



M M FORGINGS LIMITED

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

66th Annual Report

and

Accounts for the year ended 31.03.2012



Board of Directors

Chairman

Shri V. Narayanan

Directors

Shri. N. Srinivasan
Shri V. Vaidyanathan

Managing Director

Shri. Vidyashankar Krishnan

Jt. Managing Director

Shri. K. Venkatramanan

Company Secretary

Smt. J. Sumathi

Auditors

M/s. G. Ramesh Kumar & Co.
Membership No. 200 / 18663
28, Akila Lands, Ganapathy Colony (South)
Thiruvanaikoil, Trichirappalli – 620 005
PhoneNo. 0431 2432931 / 2433140
Firm Registration No.: 003010S

Registered Office

95, Anna Salai, Guindy, Chennai – 600 032
Phone : 044 -22352153
Fax No. 044- 22352160
E-mail : mmforge@mmforgings.com

Factories

Singampunari – 630 502, Tamil Nadu

Viralimalai – 621 316, Tamil Nadu

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

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

Windfarm

Panakudi, Tirunelveli District, Tamilnadu
Meenakshipuram, Theni District, Tamilnadu

Bankers

State Bank of Travancore

556, Mount Road , Teynampet, Chennai – 600 018

Citibank N.A

163, Anna Salai, Chennai - 600002

State Bank of India

IFB,155, Anna Salai, Chennai – 600 002

DBS Bank

806, Anna Salai, Chennai - 600002

Share Transfer Agents

Cameo Corporate Services Limited

‘Subramanian Building’, Fifth Floor
No. 1, Club House Road, Chennai – 600 002
Phone : 044 - 28460390—94



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Notice To Shareholders

Notice is hereby given that the 66th Annual General Meeting of the shareholders of M M Forgings Limited will be held at Narada Gana Sabha, 314, T.T.K.Road, Chennai - 600018 at 3.30 p.m. on Friday, 03 August 2012 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet and Profit and Loss Account for the year ended 31 March 2012 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Shri V. Narayanan who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri N. Srinivasan who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors, G. Ramesh Kumar & Co., Chartered Accountants, Tiruchirapalli are eligible for reappointment. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

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

By Order of the Board

Place : Kodaikanal
Date : 19 May 2012

J.Sumathi
Company Secretary

NOTES

1. As there is no special business, Explanatory statement is not appended.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The proxy form duly stamped and executed should be deposited with our Company's Share Transfer Agents, M/S Cameo Corporate Services Limited, No. 1, Club House Road, Chennai – 600 002, not less than 48 hours before the commencement of the meeting.
4. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
5. The Register of Members and the share books will remain closed from Wednesday, 01 August 2012 to Friday, 03 August 2012 both days inclusive.
6. Change of address, if any, should be sent to the Company's Share Transfer Agents, M/s. Cameo Corporate Services Limited, No. 1, Club House Road, Chennai – 600 002.
7. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their Dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change / deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.
8. Green Initiative : Shareholders who are desirous of receiving their Annual Report through email may take action as follows:
In case of shareholders holding shares in physical form : Inform M/s. Cameo Corporate Services Ltd.
In case of shareholders holding shares in demat form : Inform your DP.
9. The Company has transferred the Unclaimed amount lying in the Dividend Account for the year 2003-04 of ₹ 113,721/- to the credit of Investor Education and Protection Fund established by the Central Government on 24 September 2011



10. Shareholders seeking any information with regard to accounts are requested to send their queries at least 7 days before the meeting so as to enable the company to keep the information ready.

Item No. 2 and 3

11. Reappointment of Directors retiring by rotation:

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

Shri. V. Narayanan is liable to retire by rotation at the 66th Annual General Meeting and being eligible, has offered himself for reappointment. He is a Director and Chairman since 1994.

- 11.2 Reappointment of Shri. N. Srinivasan, retiring by rotation:

Shri. N.Srinivasan is liable to retire by rotation at the 66th Annual General Meeting and being eligible, has offered himself for reappointment. He is a Director since 1994.

PERFORMANCE HISTORY - 10 YEARS

(₹ in lakhs)

DESCRIPTION/YEAR	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10	FY11	FY12
INCOME										
Sales - Exports	5760.19	6710.14	9680.11	9564.91	10581.48	11255.01	13267.88	10417.74	18294.07	23905.35
- Domestic	2555.67	3676.49	6190.91	6931.38	7064.97	7839.53	7413.07	5426.22	8295.11	10476.61
- Total	8315.86	10386.63	15871.02	16496.29	17646.45	19094.54	20680.95	15843.96	26589.18	34381.96
Other Operating Income	92.74	240.49	392.02	409.63	481.66	522.84	673.07	598.47	622.89	641.29
Other Income	0.52	0.72	0.73	17.98	83.35	73.21	82.93	114.15	985.88	735.93
TOTAL INCOME	8316.38	10387.35	15871.75	16514.27	17729.80	19167.75	20763.88	15958.11	27575.06	35117.89
Operating Profit	1854.45	2072.48	3111.49	3338.20	3938.92	4294.48	3891.58	2938.55	6318.08	6566.97
Profit After Tax	610.23	736.43	1182.86	1209.76	1408.29	1478.86	1022.52	1041.66	2972.73	2675.42
Reserves & Surplus	3839.41	4387.93	4843.75	5817.83	7014.29	8140.11	8347.28	9177.11	11722.52	13977.09
Dividend including tax paid	132.77	153.61	204.72	204.72	211.83	353.04	211.83	211.83	422.25	420.85
Dividend	40%	45%	30%	30%	30%	50%	15%	15%	30%	30%
Share Capital	301.76	301.76	603.52	603.52	603.52	603.52	1207.04	1207.04	1207.04	1207.04
Earnings per share	20.22	24.40	19.60	20.05	23.33	24.50	8.47	8.63	24.61	22.17
Bonus Share			1 : 1				1 : 1			
Return on Capital Employed	33.6%	30.6%	30.4%	26.5%	29.0%	24.2%	20.4%	14.0%	20.2%	19.3%
Return on Net Worth	13.7%	14.6%	19.7%	17.3%	16.7%	16.8%	10.7%	9.3%	22.4%	17.7%
Dividend as a % to PAT	21.8%	20.9%	17.3%	16.9%	15.0%	23.9%	20.7%	20.3%	14.2%	15.7%
Working Capital	1462.76	770.35	1273.75	2562.35	2611.88	3637.72	3343.93	4314.15	7344.89	7299.61
W C as a % to sales	17.6%	7.4%	8.0%	15.5%	14.7%	19.0%	16.1%	27.0%	26.6%	20.8%
Current Ratio	1.19	1.59	1.67	1.63	1.33	1.47	1.97	1.50	1.47	1.44
TOL / NW	0.58	0.67	1.32	1.22	1.02	1.44	1.27	1.26	1.19	1.21
Debt / Equity	0.01	0.21	0.63	0.55	0.37	0.69	0.82	0.69	0.43	0.53



