has not transferred money that are required to be transferred to the Investor Education and Protection Fund as mentioned in SI No 10 of note 3.02 to the financial statements.
  - (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
    - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;



## EL FORGE LIMITED

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(ii) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d)(i) and (d)(ii) contain any material misstatement; and (e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

(iii) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

- The company has not declared or paid any dividend during the year and hence reporting under this clause is not applicable and reported.

(h) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, as amended;

In our opinion and according to the information and explanations given to us, the remuneration paid or provided by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.

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

Place: Chennai  
Date: 30.05.2022

L Mukundan  
*Partner*  
Membership No. 204372  
UDIN: 22204372AJXXWW6037

# EL FORGE LIMITED

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## **Annexure – A to the Independent Auditor’s Report**

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

The annexure referred to in paragraph 08 (01) of Main Audit Report, under the heading of “Report on other Legal and Regulatory Requirements” of our report to the members of **EL FORGE LIMITED** of even date:

- i. (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.  
  
(B) The Company does not have any Intangible assets requiring reporting under this clause.
- (b) The Company has a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified in regular intervals. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties disclosed in the standalone financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment during the year.
- (e) No proceedings are initiated or are pending against the Company for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any limits, from banks or financial institutions on the basis of security of assets of the company. Accordingly, reporting under clause (ii) (b) of Para 3 of the Order is not applicable to the company, for the year under report.

## EL FORGE LIMITED

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- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantees or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, reporting under the clauses (iii) (a), (b), (c), (d), (e) & (f) of Para 3 of the Order is not applicable.
- iv. According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and Section 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted or renewed deposit, during the year under report, from the public to which the directives issued by the Reserve bank of India, sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder are applicable. In respect of the deposits accepted during the earlier year, the company has paid all the fixed deposits which have been matured and claimed; but the company has not paid the Fixed Deposits matured but not claimed.

The amount of such unclaimed deposits works out to Rs. 3.81 Lakhs, as at 31-03-2022; since the amount is due for payment the same has been included and / or shown under the grouping Current Liabilities in the Balance Sheet.

It has been explained to us that no order (not the CARO-Order, referred by us) has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal; accordingly, the remaining part of the sub-clause of the aforesaid Clause of the Order, namely, "Whether the same (order) has been complied with or not" is not applicable for the financial year under audit.

The company has not repaid the amount of deposits outstanding and became due, but remained unclaimed. Hence, we have qualified the same together with the amount remaining unpaid.

- vi. We have broadly reviewed the books of accounts maintained by the Company and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

## EL FORGE LIMITED

According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and as specified in the note of accounts to the financial statements SI No.3 of Note 3.02., there are no dues of GST, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Value added tax, Cess or other statutory dues which have not been deposited by the Company on account of disputes, except for the following:

Sl. No.	Nature of the Statue	Nature of the dues	Amount (Rs. In Lacs)	Year to which the amounts relate	Forum where dispute is pending
1	ESI	ESI contribution	0.77	Year – 2001	Employee Insurance court, Chennai
2	Income Tax	Income Tax Demand	132.74	Assessment Year 2007-08	CIT Appeals, Chennai
3	The Central Excise	Excise Demand	13.38	2007-08 to 2012-13	Additional Commissioner of Central Excise Div. appeal Chennai III

- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any borrowing either long term or short term and hence reporting under clause ix(a) is not applicable and reported.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans. Accordingly, reporting under this clause of the Order is not applicable.

## EL FORGE LIMITED

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- (d) According to the information and explanations given to us by the management, funds raised by the Company on short term basis have not been utilised for long term purposes. Accordingly, reporting under this clause of the Order is not applicable.
  - (e) According to the information and explanations given to us by the management and on an overall examination of the Financial Statements of the Company, we report that the company does not have any subsidiaries as defined under the Companies Act, 2013. Accordingly, reporting under this clause and clause (ix) (f) of the Order are not applicable.
- x.
  - (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting under clause 3(x) (a) of the Order is not applicable.
  - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3(x) (b) of the Order is not applicable.
- xi.
  - (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the year under audit.
  - (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
  - (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii)(a), (b) and (c) of the Order is not applicable and hence not commented upon.

## EL FORGE LIMITED

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- xiii. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards. Further, the details of such related party transactions have been disclosed in the Other information to the Financial Statements in Para No 3.02 Point No.11, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- xiv. (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company does not have an internal audit system commensurate with the size and nature of its business.
- (b) Accordingly, considering the Internal audit report, relating to the financial year under report, does not arise.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) (a), (b) and (c) of the Order are not applicable to the Company. Based on the information and explanations given to us and as represented by the management of the Company, the Company is not a Core Investment Company, as defined in Core Investment Companies (Reserve Bank) Directions, 2016
- xvii. The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

## EL FORGE LIMITED

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- xx. CSR provisions, as per the companies Act, 2013, is not applicable to the company. Accordingly, reporting under clauses 3(xx) (a) and 3(xx) (b) of the Order are not applicable.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of the financial statements of the Company.

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

Place: Chennai  
Date: 30.05.2022

L Mukundan  
*Partner*  
Membership No. 204372  
UDIN: 22204372AJXXWW6037

# EL FORGE LIMITED

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## **Annexure - B to the Independent Auditors' Report**

**(Referred to in paragraph 08(ii)(f) of the Main Audit Report under the heading 'Report on Other Legal and Regulatory Requirements' section of our report to the members of EL FORGE LIMITED of even date)**

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

We have audited the Internal Financial Controls over financial reporting of **EL FORGE LIMITED** ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting (IFCoFR) criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



# EL FORGE LIMITED

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

## **Meaning of Internal Financial Controls over Financial Reporting**

A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the ICAI.

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

Place: Chennai  
Date: 30.05.2022

L Mukundan  
Membership No. 204372  
UDIN: 22204372AJXXWW6037

# EL FORGE LIMITED

Balance Sheet as at 31st March, 2022

(Rs. In Lacs)

Particular	Note No.	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1.1	2656.23	3198.92
Capital work-in-progress	1.1	0.00	0.00
<b>Financial Assets</b>			
(i) Investments	1.2	0.01	0.01
(iv) Others	1.3	59.90	70.31
Other non-current assets	1.4	8.71	12.52
		<b>2724.85</b>	<b>3281.76</b>
<b>Current assets</b>			
Inventories	1.5	429.86	359.21
<b>Financial Assets</b>			
(ii) Trade Receivables	1.6	199.23	136.40
(iii) Cash and cash equivalents	1.7	142.21	82.97
Other Current Assets	1.8	194.60	186.72
		<b>965.90</b>	<b>765.30</b>
<b>Total Assets</b>		<b>3690.75</b>	<b>4047.06</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	1.09	2032.43	2032.43
Other Equity	1.10	-7882.21	-7485.36
<b>Liabilities</b>		<b>-5849.78</b>	<b>-5452.93</b>
<b>Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	1.11 (a)	1211.12	1211.12
(b) Other Long Term Liabilities	1.11 (b)	7525.01	7511.77
		<b>8736.13</b>	<b>8722.89</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	1.12	0.00	0.00
(ii) Trade Payables	1.13	243.50	315.98
(iii) Other financial liabilities	1.14	151.73	128.67
Other current liabilities	1.15	406.82	231.90
Provisions	1.16	2.35	100.55
Current Tax Liabilities (Net)	1.17	0.00	0.00
		<b>804.40</b>	<b>777.10</b>
<b>Total Equity and Liabilities</b>		<b>3690.75</b>	<b>4047.06</b>

Significant accounting policies and notes to the financial statements (Refer notes 3.01 and 3.02)

The accompanying notes referred to above form an integral part of the Balance Sheet