M M FORGINGS LIMITED



Directors' Report

1. RESULTS FOR THE YEAR ENDED 31 MARCH 2012

Sales has increased by 29.31% over the previous year. Profit Before Tax (before extraordinary item) for the current year has increased by 11%.
(₹ in Lakhs)

	2011-12	2010-11
1.1 Forging Sales	34,381.96	26,589.58
1.2 Profit before exceptional items/ extraordinary items and Tax	3,133.05	2,853.64
1.3 Exceptional/Extraordinary Items	724.62	952.08
1.4 Profit Before Tax	3,857.67	3,805.72
1.5 Tax		
For current year	775.00	700.00
Relating to previous years	214.60	28.91
Deferred Tax	192.65	104.08
Total Tax	1,182.25	832.99
1.6 Profit After Tax	2,675.42	2,972.73

Despite the slowdown in the world economy and in India, sales of forgings grew by 29%. However, because of higher input costs, increased financial charges, enhanced provision for depreciation and lower realisation from extraordinary items, Profit Before Tax was at the same level as last year. As shown in the table above, provision for tax was ₹ 3.5 Crores more than the previous year resulting in a decline in Profit After Tax.

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

2. DIVIDEND AND FINANCIAL RESULTS:

	(₹ in Lakhs)	
	2011-12	2010-11
2.1 Profit after Tax	2,675.42	2,972.73
2.2 Balance in P & L Account	614.54	64.06
2.3 Profit available for appropriation	3,289.96	3,036.79
2.4 Transfer to General Reserve	2,200.00	2,000.00
2.5 Interim Dividend inclusive of taxes	420.85	422.25
2.6 Balance carried forward	669.11	614.54

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

3. HIGHLIGHTS OF THE COMPANY'S OPERATIONAL PERFORMANCE

- 3.1 Sales Turnover of the Company crossed ₹ 300 Crores for the first time in the Company's History.
- 3.2 Exports were ₹ 239.07 Crores accounting for 70% of the Company's Sales. The Company continues to be one of the large exporter of forgings from India and has received 22 consecutive Annual Awards from Engineering Exports Promotion Council.
- 3.3 The Company continues to be a net foreign exchange earner. The net foreign exchange earnings during the current year were ₹ 216.97 Crores.
- 3.4 The Company has retained its ISO/TS 16949 : 2009 Certification for its Quality Management.



- 3.5 The capital expenditure during the year was ₹ 66.17 crores. Machining capacity has been substantially increased in line with the changing customer demand.
- 3.6 Despite an adverse environmental difficult market conditions, the Directors have maintained the Dividend at 30%

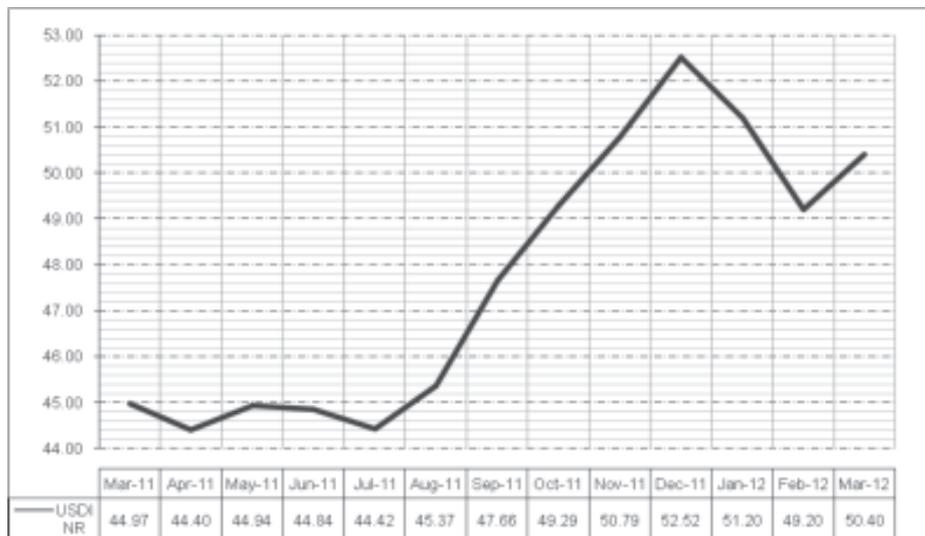
4. MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL SCENE

- 1. 2011-12 saw a firming up of equity and commodity prices, riding on the back of the fiscal stimuli infused by both developed and developing countries.
- 2. USA- The structural weaknesses in the US economy continue to prevail due to the sheer size and depth of the legacy.
- 3. Europe – The survival of the Euro as a single currency union without a political union has come under severe pressure in the last few months. The structural problem in Greece haunted the ECU and threatened the very survival of Euro itself.
The weaknesses in core Europe namely France, Italy and Spain, have come to the fore, clearly leaving Germany as the unshaken foundation of the ECU.
- 4. China – Property prices spiraled upwards and the rise in commodity prices have fueled inflation. There are strong indications of excess buying of commodities. This has resulted in a weakening price trend on many commodities, particularly non ferrous metals.
- 5. Asia – Japan recovered from its earthquake and is grappling with the damage to its reputation on nuclear safety. Many global firms have altered their strategies on supplies and are reducing their dependence on Japan.
- 6. Commodities – The bull run seen right through the year has bottomed out in the last few weeks.
- 7. Overall, Global output is expected to have grown marginally between 1% and 2% as reported by various economic think tanks. Most countries have run up sovereign debt over the last two decades. The global economy has grown, but so has sovereign debt. The rise of sovereign debt levels is now of serious concern. In many cases, repayment of sovereign debt and even payment of interest is in doubt.

INDIA

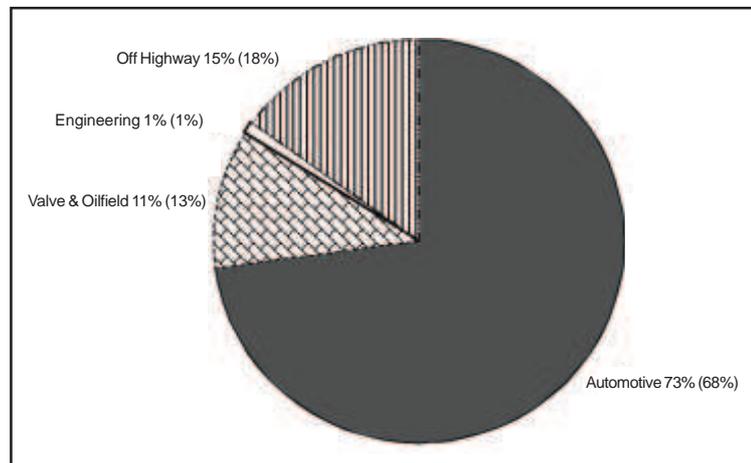
- 8. The Indian economy has grown by approximately 6.5% in FY12 as compared to about 8% in FY11. This growth is impressive by global standards. Most of the developed world recorded only marginal growth during this period.
- 9. During FY12 the automotive industry posted growth rates of approximately 14% in the car segment and 25% in the CV segment.
- 10. Steel prices have increased by about 16% compared to the previous year.
- 11. The INR depreciated considerably between July and December 2011 against the US Dollar. Please refer graph below. April, May and June 2012 have witnessed a further sharp deterioration





M M FORGINGS – capitalising on favourable winds

12. The following were important developments during the year :
 - ❖ The revival of global manufacturing meant a sharp increase in demand right through the year. Customers are currently buying close to the highs seen in FY11.
 - ❖ Adding to the volume of existing products, were new products which were developed in the last 2 years.
 - ❖ The Indian market was characterised by strong growth and the company was able to take only limited advantage of this on account of capacity constraints due to power shortages and non availability of trained manpower.
 - ❖ Increases in steel prices are being passed on to customers as is the industry practice.
 - ❖ We are strenuously de-bottlenecking at the factories to enhance utilisation of the production capacities created in the last 2 years.
13. Sales increased by 29%. Return On Net Worth is 18%, Return On Capital Employed is 19% and current Ratio is 1.44. The total outside liabilities to net worth stands at 1.21. Debt Equity Ratio is a comfortable 0.53.
14. The details of segment-wise sales are provided below:



Note : FY11 figures provided in brackets for comparison

Human Resources and Industrial Relations

15. Your company continues to focus on the development of its human resources to improve its performance. The company currently has 1105 employees. It is their invaluable contribution that has primarily resulted in your company's strength in the industry.
16. Work place safety, evolving systems for recognition and reward, consistent communication, imparting skills and training underpin, all HR development activities in the company. All HR activities have meeting customer's needs as the prime objective.
17. Every year, each plant of the Company celebrates 'Founder's Day' in a family atmosphere with all employees and their household members participating.

Health, Safety and Environment

18. The Company follows a policy of zero tolerance towards accidents. Visible controls and fail-safe systems are provided to ensure prevention of accidents. Regular communication, training and periodic reviews play a vital role in maintaining safety standards.
19. The Company complies with all pollution control regulations. Adequate pollution control equipment have been installed to minimize pollution levels in effluents discharged and to control air quality.

Risk Management

20. A major proportion of the Company's Domestic sales is to the Automotive Sector. This sector is



subjected to cyclical variation in demand and is very sensitive to Government's policy changes. The market is highly competitive. Any downturn in this sector exposes the company to high fixed costs.

21. Prices of Raw Materials fluctuate dramatically based on supply and demand. The company's margins are under constant pressure.
22. 70% of the Company's sales are accounted for by Exports. The Company's health is therefore heavily dependent on the Global Economy, the fundamentals of which are currently weaker than that of the Indian Economy. The Company has increased the geographic spread of its customer base to mitigate this risk.
23. Availability and cost of funds is a potential threat affecting the company's capacity utilisation and working capital management.

M M FORGINGS – forging ahead

24. Our goal in the coming months is to focus on:
 - ❖ Improving sales in keeping with market conditions.
 - ❖ Increasing utilization of the production capacity created in the last 2 years.
 - ❖ Continuous cost reduction particularly, reducing energy consumption.
 - ❖ Enhancing IT systems with the development of the ERP system already in place.
 - ❖ Focus on green sources of energy for environmental protection.

5. DIRECTORS:

Shri V. Narayanan, Director retires by rotation and being eligible, offers, himself for reappointment.

Shri.N.Srinivasan, Director retires by rotation and being eligible, offers, himself for reappointment.

6. DIRECTORS RESPONSIBILITY STATEMENT:

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

- 6.1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 6.2. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- 6.3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 6.4. The directors had prepared the annual accounts on a going concern basis.

7. CORPORATE GOVERNANCE:

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

8. AUDITORS:

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

9 PERSONNEL / SUBSIDIARY COMPANY

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

9.2 Srivatsa Electric and Electronic Limited:

The Final Order pertaining to amalgamation petition is pending with the High Court of Chennai.



10 DEPOSITS: Fresh Deposits are not being accepted by the Company.

11. ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:

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

12. ACKNOWLEDGEMENT:

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

The Directors thank all other Stakeholders for their unstinted co-operation and support.

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

For and On behalf of the Board

Place : Kodaikanal
Date : 19 May 2012

V. NARAYANAN
Chairman



Annexure I – to the Directors’ Report:

Information in accordance with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the report of the Directors for the year ended 31 March 2012

(A) Conservation of energy:

1. Energy conservation methods undertaken: Conservation of energy is a continuous process. We have spent around ₹ 35 lakhs to improve compressor efficiency and thereby save on power consumption.
Consumption of Light Diesel Oil and Furnace Oil is closely monitored to conserve energy.
2. Additional investment and proposals, if any, being implemented for the reduction in consumption of energy: Optimising energy consumption. Close monitoring of Power Consumption of Induction Billet Heaters to reduce power consumption
3. Impact of measures at 1 & 2 for reduction of energy consumption and consequent impact on the cost of production of goods: Expected annual saving is ₹ 19 lakhs

Form of disclosure of particulars with respect to conservation of energy

power and fuel consumption

	2011-12	2010-11
1 ELECTRICITY		
1.1 Purchased:		
Units	3,33,85,689	2,48,11,131
Total Amount. (₹)	23,64,94,356	16,94,01,065
Rate / Unit (₹)	7.08	6.83
1.2 Own Generation:		
Units	44,58,207	56,17,607
Units per ltr.	2.53	2.81
Cost / Unit (₹)	18.02	12.93
2 FUEL OIL		
Quantity (in ltrs)	35,17,392	36,80,218
Total amount (₹)	21,20,91,246	17,42,57,499
Average Rate (₹/ltr.)	60.30	47.35
3 CONSUMPTION PER UNIT OF PRODUCTION		
3.1 Electricity	Units	1079
	1162	
3.2 Fuel Oil	Litres	131
	108	

Note: No standards are available for comparison.