As per our annexed report

For L Mukundan and Associates

Chartered Accountants

Reg No. of the Firm: 010283S

(L Mukundan)UDIN: 22204372AJXXWW6037

Partner

MNo: 204372

Place: Chennai

Date:30.05.2022

On behalf of Board

V. SRIKANTH (DIN 00076856)

Chairman

K. V. RAMACHANDRAN (DIN: 00322331)

Vice Chairman & Managing Director

R. SOWMITHRI (DIN 00280988)

CFO & Company Secretary

Place:Chennai

Date:30.05.2022

# EL FORGE LIMITED

## Statement of profit or loss for the year ended March 31, 2022

Particular	Note No.	As at March 31, 2022	As at March 31, 2021
		Rs. in Lacs.	Rs. in Lacs.
<b>Income</b>			
Revenue from operations	2.1	4033.62	2729.66
Land Income	2.2	0.00	1115.80
Other income	2.3	16.75	18.47
<b>Total Income</b>		<b>4050.37</b>	<b>3863.93</b>
<b>Expenses</b>			
Cost of materials and services consumed	2.4	2218.94	1477.21
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	-30.72	-34.81
		<b>2188.22</b>	<b>1442.40</b>
Cost of the land sold	2.6	0.00	1131.16
Employee benefits expense	2.7	750.51	479.24
Finance costs	2.8	43.28	46.15
Depreciation and amortisation expense	2.9	617.30	611.50
Other expenses	2.10	991.08	747.31
		<b>4590.39</b>	<b>4457.76</b>
<b>Profit/ (Loss) before exchange gain/ (loss) on swap contracts, exceptional items and tax</b>		<b>-540.01</b>	<b>-593.84</b>
Exchange gain/ (loss) on swap contracts		0.00	0.00
<b>Profit/ (Loss) before exceptional items and tax</b>		<b>-540.01</b>	<b>-593.84</b>
Exceptional Items	2.11	-143.16	-365.50
<b>Profit/ (Loss) before extraordinary items and tax</b>		<b>-396.85</b>	<b>-228.33</b>
Extraordinary Items		0.00	0.00
<b>Profit/ (Loss) before tax</b>		<b>-396.85</b>	<b>-228.33</b>
<b>Tax expense:</b>			
(a) Current tax expense		0.00	0.00
(e) Deferred Tax			
<b>Tax expense</b>		<b>0.00</b>	<b>0.00</b>
<b>Net profit/(Loss) for the period</b>		<b>-396.85</b>	<b>-228.33</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to Profit or Loss			
Remeasurement of Defined Benefit Plans			
Tax on the same			
(ii) Income tax relating to items that will not be reclassified to Profit or Loss			
B (i) Items that will be reclassified to Profit or Loss			
The effective portion of gains and loss on hedging instruments in a cash flow hedge			
Translation difference			
(ii) Income tax relating to items that will be reclassified to Profit or Loss			
		0.00	0.00
<b>Total Other Comprehensive Income</b>		<b>0.00</b>	<b>0.00</b>
<b>Total Comprehensive Income</b>		<b>-396.85</b>	<b>-228.33</b>
Earnings per equity share (Face value Re.10 each) (for continuing operations)			
- Basic (in Rs. in Lacs.)		-1.95	-1.12
- Diluted (in Rs. in Lacs.)		-1.95	-1.12

Significant accounting policies and other information have been disclosed in Note no.3.01 and 3.0.2, respectively

As per our annexed report  
For L Mukundan and Associates  
Chartered Accountants  
Reg No. of the Firm: 010283S  
(L Mukundan) UDIN: 22204372AJXXWW6037  
Partner  
MNo: 204372

Place: Chennai  
Date:30.05.2022

On behalf of Board  
V. SRIKANTH (DIN 00076856)  
Chairman  
  
K. V. RAMACHANDRAN (DIN: 00322331)  
Vice Chairman & Managing Director  
  
R. SOWMITHRI (DIN 00280988)  
CFO & Company Secretary  
Place:Chennai  
Date:30.05.2022

# EL FORGE LIMITED

## Statement of changes in Equity for the Year ended March 31, 2022

### A. Equity Share Capital

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Balance at the beginning of the year	2,032.43	2,032.43
Change in Equity Share Capital during the year	-	-
Balance at the end of the year	2,032.43	2,032.43

### B. Other Equity

Particulars	Reserves and surplus			Other Components of Equity		Total
	Securities Premium	Capital Reserve	Retained earnings	Additional Paid in Equity	Remeasurements of net defined benefit liability /asset	
2020-21						
Opening balance as at April 1, 2020 - (A)	2,263.98	1,219.03	(10,740.05)			(7,257.03)
Profit/(Loss) for the year			(228.33)			(228.33)
Other comprehensive income						
Total comprehensive income		(1003.18)	(228.33)			(228.33)
Balance as at March 31, 2021 - (C)	2,263.98	215.85	(10,968.38)			(7485.36)
2021-22						
Opening balance as at April 1, 2021 - (A)	2,263.98	215.85	(10968.38)			(7485.36)
Profit/(Loss) for the year			(540.01)			(540.01)
Other comprehensive income			143.15			143.15
Total comprehensive income for the year 2021-22 - (B)			(396.85)			(396.85)
Balance as at March 31, 2022 - (C)	2,263.98	215.85	(11365.22)			(7882.21)

Significant accounting policies and notes to the financial statements (Refer notes 3.01 and 3.02)

The accompanying notes referred to above form an integral part of the Balance Sheet

As per our annexed report

For L Mukundan and Associates

Chartered Accountants

Reg No. of the Firm: 010283S

(L Mukundan)UDIN:22204372AJXXWW6037

Partner

MNo: 204372

Place: Chennai

■ Date: 30/05/2022

On behalf of Board

V. SRIKANTH (DIN 00076856)

Chairman

K. V. RAMACHANDRAN (DIN: 00322331)

Vice Chairman & Managing Director

R. SOWMITHRI (DIN 00280988)

CFO & Company Secretary

# EL FORGE LIMITED

## Cash Flow Statement for the Year Ended March 31, 2022

Particular	March 31, 2022	March 31, 2021
	Rs in Lacs	Rs in Lacs
<b>Cash flow from operating activities</b>		
<b>Profit for the year</b>	(396.85)	(228.33)
Adjustments for :		
Depreciation, amortisation and impairment - net of capitalisation	617.30	611.50
Profit on Sale of Leasehold Rights	(171.80)	-
Loss / (Profit) on disposal of tangible assets	6.65	0.39
Loss on sale on investment	-	372.32
Finance costs - net of capitalisation	43.28	46.15
Dividend income	-	-
Provision reversals/write back	-	(738.22)
<b>Operating profit before working capital changes</b>	<b>98.57</b>	<b>63.82</b>
Adjustments for changes in :		
Liabilities and provisions	27.31	(648.51)
Trade receivables	(62.83)	191.77
Inventories	(70.66)	1,055.46
Other non-current and current assets	(4.07)	(38.41)
<b>Cash generated from operations</b>		
Income tax paid	-	-
<b>Net cash flow from operating activities</b>	<b>(11.67)</b>	<b>624.13</b>
	[A]	
<b>Cash flow from investing activities</b>		
Payments for acquisition of assets	(88.84)	(46.24)
Proceeds on sale of fixed assets	7.58	0.01
Proceeds from sale of investments (net)	171.80	1.50
Deposits - (given)/receipt back	10.41	16.98
Dividend received	-	-
<b>Net cash flow from investing activities</b>	<b>100.95</b>	<b>(27.75)</b>
	[B]	
<b>Cash flow from financing activities</b>		
Repayments of long-term borrowings	-	-
Proceeds from long-term borrowings	13.24	-
Proceeds of short-term borrowings	-	(485.75)
Finance cost paid	(43.28)	(46.15)
<b>Net cash flow (used in) financing activities</b>	<b>(30.04)</b>	<b>(531.90)</b>
	[C]	
<b>Net cash Inflow</b>	<b>59.24</b>	<b>64.48</b>
	[A+B+C]	
<b>Opening cash and cash equivalents</b>	<b>82.97</b>	<b>18.49</b>
<b>Closing cash and cash equivalents</b>	<b>142.21</b>	<b>82.97</b>
<b>Closing cash and cash equivalents comprises</b>		
a) Cash on hand	10.47	3.05
b) Balance with Banks		
i) In Current Accounts	7.63	76.18
ii) On Earmarked Accounts	3.74	3.74
iii) Held as Margin Money against borrowings	120.38	-
	<b>142.21</b>	<b>82.97</b>

Significant accounting policies and other information have been disclosed in Note no.3.01 and 3.0.2, respective

As per our annexed report  
 For L Mukundan and Associates  
 Chartered Accountants  
 Reg No. of the Firm: 010283S  
 (L Mukundan) UDIN: 22204372AJXXWW6037  
 Partner  
 MNo: 204372