(B) Technology absorption:

Research and Development (R&D)

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

1. R&D efforts in a manufacturing industry like ours, is an ongoing process. Continuous efforts have been taken in various areas of the manufacturing activity.
2. Benefits derived as a result of the above R&D: It has not been possible to determine the figure.
3. Future plan of action:
Continuous efforts are being put in by way of Research & Development in all the areas of manufacturing to reduce the cost of major inputs such as steel, fuel, power, etc.
4. Expenditure on R&D: Not less than ₹ 50 lakhs though indirectly.



Technology Absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
 - 1.1 Continuous efforts are made on conservation of raw material by improving design and layout of dies.
2. Benefits derived as a result of the above efforts:
 - 2.1 Reduction in raw material consumption.
 - 2.2 With the accreditation to ISO/TS 16949: 2009 many new export customers are being developed.
3. Technology imported during the last 5 years: Nil

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- 1 Activities relating to Export

Exports at ₹ 22868.19 lakhs form a significant part of the company's turnover (₹17788.24 in 2010-11)
- 2 Initiatives taken to increase development of new export markets for products and services and export plan
 - 2.1. Vigorous efforts are taken by marketing department to locate new multinational customers in addition to the existing multinationals.
 - 2.2 The Company has been consistently retaining the ISO/TS 16949: 2009 certification for its Quality Management system.
- 3 Total Foreign Exchange
 - 3.1 Earned: ₹ 2,28,68,19,281 (₹1,77,88,24,059 in 2010-11)
 - 3.2 Used: ₹ 30,03,01,524 (₹33,36,92,784 in 2010-11)

For and On behalf of the Board

Place : Kodaikanal
Date : 19 May 2012

V. NARAYANAN
Chairman

ANNEXURE II FORMING PART OF THE REPORT OF THE DIRECTORS

(Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules,1975 and forming part of the Report of the Directors for the year ended 31.03.2012)

Sl. No	Name	Designation	Remuneration ₹	Qualification	Experience (years)	Date of Joining	Age	Last Employment	% of shares held in the Company
a) Employed throughout the year and were in receipt of remuneration at a rate of not less than ₹ 60,00,000 per annum									
1	Shri Vidyashankar Krishnan DIN : 00081441	Managing Director	18325630	B.E.,M.S.	22	25.06.1990	46	— Nil —	11.27%
2	Shri. K.Venkatramanan DIN : 00823317	Jt. Managing Director	17947821	B.E.	20	24.01.1992	42	— Nil —	10.71%
b) Employed for a part of the year and were in receipt of remuneration at a rate of not less than ₹ 5,00,000 per month.									
— Nil —									

Note:

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

For and on behalf of the Board

Place : Kodaikanal
Date : 19 May 2012

V. Narayanan
Chairman



M M FORGINGS LIMITED



Annexure 3 - Report on Corporate Governance

1. Company's Philosophy on Code of Governance:

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

2. Board of Directors:

2.1 Composition and category of Directors as of 31 March 2012 is as follows:

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

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

Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM attendance (Yes / No)
Shri V. Narayanan	4	4	Yes
Shri V. Vaidyanathan	4	4	Yes
Shri N. Srinivasan	4	1	No
Shri Vidyashankar Krishnan	4	4	Yes
Shri K. Venkatramanan	4	2	Yes

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

Four Board Meetings were held during the year- 22 April 2011, 12 August 2011, 31 October 2011 and 30 January 2012

2.4 Number of other Boards or Board Committees in which the Directors are members or Chairman: (Please refer to Notes on Accounts).

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

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

- Annual operating plans and budgets and any updates
- Capital Budgets and any updates.
- Annual Accounts, Directors' Report etc.
- Quarterly Results of the Company
- Minutes of the meetings of Audit Committee and other Committees of the Board.
- Information on the recruitment, change and promotion of Senior Officers who report directly to Members of the Board.
- Fatal or serious accidents, dangerous occurrences etc.
- Operational highlights.
- Major investments.
- Award of large contracts
- Disclosure of interest by Directors about directorship and committee positions occupied by them in other companies.
- Quarterly Report on foreign exchange exposures.



- Any significant development in Human Resources / Industrial Relations
- Non- Compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of Dividend, delay in share transfer etc.
- Short term investments.
- Information relating to any legal disputes.
- Other materially important information.

2.6 Code of Conduct:

The Board of Directors have laid out a Code of Conduct which is applicable to each member of the Board of Directors and Senior Management of the company. The Company has received confirmation from all the Directors and Senior Management of the Company regarding compliance with the said Code for the year ended March 31, 2012. A certificate from Shri Vidyashankar Krishnan, Managing Director to this effect is given below. The said Code is also posted on the website of the Company 'www.mmforgings.com'

2.7 Prevention of Insider Trading:

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

3. Audit Committee (AC):

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

3.1.1 Reviewing the Company's internal control system, audit procedures, compliance with statutory and regulatory requirements, financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and correct.

3.1.2 Reviewing half yearly and annual financial statements with the management before submission to the Board with special emphasis on accounting policies and practices and legal requirements concerning financial statements

3.1.3 Recommending to the Board, the appointment and removal of Statutory Auditors and fixing their fees

3.1.4 Any other terms of reference as may be included from time to time in clause 49 of the listing agreement.

3.2 Date of Meetings:

During the year under review, the Committee had 4 meetings held as follows:

22 April 2011, 12 August 2011, 31 October 2011 and 30 January 2012 .

3.3 Formation, Composition and attendance to the AC Meetings:

The AC of the Board was formed on 16 June 2001

Name	No. of AC Meetings	No. of AC Meetings attended
Shri V. Narayanan (Chairman)	4	4
Shri V. Vaidyanathan	4	4
Shri N. Srinivasan	4	1

3.4 All the three members are Non- Executive Independent Directors.

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

3.6 The Managing Director and the Joint Managing Directors were invited for all the meetings and were requested to provide necessary information to the Committee.

**4. Investors Grievance Committee:**

4.1 Formation and no. of meetings held:

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

During the year under review, the Committee had 4 meetings held as follows:

22 April 2011, 12 August 2011, 31 October 2011 and 30 January 2012

4.2 Non – Executive Chairman – Shri V. Vaidyanathan

Other members: Shri Vidyashankar Krishnan, Shri K. Venkatramanan.

4.3 Attendance:

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

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

4.5 No of Shareholder complaints received during the year: 0

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

4.7 No. of Pending Complaints : 0

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

4.9 For Redressal of Investor complaints, complaints can be mailed to sumathi@mmforgings.com**5. Share Transfer Committee:**

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

6. Directors' Remuneration:

6.1 Remuneration of Managing Director and Joint Managing Director

	Mr. Vidyashankar Krishnan		Mr. K. Venkatramanan	
	2012	2011	2012	2011
Salary and allowances	80,14,350	69,21,000	76,17,600	65,76,000
Perquisites:				
Provident Fund	6,24,098	5,38,818	6,24,098	5,38,818
Superannuation	6,21,000	6,21,000	6,21,000	6,21,000
Gratuity Insurance	1,95,201	1,74,147	1,95,201	1,74,147
Others	1,07,914	47,652	1,26,855	30,857
Commission on Profits	87,63,067	78,52,951	87,63,067	78,52,951
Total	1,83,25,630	1,61,55,568	1,79,47,821	1,57,93,773

6.2 Remuneration of non – executive directors:

Year	Mr. V. Narayanan		Mr. V. Vaidyanathan		Mr. N. Srinivasan	
	2012	2011	2012	2011	2012	2011
Commission	3,75,000	3,25,000	2,00,000	1,60,000	2,00,000	1,60,000
Sitting Fees	24,000	29,000	28,000	33,000	6,000	12,000
Total	3,99,000	3,54,000	2,28,000	1,93,000	2,06,000	1,72,000

**7. Remuneration Committee:**

Remuneration Committee is not mandatory. The Board of Directors perform the functions of the Remuneration Committee.

8. Subsidiary Company:

8.1 Winding up of SEEL: The matter is pending with High Court. (Chennai)

9. General Meetings

9.1 Location and time, where last three AGMs held:

Financial year	Date	Time	Location
2008-09	07 August 2009	2.30 P.M.	Music Academy, Chennai
2009-10	27 August 2010	3.30 P.M.	Narada Gana Sabha, Chennai
2010-11	12 August 2011	12.05 P.M.	Narada Gana Sabha, Chennai

9.2 Special Resolutions passed in the previous 3 AGMs:

9.2.2 Resolution passed in the AGM held on 27 August 2010

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

10. Disclosures:

10.1 There were no transactions of material nature with the Directors or the management or relatives of the Directors during the year except to the extent as stated under Related Party Disclosure under notes forming part of the accounts.

10.2 Directors are considered to be interested to the extent of their shareholding in the Company and following is the status of their shareholding as on 31 March 2012.

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

10.3 Compliances by the Company:

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

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

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

10.6 Disclosures regarding appointment or reappointment of Directors: According to the Articles of Association, not less than One-third of the Directors shall retire by rotation. This year Shri V. Narayanan and Shri. N. Srinivasan, Directors of the Company, shall retire and being eligible, offer themselves for reappointment.

Given below are the brief resume of the Directors:

Shri V. Narayanan (74) is a Post Graduate in Chemistry from the Madras University. He has more than 50 years of experience in Management. He joined Hindustan Lever Limited as a Management Trainee and held several positions in that company both in India and in UK. Subsequently he joined Pond's (India) Limited and was its Chairman and Managing Director for over 15 years. He is currently on the Board of several reputed companies such as Tamil Nadu Newsprint and Papers Ltd, Glaxo SmithKline Pharmaceuticals Limited, Sundaram Fasteners Limited, Rane (Madras) Ltd, etc. He has been Chairman of the Board of M M Forgings Limited ever since the Company's Initial Public Offer in 1994.

Shri N. Srinivasan (67) is a Post Graduate in Chemical Engineering from Illinois Institute of Technology, USA. He is presently the Vice Chairman and Managing Director of The India Cements



Limited, a major corporate entity in South. He is presently the President of the Tamil Nadu Cricket Association as well as the President of the Board of Control for Cricket in India (BCCI). He has been on the Board of M M Forgings Limited ever since the company became public, i.e. in 1994.

11. Means of Communication

- 11.1 The quarterly, half yearly and annual results of the Company's performance are published in financial dailies viz., Business line and Makkal Kural
- 11.2 The financial results of the company are made available to the Bombay Stock Exchange Ltd and National Stock exchange Ltd in the prescribed form, which would enable them to place it on their website ie. www.bseindia.com and www.nseindia.com
- 11.3 The financial results are displayed on the website of the Company, www.mmforgings.com.

12 General Shareholders Information

- 12.1 Date, time and venue of the Annual General Meeting
Annual General Meeting is proposed to be held on Friday, 03 August 2012 at Narada Gana Sabha (Mini Hall) 314, T T K Road, Chennai -600018 at 3.30 p.m.
- 12.2 Financial year : 01 April 2011 to 31 March 2012
- 12.3 Date of Book Closure : From 01 August 2012 to 03 August 2012 (Both days inclusive)
- 12.4 Record date : 31 May 2012
- 12.5 Listing on Stock Exchanges :
The shares of the Company are listed at:
- 12.5.1 Bombay Stock Exchange Limited
Rotunda Building, P.J.Towers, First Floor, New Trading Wing, Dalal Street, Mumbai –400 001.
Annual Listing fees has been paid as on date
- 12.5.2 National Stock Exchange of India Ltd
'Exchange Plaza', Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051
Annual Listing Fees has been paid as on date.
- 12.6 Stock Exchange Security Code :
Physical : Bombay Stock Exchange Scrip Code:522241 Name of the Scrip : MMFORG
National Stock Exchange Scrip Code: MMFL Name of the Scrip : MMFL - EQ
- 12.6.1 The ISIN No. of the Company's equity shares in Demat form : INE227C01017
- 12.6.2 Depository Connectivity : National Securities Depository Limited, Central Depository Services (India) Limited
- 12.7 Registrar and Transfer Agents :
Cameo Corporate Services Limited, Unit: M M Forgings Limited, "Subramanian Building"
Fifth Floor, No. 1, Club House Road, Chennai – 600 002
They are the Common Agency for all Investor Servicing activities relating to both electronic and physical segments.
- 12.8 Share Transfer System :
- The Share Transfer Agent acknowledges and executes transfers of securities. The Share Transfer Committee approves the transfers etc..
 - They arrange for issue of dividend.
 - They also accept, deal with and resolves complaints of the shareholders. Shareholder complaints are given top priority by the Company and are replied to, promptly by the Secretarial Department and Share Transfer Agents.
 - Remat requests are processed within a period of 25 days from the date of receipt.
 - Demat requests are processed within a period of 10 days from the date of receipt.
 - The Company's Registrar and share Transfer Agents, Cameo Corporate Services Limited have adequate infrastructure to process the share transfers.