Place: Chennai  
 Date:30.05.2022

On behalf of Board  
 V. SRIKANTH (DIN 00076856)  
 Chairman  
 K. V. RAMACHANDRAN (DIN: 00322331)  
 Vice Chairman & Managing Director

R. SOWMITHRI (DIN 00280988)  
 CFO & Company Secretary  
 Place:Chennai  
 Date:30.05.2022

# EL FORGE LIMITED

## Note :1.01 Fixed Assets –Tangible

<b>Note : 1.1 Property, Plantand Equipments -Tangible</b>										
	Gross Block				Depreciation				Net Block	
Name of the Fixed Assets	Opening Balance As at 01-04-2021	Additions during the year	Deletions / Tranfer during the year	Closing Balance as at 31-03-2022	Opening Balance As at 01-04-2021	Addition during the year	Deduction during the year	Closing Balance as at 31-03-2022	As at 31-03-2022	As at 31-03-2021
Land	73.32	0.00	0.00	73.32	0.00	0.00	0.00	0.00	73.32	73.32
Land (Lease Hold)	6.88	0.00	6.88	0.00	0.00	0.00	0.00	0.00	0.00	6.88
Building	2,121.23	0.00	51.23	2,069.99	953.09	65.75	45.68	973.16	1,096.83	1,168.14
Plant & machinery	9,530.78	65.77	35.90	9,560.64	7,606.12	549.94	34.11	8,121.96	1,438.68	1,924.65
Furnitutre & Fixtures	226.61	0.00	0.00	226.61	215.28	0.00	0.00	215.28	11.33	11.33
Office Equipments	243.95	6.07	0.00	250.02	229.35	1.52	0.00	230.88	19.14	14.60
Motor Vehicles	0.00	17.00	0.00	17.00	0.00	0.09	0.00	0.09	16.91	0.00
<b>Total</b>	12202.77	88.84	94.01	12197.60	9003.85	617.30	79.78	9541.37	2656.23	3198.92
<b>Previous Year Figures (Summary only)</b>	11,857.38	353.43	8.05	12,202.77	8,399.99	611.50	7.64	9,003.85	3,198.92	3,457.39

## EL FORGE LIMITED

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

Particular	As at March 31, 2022		As at March 31, 2021	
	Nos	Rs. in Lacs	Nos	Rs. in Lacs
<b>1.2 NON-CURRENT INVESTMENTS</b>				
<b>I) Investment in Equity Instruments</b>				
<b>b) in Equity Instruments (Quoted)</b>				
Fully paid up shares of Rs. in Lacs.10/- each in Indusland Bank Ltd	436	0.01	436	0.01
<b>Sub Total</b>		<b>0.01</b>		<b>0.01</b>
Less: Impairment in Value of Investments		-		-
<b>Total Investment in Equity Instruments (Net)</b>		<b>0.01</b>		<b>0.01</b>

Particular	As at March 31, 2022	As at March 31, 2021
	Rs. in Lacs	Rs. in Lacs
<b>1.3 OTHER NON-CURRENT FINANCIAL ASSETS (Unsecured, considered good)</b>		
a) Security Deposits	7.66	7.66
b) Other Rs. in Lacs		
i. Sales Tax Deposits	-	-
ii. EB Deposits	48.59	59.00
iii. Other Deposits	3.65	3.65
<b>Total</b>	<b>59.90</b>	<b>70.31</b>
Particular	As at March 31, 2022	As at March 31, 2021
<b>1.4 OTHER NON-CURRENT ASSETS</b>	Rs. in Lacs	Rs. in Lacs
b) Capital Advances		
i. Unsecured, considered good	8.71	12.52

# EL FORGE LIMITED

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

**Note :1.05 Inventories**

Particular	As at March 31, 2022	As at March 31, 2021
<b>1.5 INVENTORIES</b>	<b>Rs. in Lacs.</b>	<b>Rs. in Lacs.</b>
(a) Raw materials and Components	160.75	112.26
(b) Work-in -progress	21.02	21.50
(c) Finished goods	136.76	133.77
(d) Flash Stock	38.88	10.66
(e) Stock-in-trade - Traded goods	-	-
(f) Stores, spares and consumable tools	72.46	81.01
Total	<b>429.86</b>	<b>359.21</b>

**1.6 Trade Receivables ageing schedule**

**As at March 31, 2022 (Current Year)**

Particular	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 year	2-3 year	More than 3 year	
Undisputed Trade Receivables – considered good	-	199.23	-	-	-	-	199.23
Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
Disputed Trade receivable – considered good	-	-	-	-	-	-	-
Disputed Trade receivable – considered doubtful	-	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-	-
<b>Total</b>	<b>0.00</b>	<b>199.23</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>199.23</b>



**As at March 31, 2021 (Previous Year)**

Particular	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 year	2-3 year	More than 3 year	
Undisputed Trade Receivables – considered good	-	-	125.44	10.96	-	-	136.40
Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
Disputed Trade receivable – considered good	-	-	-	-	-	-	-
Disputed Trade receivable – considered doubtful	-	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-	-
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>125.44</b>	<b>10.96</b>	<b>0.00</b>	<b>0.00</b>	<b>136.40</b>

Particular		As at March 31, 2022	As at March 31, 2021
<b>1.7</b>	<b>CASH AND BANK BALANCES</b>	<b>Rs. in Lacs.</b>	<b>Rs. in Lacs.</b>
	<b>a. Cash and Cash Equivalents</b>		
	i) Balances with Banks in Current account	7.63	76.18
	ii) Balance with Banks On Earmarked Accounts	3.74	3.74
	iii) Balances with banks to the extent held as margin money or security against the borrowings	-	-
	iv) Cash and stamps on hand	10.47	3.05
	v) Deposit Accounts (including margins)	120.38	-
	<b>Total</b>	<b>142.21</b>	<b>82.97</b>

## EL FORGE LIMITED

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

Particular	As at March 31, 2022	As at March 31, 2021
<b>1.8 OTHER CURRENT ASSETS (Unsecured, Considered Good unless otherwise stated)</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
a) Material advances	29.08	21.52
b) Balances with government authorities	-	-
(i) GST Input Credit	62.86	110.11
(ii) TDS Receivables	47.13	39.97
(iii) Vat Credit	-	-
(iv) GST Refund Receivables	28.59	0.56
	<b>167.66</b>	<b>172.16</b>
c) Staff Advance	17.67	11.61
d) Prepaid Expenses	9.27	2.95
<b>Total</b>	<b>194.60</b>	<b>186.72</b>

# EL FORGE LIMITED

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

1.09 SHARE CAPITAL	As at March 31, 2022	As at March 31, 2021
	Rs. in Lacs	Rs. in Lacs
Authorised:		
2,60,00000 Equity shares of Rs. in Lacs.10/- each	2,600.00	2,600.00
	2,600.00	2,600.00
	-	-
Issued, Subscribed and Paid up:	-	-
20324304(Previous year-20324304) Equity shares of Rs. in Lacs.10/- each fully paid up	2,032.43	2,032.43
Of the above equity shares :		
a) 12,99,800 shares were allotted as fully paid-up by way of Bonus shares by capitalisation of General Reserve, Share Premium and acquisition compensation.	<b>2,032.43</b>	<b>2,032.43</b>
b) 18,90,000 equity shares were allotted as fully paid-up puRs. in Lacsuant to Amalgamation of Chendur Forge Exports Limited with the Company.		
c) 7,00,000 equity shares were allotted as fully paid-up puRs. in Lacsuant to ConveRs. in Lacsion of FCD.		
d) 12,65,329 equity shares were allotted out of which 50329 equity share have been allotted for consideration other than cash. This share were allotted to foreign nationals as part consideration of acquisition of the shares of SFL Limited UK.		
<b>TOTAL</b>	<b>2,032.43</b>	<b>2,032.43</b>