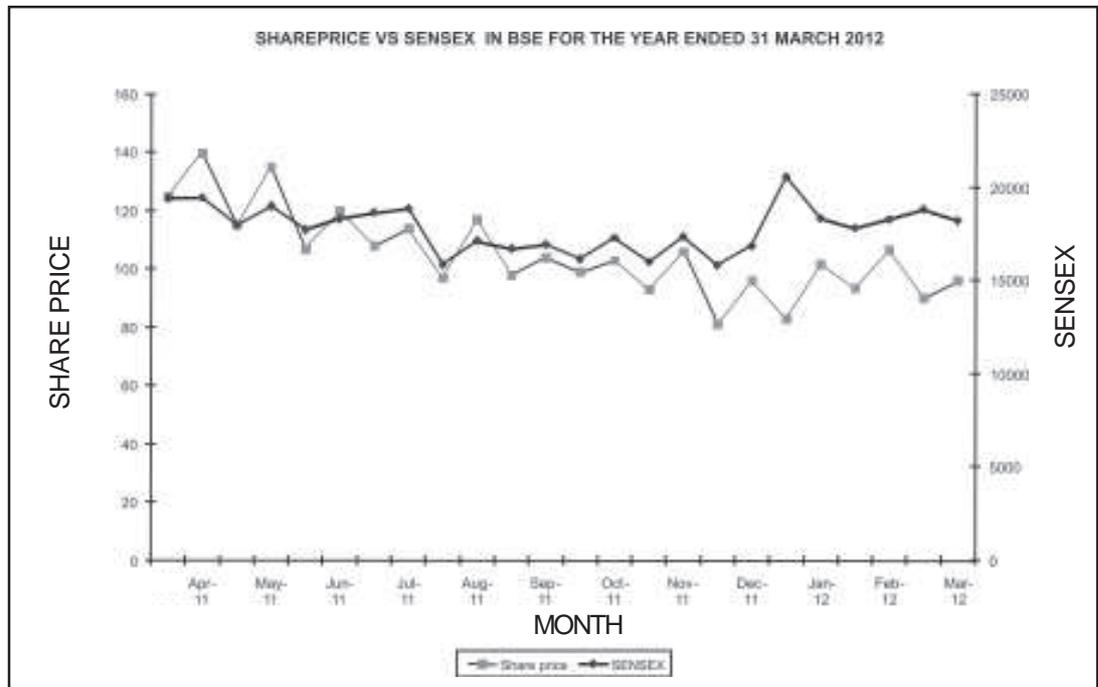
12.9 Pattern of shareholding as on 31 March 2012

No. of equity shares held	No. of shareholders	% to total	No. of shares held	% of shareholding
1-500	4797	87.60	733850	6.08
501-1000	339	6.19	270631	2.24
1001-2000	164	2.99	253934	2.10
2001-3000	57	1.04	143526	1.19
3001-4000	26	0.48	96440	0.80
4001-5000	8	0.15	37624	0.31
5001-10000	28	0.51	203395	1.69
10000& above	57	1.04	10331000	85.59
TOTAL	5476	100.00	12070400	100.00

12.10 Shareholding pattern as on 31 March 2012

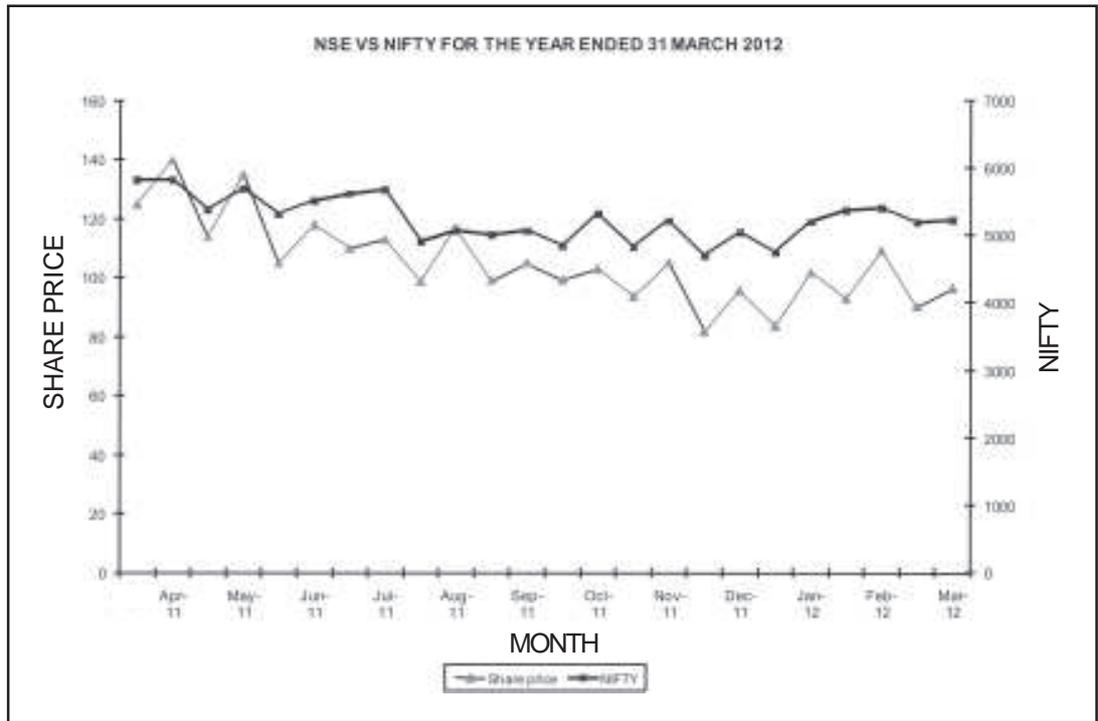
Category	No. of Shareholders	% to total	No. of shares held	% of share holding
Resident Indians	5135	93.78	3002963	24.88
NRIs	130	2.37	54589	0.45
Domestic Company	189	3.45	390113	3.23
Non-domestic Cos.	1	0.02	200	0.00
Financial Institutions / Banks	0	0.00	0	0.00
Mutual Funds	5	0.09	1444600	11.97
Promoters	16	0.29	7177935	59.47
Total	5476	100.00	12070400	100.00

12.11.1 Share Performance BSE Vs SENSEX





12.11.2 Share Performance NSE Vs NIFTY



12.12	Share Price data			
	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Month				
Apr-11	140	125	140	125
May-11	135	115	135	114
June -11	120	107	118	105
July - 11	114	108	113	110
Aug - 11	117	97	117	99
Sept -11	104	98	105	99
Oct -11	103	99	103	99
Nov -11	106	93	105	94
Dec-11	96	81	96	82
Jan-12	102	83	102	84
Feb-12	107	94	109	93
Mar-12	96	90	96	90

12.13 Dematerialisation of shares:

11649083 shares (96.51%) dematerialized as on 31 March 2012.

Promoters : 7177935 shares (59.47%)

Public: 4471148 shares (37.04 %)

12.14 Details of public funding obtained in the last three years

No capital has been raised in the last three years by way of public issue

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

As on 31 March 2012 the company has not issued these types of securities



12.16 Plant Location

12.16.1. Singampunari – 624 502

12.16.2. Viralimalai – 621 316

12.16.3. A 24 / 25 Thiru-vi-ka Industrial Estate, Guindy, Chennai

12.16.4. Karanaihangal Village, Mathur Post – 602105, Sriperumbudur Taluk, Kancheepuram Dist.

12.16.5. Wind farm at Panagudi village, near Muppandal in Tirunelveli Dist.

12.16.6. Wind farm at Meenakshipuram Village, Theni Dist.

12.17 Address for correspondence:

The Company's registered office is situated at No. 95, Anna Salai, Guindy, Chennai-600 032.
Telephone No.:044-22352153 Fax: 044-22352160 Email: mmforge@mmforgings.com

12.18 Compliance Officer : Ms. J. Sumathi, Company Secretary

12.19 Exclusive E-mail id for redress of Investor Complaints : sumathi@mmforgings.com

12.20 Website : www.mmforgings.com

12.21 Details of bonus share certificates returned undelivered - Bonus issue 2005

No. of shareholders at the beginning of the year-68

No. of outstanding shares at the beginning of the year – 7600

No. of shareholders who approached the issuer for transfer of these shares during the year – 0

No. of shareholders to whom these shares were transferred - 0

No. of shareholders at the end of the year- 68

No. of outstanding shares at the end of the year – 7600

12.22 Details of bonus share certificates returned undelivered – Bonus issue 2008

No. of shareholders at the beginning of the year-77

No. of outstanding shares at the beginning of the year – 16300

No. of shareholders who approached the issuer for transfer of these shares during the year – 0

No. of shareholders to whom these shares were transferred - 0

No. of shareholders at the end of the year- 77

No. of outstanding shares at the end of the year –16300

12.23 Bonus issue made during 2005 and 2008 (5A of the Listing Agreement)

Totally 3 reminders will be sent to the shareholders. Out of which 2 reminders have already been sent. After 3 reminders, all the unclaimed shares will be credited to a DEMAT suspense A/c and all the corporate benefits in terms of securities accruing to these unclaimed shares shall be credited to such account. Voting rights on these shares shall be remain frozen, until the rightful owner of such shares claims the shares.



Auditors Certificate on Corporate Governance

To The Members of M M Forgings Ltd

We have examined the compliance of conditions of Corporate Governance by M M Forgings Ltd for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s)

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

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

Risk Management is reviewed every quarter at the Board level.

As required, we have reviewed the company's procedures for compliance with the provisions of Clause 49 of the Listing Agreement.

On the basis of our review and according to the information and explanations given to us and the representations made to us by the Directors and the Management, we state that to the best of our knowledge and belief, the Company has complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49 with the concerned stock exchanges, where the equity shares of the company are listed and traded.

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

Place : Trichy
Date : 19 May 2012

G. Ramesh Kumar
Partner
Membership No. 200/18663

CEO Certification

We hereby certify that

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

Place : Kodaikanal
Date : 19 May 2012

Vidyashankar Krishnan
Managing Director

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

In accordance with Clause 49 1D (ii) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and the Senior Management personnel of the company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year ended 31 March 2012.

Place : Kodaikanal
Date : 19 May 2012

For M M Forgings Limited
Vidyashankar Krishnan
Managing Director



AUDITOR'S REPORT

TO THE MEMBERS OF M M FORGINGS LIMITED

1. We have Audited the attached Balance Sheet of M M FORGINGS LIMITED, CHENNAI – 600032 as at 31 March 2012 and also the operating, Profit and Loss Account for the Year Ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India.
Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Company Law Board in terms of Sec. 227(4A) of the Companies Act 1956, we enclose in the Annexure a statement on the matter specified in the said order.
4. Further to our comments in the Annexure referred to in Paragraph 1 above.
- 4.1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
- 4.2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- 4.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- 4.4 In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Sub-section (3c) of Section 211 of The Companies Act 1956.
- 4.5 On the basis of written representations received from the Directors as at 31st March 2012 and taken on record by the Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of Clause (g) of sub section (1) of section 274 of The Companies Act 1956.
- 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by The Companies Act 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - 4.6.1 in the case of Balance Sheet of the State of affairs of the Company as at 31 March 2012 and
 - 4.6.2 in the case of operating Profit and Loss Account, of the Profit of the Company for the year ended on 31 March 2012.
 - 4.6.3 in the case of Cash Flow Statement, of the Company for the year ended on that date.

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

Place : Trichy
Date : 19 May 2012

G.Ramesh Kumar
Membership No. 200 / 18663



ANNEXURE TO OUR REPORT

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

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

1. 1.1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- 1.2 As explained to us, the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and the verification is reasonable and no material discrepancies have been noticed on such physical verification.
2. 2.1 The inventories have been physically verified by the management during the year at reasonable intervals, except materials lying with third parties, where confirmations are obtained;
- 2.2 The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business;
- 2.3. The Company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material.
3. 3.1 The Company has neither granted nor taken any loans to and from companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956.
- 3.2 The rate of interest and other terms and conditions in respect of unsecured loans given by the Company to its employees and others, are in our opinion, prima facie not prejudicial to the interest of the Company;
- 3.3 In respect of such loans given by the Company, where stipulations have been made, they have generally repaid the principal amounts as stipulated and have been regular in payment of interest, where applicable;
- 3.4 In respect of such loans given by the Company, there are no overdue amounts more than ₹ 1,00,000.
- 4 There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods.
5. 5.1 The transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been recorded in the register;
- 5.2 There are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956 aggregating during the year to ₹ 5,00,000 or more in respect of each party.
6. The Company has not accepted any deposits from the public.
7. No order under Section 209(1)(d) of the Companies Act, 1956 has been passed by the Central Government for maintenance of cost records.
8. 8.1 According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2012 for a period more than six months from the date they became payable.
- 8.2 There are no disputed Sales-tax, Customs Duty and Excise Duty, except what is stated in the notes forming part of the accounts.
9. The Company has no losses either in the current financial year or in the immediately preceding financial year.
10. The Company has not defaulted in repayment of its dues to banks.
11. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
12. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / are not applicable to the Company.