# EL FORGE LIMITED

Notes annexed to and forming part of the Financial Statements

## Details of shares held by the promoteRs. in Lacs As at March 31, 2022 (Current Year)

	Promoter Name	No. of shares at the beginning of 01-04-2021	Change during the year [ Additions/ Deletion (-) ]	No. of shares at the end of 31-03-2022	% of Total Shares	% change during the year, FY 2021-22
	<b>Equity shares of Rs. in Lacs. 10/= each fully paid up</b>					
1	V Srikanth	522202	0	522202	2.57	0
2	V Ramachandran	331720	0	331720	1.63	0
3	K.V.Ramachandran	133166	0	133166	0.66	0
4	V.Subha	113578	0	113578	0.56	0
5	Chitra Venkataraman	66450	0	66450	0.33	0
6	K.V.Srikanth	12500	0	12500	0.06	0
7	P.L.Reddy	8100	0	8100	0.04	0
8	V Balu	6708	0	6708	0.03	0
9	Nandini Ramachandran	4000	0	4000	0.02	0
10	Nandini Srikanth	343277	0	343277	1.69	0
11	Ananya Srikanth	3195	0	3195	0.02	0
12	Rohini Ramaswamy	1300	0	1300	0.01	0
13	R.Visweswaran	487	0	487	0.00	0
14	V JayaLakshmi	1169	0	1169	0.01	0
15	K.R.Srihari	340300	0	340300	1.67	0
16	K.R.Manasvini	200	0	200	0	0
17	Chendur Forgings Ltd	6385006	0	6385006	31.42	0
	<b>Total</b>	<b>8273358</b>	<b>0</b>	<b>8273358</b>	<b>40.72</b>	<b>0</b>

# EL FORGE LIMITED

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

As at March 31, 2021 (previous Year)

	Promoter Name	No. of shares at the beginning of 01-04-2020	Change during the year	No. of shares at the end of 31-03-2021	% of Total Shares	% change during the previous year
	<b>Equity shares of Rs. in Lacs. 10/= each fully paid up</b>					
1	V Srikanth	522202	0	522202	2.57	0
2	V Ramachandran	331720	0	331720	1.63	0
3	K.V.Ramachandran	133166	0	133166	0.66	0
4	V.Subha	113578	0	113578	0.56	0
5	Chitra Venkataraman	66450	0	66450	0.33	0
6	K.V.Srikanth	12500	0	12500	0.06	0
7	P.L.Reddy	8100	0	8100	0.04	0
8	V Balu	6708	0	6708	0.03	0
9	NandinI Ramachandran	4000	0	4000	0.02	0
10	Nandini Srikanth	343277	0	343277	1.69	0
11	Ananya Srikanth	3195	0	3195	0.02	0
12	Rohini Ramaswamy	1300	0	1300	0.01	0
13	R.Visweswaran	487	0	487	0.00	0
14	V JayaLakshmi	1169	0	1169	0.01	0
15	K.R.Srihari	340300	0	340300	1.67	0
16	K.R.Manasvini	200	0	200	0	0
17	Chendur Forgings Ltd	6385006	0	6385006	31.42	0
	Total (Previous Year)	8273358	0	8273358	40.72	0

# EL FORGE LIMITED

<b>Notes annexed to and forming part of the Financial Statements</b>		
<b>Particular</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
<b>1.10 OTHER EQUITY</b>		
<b>a) Securities Premium Account</b>		
Balance as at the beginning of the period	2,263.97	2,263.97
Add: PuRs. in Lacsuant to business combination	-	-
Add: Premium on issue of shares	-	-
Less: Utilized/ Adjusted (Right Issue Expenses)	-	-
Balance as at the end of the period	<b>2,263.97</b>	<b>2,263.97</b>
The reserve has been created when equity shares have been issued at a premium. This reserve may be utilised to issue fully paid-up bonus shares, buy-back of equity shares or writing off expenses incurred on issue of equity shares.		
<b>b) Capital Reserve</b>		
Balance as at the beginning of the year	215.86	1,219.03
Add: Additions/ TransfeRs. in Lacs/ Created	-	-
Less: TransfeRs. in Lacs/ Utilized/ Adjusted	-	-1,003.18
Balance as at the end of the period	<b>215.85</b>	<b>215.85</b>
<b>c) General Reserve</b>		
Balance as at the beginning of the year	1,003.18	-
Add: Additions/ TransfeRs. in Lacs/ Created	-	1,003.18
Less: TransfeRs. in Lacs/ Utilized/ Adjusted	-	-
Balance as at the end of the period	<b>1,003.18</b>	<b>1,003.18</b>
<b>c) Retained Earnings (Surplus in Statement of Profit and Loss)</b>		
Balance as at the beginning of the year profit/(loss)	-10,968.37	-10,740.04
Add: Current year profit/(loss)	-396.85	-228.33
Less:		
Ind AS impact on Retained Earnings on transition date	-	-
Balance as at the end of the year profit/(loss)	<b>-11,365.22</b>	<b>-10,968.37</b>
<b>Total</b>	<b>-7,882.21</b>	<b>-7,485.36</b>

## EL FORGE LIMITED

Particular		As at March 31, 2022	As at March 31, 2021
1.11(a)	<b>NON CURRENT BORROWINGS</b>	Rs. in Lacs	Rs. in Lacs
a)	<b>At Amortised Cost</b>		
	i. Preference Share -Liability	1,211.12	1,211.12
	<b>Total</b>	<b>1,211.12</b>	<b>1,211.12</b>

Particular		As at March 31, 2022	As at March 31, 2021
1.11(b)	<b>Other Long term Liabilities</b>	Rs. in Lacs	Rs. in Lacs
	a) Advance Received	7,056.03	7,042.78
	b) Secured Borrowing	468.98	468.98
	<b>Total</b>	<b>7,525.01</b>	<b>7,511.77</b>

Particular		As at March 31, 2022	As at March 31, 2021
1.12	<b>CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>	Rs. in Lacs	Rs. in Lacs
	<b>Secured Borrowings at amortised cost</b>		
	Loans from Banks	-	-
	(Includes Cash Credit, Working capital demand loans, Packing credit, etc)	-	-
	Loans from OtheRs. in Lacs	-	-
	<b>Unsecured Borrowings at amortised cost</b>	-	-
	Intercorporate Deposits	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

# EL FORGE LIMITED

## 1.13 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES (including Ageing)

As at March 31, 2022 (Current Year)

Particular	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 year	2-3 year	More than 3 year	
Undisputed Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Undisputed dues to other than micro enterprises and small enterprises	87.87	155.62	-	-	-	243.50
Disputed dues to micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues to other than micro enterprises and small enterprises	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
<b>Total</b>	<b>87.87</b>	<b>155.62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243.50</b>

As at March 31, 2021 (previous Year)

Particular	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 year	2-3 year	More than 3 year	
Undisputed Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Undisputed dues to other than micro enterprises and small enterprises	187.03	47.29	81.66	-	-	315.98
Disputed dues to micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues to other than micro enterprises and small enterprises	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
<b>Total</b>	<b>187.03</b>	<b>47.29</b>	<b>81.66</b>	<b>-</b>	<b>-</b>	<b>315.98</b>



## EL FORGE LIMITED

Particular	As at March 31, 2022	As at March 31, 2021
<b>1.14 CURRENT FINANCIAL LIABILITIES - OTHERS. in Lacs</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
a) Current maturities of Long-term debts at amortised cost	-	-
b) Interest accrued and due on borrowings	53.21	43.38
c) Unclaimed Dividend	3.74	3.74
d) Public Deposits	3.81	3.81
e) Employee Benefits Payable	90.98	77.74
<b>Total</b>	<b>151.73</b>	<b>128.67</b>
Particular	As at March 31, 2022	As at March 31, 2021
<b>1.15 OTHER CURRENT LIABILITIES</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
a) Advance from CustomerRs. in Lacs	330.51	162.40
b) Statutory Liabilities	76.31	69.50
<b>Total</b>	<b>406.82</b>	<b>231.90</b>
Particular	As at March 31, 2022	As at March 31, 2021
<b>1.16 CURRENT - PROVISIONS</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
a) Provision for employee benefits		
i. Post retirement benefits- Gratuity	2.35	100.55
<b>Total</b>	<b>2.35</b>	<b>100.55</b>
Particular	As at March 31, 2022	As at March 31, 2021
<b>1.17 CURRENT TAX LIABILITIES (NET)</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
Provision for taxation (net of advance tax)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## EL FORGE LIMITED

Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.1 REVENUE FROM OPERATIONS</b>	<b>Rs. in Lacs.</b>	<b>Rs. in Lacs.</b>
a) Sale of products Manufactured Goods Steel Forgings	3,303.71	2,322.84
<b>(A)</b>	<b>3,303.71</b>	<b>2,322.84</b>
b) Revenue from services Labour Charges	303.31	191.50
<b>(B)</b>	<b>303.31</b>	<b>191.50</b>
c) Other operating revenues Sale of Flash	426.60	215.31
<b>(C)</b>	<b>426.60</b>	<b>215.31</b>
<b>Total</b>	<b>4,033.62</b>	<b>2,729.66</b>

Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.2 LAND INCOME</b>	<b>Rs. in Lacs.</b>	<b>Rs. in Lacs.</b>
a) sale of land	-	1,115.80
Total	-	<b>1,115.80</b>
Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.3 OTHER INCOME</b>	<b>Rs. in Lacs.</b>	<b>Rs. in Lacs.</b>
a) Dividend income from Non-current investments	0.02	-
b) Profit on exchange fluctuation	0.25	3.97
c) Duty Drawbacks Receipts	1.52	2.13
d) Miscellaneous Receipts	14.97	12.37
Total	<b>16.75</b>	<b>18.47</b>

## EL FORGE LIMITED

Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.4 COST OF MATERIALS CONSUMED</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
Opening Stock	112.26	76.10
Purchases	2,267.42	1,513.38
Less Closing Stock	-160.75	-112.26
<b>Total</b>	<b>2,218.94</b>	<b>1,477.21</b>

Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
a) Changes in Inventories		
- Work-in-progress	0.49	-1.23
- Finished goods	-2.99	-33.93
- Flash Stock	-28.22	0.35
<b>Net change</b>	<b>-30.72</b>	<b>-34.81</b>

Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.6 COST OF LAND</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
a) Cost of Land Sold	-	1,131.16
<b>Total</b>	<b>-</b>	<b>1,131.16</b>

## EL FORGE LIMITED

Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.7 EMPLOYEE BENEFITS EXPENSE</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
a) Salaries, wages and bonus	470.78	272.58
b) Contribution to provident, gratuity and other funds	20.82	27.54
c) Welfare expenses	258.92	179.12
Total	<b>750.51</b>	<b>479.24</b>
Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.8 FINANCE COSTS</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
a) Interest Expense	42.40	45.23
b) Interest Expenses on preference liability	-	-
c) Other borrowing costs	0.87	0.92
<b>Total</b>	<b>43.28</b>	<b>46.15</b>

## EL FORGE LIMITED

Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.9 DEPRECIATION AND AMORTISATION EXPENSE</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
<b>A) Tangible assets</b>		
(i) Buildings	65.75	66.82
(ii) Plant and equipment	480.10	472.47
(iii) Electrical Installations	69.84	69.84
(iv) Furniture and fittings	-	1.93
(v) Office equipments	0.90	0.17
(vi) ComputeRs. in Lacs	0.62	0.26
(vii) Motor Vehicles	0.09	-
<b>Total on Tangible assets (A)</b>	<b>617.30</b>	<b>611.50</b>
<b>B) Intangible assets</b>		
(i) Brand/Trademarks	-	-
- Acquired	-	-
(ii) Softwares	-	-
- Acquired	-	-
<b>Total on Intangible assets (B)</b>	<b>-</b>	<b>-</b>
<b>Total (A + B)</b>	<b>617.30</b>	<b>611.50</b>

## EL FORGE LIMITED

Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.10 OTHER EXPENSES</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
Consumption of Stores and Spare Parts	74.93	46.37
Power & Fuel	546.07	405.23
Job Charges	22.17	12.30
RepaRs. in Lacs & Maintenance - Building	3.94	0.19
RepaRs. in Lacs & Maintenance - Machinery	91.69	47.52
RepaRs. in Lacs & Maintenance - OtheRs. in Lacs	39.56	36.63
Payments to AuditoRs. in Lacs	4.20	3.15
Insurance	8.05	7.68
Printing and stationery	3.25	2.57
Travelling and conveyance	40.05	38.81
Rent	29.37	27.22
Rates and taxes	12.46	3.53
Packing and Forwarding	37.18	31.34
Miscellaneous expenses	78.16	84.79
<b>TOTAL</b>	<b>991.08</b>	<b>747.31</b>

Particular	Year ended March 31, 2022	Year ended March 31, 2021
<b>2.11 EXCEPTIONAL ITEMS</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
a) Baddebt written off	12.25	-
b) Loss on sale of investment	-	372.32
c) Loss on sales of assets	6.65	0.39
d) Liability no longer required written off	-25.99	-738.22
e) Absolute stock written off	35.73	-
f) Profit on Sale of Leasehold Rights	-171.80	-
	<b>-143.16</b>	<b>-365.50</b>

# EL FORGE LIMITED

<b>2.12 Other Regulatory Information</b>		<b>Year ended March 31, 2022</b>	<b>Year ended March 31, 2021</b>
<b>Particular</b>			
I	The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.	Not Applicable	Not Applicable
ii	The Company has not been declared as wilful defaulter by any bank or financial institutions or other lenderRs. in Lacs.	Not Applicable	Not Applicable
iii	The title deeds of all of the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.	Not Applicable	Not Applicable
iv	During the year, the Company has not revalued its Property, Plant and Equipments.	Not Applicable	Not Applicable
v	The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.	Not Applicable	Not Applicable
vi	The Company have not advanced or loaned or invested funds to any other peRs. in Lacson(s) or entity(ies), including foreign entities (Intermediaries) with the undeRs. in Lacstanding that the Intermediary shall:	Not Applicable	Not Applicable
	(a) directly or indirectly lend or invest in other peRs. in Lacsons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or	Not Applicable	Not Applicable
	(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries	Not Applicable	Not Applicable
vii	The Company have not received any fund from any peRs. in Lacson(s) or entity(ies), including foreign entities (Funding Party) with the undeRs. in Lacstanding (whether recorded in writing or otherwise) that the Company shall:	Not Applicable	Not Applicable
	(a) directly or indirectly lend or invest in other peRs. in Lacsons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or	Not Applicable	Not Applicable
	(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,	Not Applicable	Not Applicable
viii	The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.	Not Applicable	Not Applicable
ix	Based on the information available with the Company, the Company do not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.	Not Applicable	Not Applicable
xi	Ratio	Enclosed separately	

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

## **01. Company Over review**

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

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

### **(01) Basis of preparation and compliance with Ind AS**

- (a) The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for Assets and Liabilities that have been measured on fair value basis. GAAP comprises of Indian Accounting Standards (Ind AS) as notified under Section 133 of the Act read together with Rule 4 of Companies (Indian Accounting Standards) Rules 2015 and Rule 4 of Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

Ministry of Corporate Affairs ("MCA") through a notification dated March 24, 2021, amended Division I of Schedule III of the Companies Act, 2013 and applicable for the reporting period beginning on or after April 1, 2021. The amendment encompasses certain additional disclosure requirements. The Company has applied and incorporated the requirements of amended Division I of Schedule III of the Companies Act, 2013, to the extent applicable on it while preparing these financial statements.



# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

The financial statements are presented in Indian Rupees lakhs unless otherwise stated.

- (b) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set-out in note C (19). Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(c) **Statement of Compliance**

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity, Cash Flow Statement, together with notes for the year ended March 31, 2022 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on May 30, 2022.

(02) **Basis of measurement**

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

- (a) The Company does not have any financial instruments, such as, derivatives and accordingly, measures financial instrument, at fair value at each balance sheet date does not arise. Accordingly, the principle of Fair value, in respect of the above, has not been stipulated here.
- (b) A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- (i) Fair value for measurement and /or disclosure purpose in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

## EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

- (ii) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
- (c) All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
  - (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
  - (ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
  - (iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

- (d) For other fair value related disclosures refer Sl. No. 15 of Note No. 3.02 on Financial Statements.

### **(03) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). Indian rupee is the functional currency of the Company.

The financial statements are presented in Indian Rupees (₹) which is the Company’s presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest lakh except where otherwise indicated.

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

**(04) New Standards and interpretations not yet adopted**

**04A. New and amended Standards adopted by the Company**

Except for the changes mentioned below, the Company has consistently applied accounting policies to all periods:

**a) Ind AS 109 - Financial Instruments**

Amendments relating to uncertainty arising from interest rate benchmark reform and temporary exceptions from applying hedging requirements are given. These do not apply to the Company.

**b) Ind AS 116 - Covid-19 related rent concessions**

When there is no substantive change in the terms and conditions of the lease agreement except for concessions on rent payments due to covid-19, such concession shall not be treated as Lease Modification and disclosures required as per Ind AS 116 and Ind AS 8 need not be given. The Company has utilised this relaxation for the leases where concessions were provided.

**3B. New and amended Standards not yet effective and not adopted by the Company**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc

## **Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of consolidated financial statements.

The amendments are extensive and the [Company](#) will evaluate the same to give effect to them as required by law.

The Code on Social Security, 2020 relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact of the Code and the associated rules when it comes into effect and will record any related impact in the period the Code becomes effective.

## **03. Significant Accounting Policies**

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

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

The Company earns revenue from export/domestic of manufactured steel forgings, sale of product and services and right to receive export incentives from Government.

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties.

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

The revenue recognition in respect of the various streams of revenue is described as follows

**Export/ Domestic sale of steel forgings:-**

Revenue is earned from manufacture and export/domestic sale of steel forgings. Revenue is recognized upon completion of obligation of the Company.

Revenue is recognized at the transaction price agreed with the customer through a sale order received from the customers.

**Sales of products and services:-**

Revenue is earned from sale of products and services. Revenue is recognised upon completion of services or upon transfer of risk and reward of products to the customer.

**Export Benefits or Incentives:-**

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

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

Interest income is recognised using effective rate of interest method.

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

Property, Plant and Equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

# EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

Amounts paid as advances towards the acquisition of Property, Plant and Equipment is disclosed separately under other non-current assets as capital advances and the cost of assets not put to use as on Balance Sheet date are disclosed under “Capital work-in-progress”.

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment and are recognized net within “other income / other expenses” in the Statement of Profit and Loss.

## Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit or Loss.

## Depreciation

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Management’s estimated useful lives for the years ended March 31, 2022 and 2021 were as follows:

prescribed by	Estimated useful life (in years)	Useful life Schedule II (in years)
General Plant & Machinery	- 20 years	15 years
Buildings - others	- 30 years	30 years
Office Equipment’s	- 5 years	5 years
Furniture and Fixtures	- 10 years	10 years

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

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

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

## **(04) Borrowing Costs**

Borrowing costs are interest and other costs (including exchange difference relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Interest expense is recognized using effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

## **(05) Inventories**

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

- (a) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

- (b) Finished goods and work in progress: Cost includes direct labour and an appropriate share of fixed and variable production overheads. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on moving weighted average basis.
- (c) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
- (d) Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value.

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

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

### **Reversal of impairment loss**

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.



# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

## **(07) Income Taxes**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- (i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and
- (ii) differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.
- (iii) Arising due to taxable temporary differences arising on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

Deferred taxation arising on investments in subsidiaries and associates is recognized except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation on temporary differences arising out of undistributed earnings of the equity method accounted investee is recorded based on the management's intention. If the intention is to realize the undistributed earnings through sale, deferred tax is measured at the capital gains tax rates that are expected to be applied to temporary differences when they reverse. However, when the intention is to realize the undistributed earnings through dividend, the company's share of the income and expenses of the equity method accounted investee is recorded in the statement of income, after considering any taxes on dividend payable by the equity method accounted investee and no deferred tax is set up in the books as the tax liability is not with the company.

**(08) Cash and cash equivalents**

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

**(09) Employee benefit schemes**

**Short-term employee benefits**

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

**Compensated absences:**

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

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

## **Post-employment benefits**

### **(a) Defined contribution plan**

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

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

#### **Gratuity**

The Company has a defined benefit plan (the “Gratuity Plan”). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee’s last drawn salary and the number of years of employment with the Company. Presently the Company’s gratuity plan is funded through LIC’s Group Gratuity Plan which is based on actuarial valuation declared by LIC. However the company has not obtained a separate actuarial valuation report.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets if any. This cost is included in employee benefit expense in the statement of profit and loss. The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The Company is yet to obtain actuarial valuation for providing contribution towards employee gratuity. It is in the process of obtaining the same. Re-measurement gains

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

## **Provident Fund**

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

## **Termination benefits**

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

## **Fixed Deposit**

The company has paid all the fixed deposits which have matured and claimed; but the company has not paid the Fixed Deposit matured but not claimed. The amount of such unclaimed deposits works out to Rs.3.81Lacs as at 31-03-2022; since the amount is due for payment the same has been included and are shown under the grouping current liabilities in the balance sheet.

## **(10) Provisions**

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

A provision for onerous contract is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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

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

Measurement of foreign currency items at the balance sheet date

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

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

## **Exchange differences**

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

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

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

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

**(13) Segment Reporting**

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

**(14) Leases**

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

**Assets taken on finance lease:**

A finance lease is recognized as an asset and a liability at the commencement of lease, at lower of the fair value of leased asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Assets taken on operating lease:**

Assets taken on operating leases are not recognized on the Company's Balance Sheet. Payments made under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Subsequent to initial recognition, the security deposit is measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight line basis over the lease term as lease rental expense.

**(15) Cash Flow Statement**

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

## EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

**(16) Research and development**

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

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

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are elaborated in note No. 05,06, 09, 10,11,12 14 and 15 of the Notes on Financial Statements, shown in the immediately succeeding notes.

**(18) Estimation of uncertainty relating to global health pandemic of COVID-19**

Recoverability of receivables, carrying amount of Property, Plant and Equipment and certain investments have all been assessed based on the information available within the company and external sources such as credit reports and economic forecasts. The company has performed impairment testing and assessed that the carrying amount of these assets will be recovered. The impact of global health pandemic may be different from the date of approval of Financial Statements. The company has assessed the external environment, short term and long term liquidity position, companies mitigative actions regarding material uncertainties related to global health pandemic of COVID-19 and on that basis of assessment, the company expects these uncertainties do not cast significant doubt upon the ability of the company to continue as going concern.

# EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.01, relating to Significant Accounting Policies, forming an integral part thereof

## (19) **Current /Non Current Classification**

### **I As asset is classified as current if:**

- a) It is expected to be realized or sold and consumed in the Company's normal operating cycle.
- b) It is held primarily for the purpose of trading;
- c) It is expected to be realized within twelve months after the reporting period or
- d) It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

### **II An liability is classified as current if**

- a) It is expected to be settled in normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is expected to be settled with twelve months after reporting period;
- d) It has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalents. The Company's normal operating cycle is 45 days to 60 days.



# EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

## 01. Denomination

All the figures are rounded off to nearest Lakh

## 02. Re-Grouping of Amounts

Previous year's figures have been regrouped wherever necessary to confirm to current year classification/ grouping.

## 03. Contingent Liabilities & Commitments

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

Sl. No.	Particulars	As at 31-03-2022	As at 31-03-2021
01	E.S.I under Appeal	0.77	0.77
02	Demands raised by SIPCOT for the Leasehold	0.00	13.00
03	Demand from Income Tax	132.74	132.74
04	Demand from Central Excise & service tax	13.38	13.38
05	Pending contract on account of Completion of CWIP	0.00	27.62

## 04. Confirmation of Balance

The Company has sent letters for confirmation of Balance as at 31-03-2022 but only some of the parties have responded. In the opinion of the management the current assets and Loans and Advances will be recovered in full, in the normal course of business.

## 05. Disclosure of amount due to MSME

(01) Our company has no dealings with MSME organizations (as per Micro, Small and Medium Enterprises Development Act, 2006) ; and hence we have not filed MSME returns with MCA.

(02) As a matter of caution we have written to all suppliers to confirm if they would come under the classification of MSME. None of them have confirmed the same and hence we can conclude that our company dues are not to MSME's.

(03) Accordingly, disclosure of details of amount due to in respect of Micro, Small and Medium Enterprises, vide Notification dated 11th October, 2018, issued by Ministry of Corporate Affairs, are not applicable to the Company for the year under report.

## EL FORGE LIMITED

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Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

### **06. Netting off Interest Income**

Interest Expenses is shown after setting off interest receipts (Income) amounting to Rs. 3.92 Lakh, including TDS amounting to Rs.0.36 (Previous year Rs. 5.78 Lakh, including TDS amounting to Rs.0.46).

### **07. Group Gratuity Fund**

The Retirement Benefit Funds towards gratuity are administered by LIC under Group Gratuity Scheme.

### **08. Non-Disclosure of the details under Employees Benefits, Ind AS-19**

(01) The Company has opened a Gratuity Scheme with Life Insurance Corporation of India (LIC), for settling any amount due on account of Gratuity. Under the aforesaid Scheme, the company has to contribute annual premium, based on the amount arrived by LIC. The Company has made the payment of all the outstanding Gratuity Premium to Life Insurance Corporation of India (LIC), during the year. The management is of the view that liability provided for in the books of account and the aforesaid payments up to the year end is sufficient, to meet the liability on account of gratuity.

(02) Due to first year of payment of the entire amount relating to earlier years and current year, the estimated return from the fund or scheme may not be ascertained or determined. Accordingly, no disclosure has been made, in terms of Ind AS-19. The Company is taking sincere steps of adopting Ind AS-19, any implications arising there from including the valuation of future liability on actual basis and determination of plan assets will be done during the next year.

### **09. Penalty and Interest**

Non-payment or delayed payment of statutory due (Relating to earlier years) has attracted interest and penalty. The amount of interest / late fees, has been arrived by the Management of the Company, based on the information available with them. The amount outstanding as at 31-03-2022 was Rs.52.83 Lakh, (Previous year Rs. 55.82 Lakh), has been provided in the books of account. The amount charged may be different from the amount, which may be demanded subsequently by the authorities concerned.

### **10. Investor Education & Protection Fund**

(01) Whenever the company declares dividend, it transfers the amount equivalent to an earmarked account, meant for the same, by opening an account with a bank. An unpaid amount, if any, lying in the aforesaid account shall be transferred to Investor Education & Protection Fund, by taking Demand Draft, from the Bank.

## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

- (02) In compliance of the above, the dividend amount, relating to Financial Year 2007-08, has been transferred to an account lying with a nationalized bank. An amount of Rs.3.74 Lakh (Previous Year Rs.3.74 Lakh), remaining unpaid, in that account. The company has taken steps to obtain demand draft to transfer the same to Investor Education & Protection Fund. Since the bank has not issued Demand Draft, the company is not in a position to transfer the same to Investor Education & Protection Fund.

### 11. Related Party Disclosure, as per Ind AS-24

The related parties' details are disclosed as follows:

#### (01) List of Related Parties

(01) Related Parties
(a) Promoters
(i) Mr.V.Srikanth
(ii) Mr. K.V.Ramachandran
(b) Subsidiaries, Associates and Joint Venture: Nil
(c) Key Managerial Personnel
Mr.K.R.Srihari (Son of Mr.K.V.Ramachandran, Vice Chairman & Managing Director)
Mrs. R Sowmithri
Mr. V. Srinivasan

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

Particulars	FY 2021-22	FY 2020-21
(01) On account of Salaries		
Mr.K.V.Ramachandran		
- Vice Chairman & Managing Director	64.00	36.74
Mr.K.R.Srihari		
- Chief Operating Officer	30.23	13.53
Mrs.R.Sowmithri		
- Executive director (finance) & Company Secretary	42.00	16.04
Mr.V.Srinivasan		
- Chief Financial Officer	6.00	4.92
(02) Transaction with Related Parties	Nil	Nil

## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

### 12. Segment Reporting

The Company has two business segment (1) Manufacture and sale of steel forgings.(2) Land and Development described as "Other Operating Income" (Amount in Rs. Lakh)

Sl. No.	Particulars	For the Year 2021-22	For the Year 2020-21
01	Segment Revenue		
	Forgings	4033.62	2729.66
	Land & Developments	0.00	1115.80
	Total Revenue	4033.62	3845.46
02	Segment Results [ Profit/ Loss (-) ]		
	Forgings	-513.48	-542.33
	Land & Developments	0	-15.36
	Net Profit/ Loss (-) before Interest	513.48	-547.69
03	Interest cost (Less)	43.28	46.15
03	Other Income (Add)	16.75	18.47
04	Unallocable Items (Add)	143.16	365.5
04	Net Profit/ Loss (-)	-396.85	-228.33

The Company is engaged in the business of manufacturing of Auto Ancillary part (Manufacture and sale of steel forgings). It is one of the reportable segments, as per AS 17. As the exports are mainly to Developed Countries, geographical risk is not different from domestic market and hence no separate secondary segment disclosure is required, in respect of the aforesaid reportable segments.

### 13. Excising the option of conversion

The Company has issued 12,11,123 number of optionally convertible preference shares (OCCRPS), during the financial year 2011-12. These shares have been issued by the company and fully subscribed by the banks (Who has extended loan to the company). Among other terms, the issue has given an option to convert the preference shares into equity shares, in three consecutive financial years 2016-17, 2017-18 and 2018-19. Till the date of approval of the financial statements, the company has not received any intimation, regarding the aforesaid option.

## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

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

Particulars	Year ended March 31, 2022	Year ended, March 31, 2021
Sitting fees	0.80	0.00

### 15. Financial instruments

#### (01) Financial instruments by category

(a) The carrying value and fair value of financial instruments by each category as at March 31, 2022 were as follows: ( Amount Rs. In lakhs)

Particulars	Financial Assets/ Liabilities at amortised Cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVT OCI	Total Carrying value	Total fair value
<b>Assets</b>					
Investments	0.01	0.00	0.00	0.01	0.01
Trade Receivables	199.23	0.00	0.00	199.23	199.23
Cash and cash equivalents	142.21	0.00	0.00	142.21	142.21
Other Financial Assets	59.90	0.00	0.00	59.90	59.90
<b>Liabilities</b>					
Borrowings from banks	0.00	0.00	0.00	0.00	0.00
Borrowings from Others	8736.13	0.00	0.00	8736.13	8736.13
Trade Payable	243.50	0.00	0.00	243.50	243.50
Other financial Liabilities	151.73	0.00	0.00	151.73	151.73

## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

**(b) The carrying value and fair value of financial instruments by each category as at March 31, 2021 were as follows: ( Amount Rs. In lakhs)**

Particulars	Financial Assets/ Liabilities at amortised Cost	Financial Assets/ Liabilities at FVTPL	Financial Assets/ Liabilities at FVT OCI	Total Carrying value	Total fair value
<b>Assets</b>					
Investments	0.01	0.00	0.00	0.01	0.00
Trade Receivables	136.40	0.00	0.00	136.40	136.40
Cash and cash equivalents	82.97	0.00	0.00	82.97	82.97
Other Financial Assets	70.31	0.00	0.00	70.31	70.31
<b>Liabilities</b>					
Borrowings from banks	0.00	0.00	0.00	0.00	0.00
Borrowings from Others	8722.89	0.00	0.00	8722.89	8722.89
Trade Payable	315.98	0.00	0.00	315.98	315.98
Other Financial Liabilities	128.67	0.00	0.00	128.67	128.67

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

Particulars	Year ended March 31, 2022	Year ended, March 31, 2021
(a) Financial assets at amortised cost		
Interest income on other financial assets	3.92	5.78
(d) Financial liabilities at amortised cost		
Interest expenses on borrowings from banks, others and overdrafts	-46.33	-51.01

## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

### **(02) Financial risk management**

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

- Credit risk
- Market risk

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

"Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables, treasury operations and other activities that are in the nature of leases."

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2022 and 2021 was as follows:( Amount Rs. In lakhs)

Particulars	Year ended March 31, 2022	Year ended, March 31, 2021
Other investments	0.01	0.01
Trade receivables	199.23	136.40
Cash and cash equivalents	142.21	82.97
Other financial assets	59.90	70.31
	<b>401.35</b>	<b>289.69</b>

## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired other than trade receivables. The age analysis of trade receivables have been considered from the date of invoice.

The ageing of trade receivables, net of allowances that are past due, is given below:

(Amount Rs. In lakhs)

Period (in days)	Year ended March 31, 2022	Year ended, March 31, 2021
Past due 181 - 360 days	0.00	125.44
More than 360 days	0.00	10.96

Financial assets that are neither past due nor impaired

Cash and cash equivalents, other assets, other receivables and finance lease receivables are neither past due nor impaired. The total trade receivables that are not past due as at March 31, 2022 amounts to ₹ 199.23 (March 31, 2021: ₹ 125.44) and impairment has not been recorded on the same.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

As at March 31, 2022 (Amount Rs. In Lakh)

Particulars	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
-					
<b>Non-derivative financial liabilities</b>					
Borrowings from banks/ARCS	0.00	0.00	0.00	0.00	0.00
Borrowings from others	8736.13	8736.13	8736.13	0.00	0.00
Trade payables	243.50	243.50	243.50	0.00	0.00
Other financial liabilities	151.73	151.73	151.73	0.00	0.00
<b>Total</b>	9131.36	9131.36	9131.36	0.00	0.00



## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

### Market risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and the market value of its investments. Thus the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

### Currency risk:

The Company's has a limited risk in exposure to foreign currency.

The Company's exposure to foreign currency risk as at March 31, 2022 was as follows:

(Euro in lakhs)

Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency demand loan	Net Balance Sheet exposure
EUR	0.22	0.00	0.00	0.22

The Company's exposure to foreign currency risk as at March 31, 2021 was as follows:

(Euro in lakhs)

Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency loans	Net Balance Sheet exposure
EUR	0.14	0.00	0.00	0.14

## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

### **Interest rate risk:**

Interest rate risk is the risk that an upward movement in interest rates would adversely affect the borrowing costs of the Company.

### **Profile**

At the reporting date the interest rate profile of the Company's interest –bearing financial instruments were as follows:( (Amount Rs. In lakhs)

	March 31, 2022	March 31, 2021
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	0.00	0.00
Financial liabilities		
- Borrowings from banks/ ARCS	0.00	0.00
- Borrowings from others	1680.10	1680.10
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	0.00	0.00
- Bank overdrafts	0.00	0.00

### **(03) Capital management**

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2022 is ₹ - 5849.78 (Previous Year: ₹ -5452.93).

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

Particulars	March 31, 2022	March 31, 2021
Debt	1680.10	1680.10
Less: cash and bank balances	-142.21	-82.97
Net debt (A)	1537.89	1597.14
Equity (B)	-5849.78	-5452.93
Net debt to Equity ratio [ A/ B ]	-0.26	-0.29

## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

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

### **(04) Contribution towards Corporate Social Responsibility**

Our company does not fall under the criteria laid for Corporate Social Responsibility under section 135 of the Companies Act, 2013 and hence the section is not applicable to the Company for the year under audit report.

### **16. Additional information/ details**

Following are additional information, to the extent applicable to the company, for the year under report. Rs. in Lakh

Sl.No.	Particulars	As at 31-03-22	As at 31-03-21
01	Expenditure in foreign currency on account of		
	Travelling	0	0
	Membership & Subscription	0	0
02	Foreign Exchange Earnings (Export-FOB Value)	90.40	77.66
03	Earning per Shares		
	(01) Net Profit/ Loss (-) after Tax	-396.85	-228.33
	(02) Adjusted Net Profit/ Loss (-) after Tax	-396.85	-228.33
	(03) Number of Shares		
	For basic EPS	20,324,304	20,324,304
	For Diluted EPS	20,324,304	20,324,304
	(04) EPS (in Rs., Face Value of Rs.10/-)		
	Basic EPS	-1.95	-1.12
Diluted EPS	-1.95	-1.12	
05	Raw Martial Consumed (Amount)		
	Total	2218.94	1477.21
	Indigenous	2218.94	1477.21
	Imported	0	0
06	Raw Martial Consumed (in Percentage)		
	Total	100.00	100.00
	Indigenous	100.00	100.00
	Imported	0.00	0.00
07	Stores & Spares Consumed (Amount)		
	Total	74.93	46.37
	Indigenous	74.93	46.37
	Imported	0.00	0.00
06	Stores & Spares Consumed (in Percentage)		
	Total	100.00	100.00
	Indigenous	100.00	100.00
	Imported	0.00	0.00

## EL FORGE LIMITED

Notes to the Ind-AS financial statements for the year ended 31-03-2022.

Notes No. 3.02 on Financial Statements as at 31-03-2022, relating to other information, forming an integral part thereof

### 17. Additional information, relating to Ratios

Annexure referred in the Notes to Financial Statements [Ratio or Accounting Ratio ]			
Particulars or name of the Ratio	31-Mar-22	31-Mar-21	Change in Ratio
(a) Current ratio	1.2	0.98	-21.93
(b) Debt-equity ratio	-1.63	-1.74	6.39
(c) Debt service coverage ratio	7.04	6.03	-16.79
(d) Return on equity ratio	7.02	4.28	-64.19
(e) Inventory turnover ratio	10.22	3.08	-232.2
(f) Trade receivables turnover ratio	24.04	11.75	-104.54
(g) Trade payables turnover ratio	8.11	0.34	-2297.38
(h) Net capital turnover ratio	53.89	-0.66	8257.47
(i) Net profit ratio	-10.16	-11.95	14.98
(j) Return on capital employed	-9.6	-4.52	-112.27
(k) Return on investment*	NA	NA	NA
*Income less than Rs.100,000/= (Rs.1962)			

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

As per our Annexed Report

On Behalf of Board of Elforge Ltd

For L Mukundan and Associates

Chartered Accountants

Firm Registration No.010283S

V. Srikanth (DIN 0076856), Chairman

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

Director

L MUKUNDAN

Membership No. 204372

Partner

UDIN: 22204372AJXXWW6037

R. Sowmithri (DIN: 00280988) CFO & Company Secretary

Place: Chennai  
Date:30/05/2022

Place: Chennai  
Date:30/05/2022

# EL FORGE LIMITED

## AGM VENUE ROUTE MAP



EL FORGE LIMITED  
CIN : L34103TN1934PLC000669

Registered Office : No.1A, Sriperumbudur High Road (Via) Singaperumal Koil, Appur Village, Kattangulathur  
Onrium,Chengalpettu District 603204 Ph 044- 47112500 Fax 044- 47112523 Website : www.elforge.com

ATTENDANCE SLIP

86 <sup>TH</sup> ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the 86<sup>TH</sup> Annual General Meeting at Registered Office of the Company at 1A Sriperumbudur High Road, Appur Village, Kattangulathur Onrium, Kancheepuram Dsitrcit, 603204 on Friday the 30<sup>th</sup> September, 2022 at 12 Noon

.....  
Member's Folio /  
DP ID Client ID No.

.....  
Member's Proxy's Name  
in Block Letters

.....  
Member's Proxy's  
Signature

Voting through Electronic Means

<u>EVEN (E Voting Event Number)</u>	<u>USER ID</u>	<u>PASSWORD/PIN</u>

Notes :

1. Please fill up DP ID-Client ID No. and Name and sign this Attendance Slip and hand it over at the ENTRANCE OF THE MEETING HALL
2. Electronic Copy of the Annual Report No.2021-22 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose address is registered with the Company/Depository Participant unless any member has requested a hard copy of the same. Members receiving electronic copy attending the AGM can print the copy of the Attendance Slip

Form No.MGT-11Proxy  
Form  
[pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the  
Companies (Management and Administration) Rules 2014]

Name of the member(s) : .....

Registered Address : .....

E-mail ID : .....

Folio No./Client ID, DP ID : .....

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

- (1) Name : \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/er,
- (2) Name : \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/er,
- (3) Name : \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/er,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 86<sup>th</sup> Annual General Meeting of the Company, to be held on Friday the 30th September, 2022 at 12 Noon at No.1A, Sriperumbudur High Road (Via) Singaperumal Koil, Appur Village, Kattangulathur Onrium, Chengalpettu District 603204 and at any adjournment thereof in respect of such resolutions as are indicated below

Resolution No.	Resolutions	Optional *	
		For	Against
1.	Consider and adopt Audited Financial Statements, Directors' Report and Auditors Report		
2.	To Appoint a Director in the Place of Mr. V Srikanth who retries by rotation and being eligible offers himself for reappointment		
3.	To Appoint Auditors and fix their remuneration, Special Business		
4.	Appointment of Mr. S. Balakrishnan as Independent Director		

Signed this 30th day of September, 2022.

Affix Revenue Stamp Re`l
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Signature of Shareholder : .....

Signature of Proxyholder(s) .....

- Note: (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting
- (2) It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If You leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (3) Please complete all details including details of member(s) in above box before admission.