13. The company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of para 4 (xiv) are not applicable to the Company.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
15. The Company has utilised the term loan availed during the year, for the purpose for which the same are sanctioned.
16. On the basis of our examination of the Cash Flow Statement, the funds raised on short-term basis have not been used on long term investments, as they have been financed out of internal accruals.
17. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
18. No debentures have been issued by the company.
19. The Company has not raised any money by way of Public issues during the year.
20. On the basis of our examinations and according the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

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

Place : Trichy
Date : 19 May 2012

G.Ramesh Kumar
Membership No. 200 / 18663

**Balance Sheet as at 31st March, 2012**

(₹ in lakhs)

	Note No.	As at March 2012	As at March 2011
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
1.1 Share capital	3	1,207.04	1,207.04
1.2 Reserves and surplus	4	13,977.09	11,722.52
		<u>15,184.13</u>	<u>12,929.56</u>
2 Non-current liabilities			
2.1 Long-term borrowings	5	8,103.60	5,585.25
2.2 Deferred tax liabilities (net)		1,005.16	812.51
2.3 Other long-term liabilities	6	88.33	86.70
		<u>9,197.09</u>	<u>6,484.46</u>
3 Current liabilities			
3.1 Short-term borrowings	7	5,224.64	5,594.10
3.2 Trade payables	8	1,731.45	1,192.31
3.3 Other current liabilities	9	2,094.78	1,765.90
3.4 Short-term provisions	10	514.90	542.25
		<u>9,565.77</u>	<u>9,094.56</u>
TOTAL		<u>33,946.99</u>	<u>28,508.58</u>
B ASSETS			
1 Non-current Assets			
1.1 Fixed Assets			
1.1.1 Tangible Assets	11	18,790.69	14,566.01
1.1.2 Capital work-in-progress		258.03	180.30
		<u>19,048.72</u>	<u>14,746.31</u>
1.2 Non-current investments	12	11.02	11.02
1.3 Long-term loans and advances	13	833.68	655.30
1.4 Other non-current assets	14	347.19	307.26
		<u>1,191.89</u>	<u>973.58</u>
2 Current Assets			
2.1 Inventories	15	8,523.63	6,355.22
2.2 Trade receivables	16	2,292.33	4,221.18
2.3 Cash and cash equivalents	17	141.70	122.34
2.4 Short-term loans and advances	18	2,732.11	2,064.82
2.5 Other current assets	19	16.60	25.12
		<u>13,706.37</u>	<u>12,788.68</u>
		<u>33,946.99</u>	<u>28,508.58</u>

See accompanying notes forming part of the financial statements

In terms of our Report of even date

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

V.Narayanan
Chairman

Vidyashankar Krishnan
Managing Director

G.Ramesh Kumar
Partner
Membership no. 200 / 18663

N. Srinivasan
Director

Place : Kodaikanal
Date : 19 May 2012

V.Vaidyanathan
Director

J.Sumathi
Company Secretary

**Profit and Loss account for the year ended 31st March, 2012**

(₹ in lakhs)

	Note No.	For the year ended 31 March 2012	For the year ended 31 March 2011
A CONTINUING OPERATIONS			
1 Revenue from operations Net of Excise Duty	20	35,023.25	27,212.07
2 Other income	21	11.31	33.80
3 Total revenue (1+2)		<u>35,034.56</u>	<u>27,245.87</u>
4 Expenses			
4.1 Cost of materials consumed	22	16,525.87	11,307.93
4.2 Changes in inventories of Finished Goods / Work-In-Process	23	(1,827.36)	(1,485.31)
4.3 Employee benefits expense	24	3,132.44	3,068.34
4.4 Finance costs	25	614.72	562.06
4.5 Depreciation and amortisation Expenses	11.3	2,309.18	1,980.85
4.6 Other expenses	26	11,146.66	8,958.36
Total expenses		<u>31,901.51</u>	<u>24,392.23</u>
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		3,133.05	2,853.64
6 Exceptional items			
Profit on Sale of Business Asset		1.14	-
7 Profit / (Loss) before extraordinary items and tax (5 ± 6)		3,134.19	2,853.64
8 Extraordinary items		723.48	952.08
9 Profit / (Loss) before tax (7 ± 8)		<u>3,857.67</u>	<u>3,805.72</u>
10 Tax expense:			
10.1 Tax expense for current year		775.00	700.00
10.2 Tax expense relating to prior years		214.60	28.91
10.3 Net current tax expense		989.60	728.91
10.4 Deferred tax		192.65	104.08
		<u>1,182.25</u>	<u>832.99</u>
11 Profit / (Loss) from continuing operations (9 ± 10)		2,675.42	2,972.73
B DISCONTINUING OPERATIONS			
12 Profit / (Loss) from discontinuing operations		-	-
C TOTAL OPERATIONS		<u>2,675.42</u>	<u>2,972.73</u>
13 Profit / (Loss) for the year (11 ± 12)		2,675.42	2,972.73
14 Earnings per share (of Rs. 10/- each):			
14.1 Basic			
14.1.1 Continuing operations		22.17	24.63
14.1.2 Total operations		22.17	24.63
14.2 Diluted			
14.2.1 Continuing operations		22.17	24.63
14.2.2 Total operations		22.17	24.63

See accompanying notes forming part of the financial statements

In terms of our Report of even date

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

V.Narayanan
Chairman

Vidyashankar Krishnan
Managing Director

G.Ramesh Kumar
Partner
Membership no. 200 / 18663

N. Srinivasan
Director

Place : Kodaikanal
Date : 19 May 2012

V.Vaidyanathan
Director

J.Sumathi
Company Secretary



Notes forming part of the financial statements

1 Corporate information

The Company is engaged in the manufacture of Steel Forgings . The plants for manufacture are located at Singampunari-Pasumpon Muthuramalingam District, Viralimalai-Pudukkottai District and Karainathangal Village-Kanchipuram District, all within the state of Tamil Nadu. The company has its Wind Farm at Panakudi Village-Tirunelveli District and at Meenakshipuram, Theni District.

2 Significant accounting policies followed by the company:-

2.1 Basis of accounting and preparation of financial statements

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

2.2 Use of estimates

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

2.3 Inventories

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

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

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

2.5 Cash flow statement

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

2.6 Depreciation and amortisation

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

2.7 Revenue recognition

Sale of goods

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

2.8 Other income

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

2.9 Tangible fixed assets

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



Note 2 Significant accounting policies (contd.)

Capital work-in-progress:

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

2.10 Foreign currency transactions and translations

Initial recognition

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

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. The amount capitalised in the current year is at ₹ 6,10,05,597 (Last Year ₹ 2,39,84,491).

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, accounted as income / expense during the contract period.

2.11 Investments

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

2.12 Employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

Short-term employee benefits

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

2.14 Borrowing costs

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

2.15 Segment reporting

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

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

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

2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income.

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

2.18 Research and development expenses

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

2.19 Impairment of assets

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

2.20 Provisions and contingencies

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

2.21 Insurance claims

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

2.22 Service tax input credit

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

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

	Particulars	As at 31 March 2012		As at 31 March 2011	
		Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
3.1	Authorised				
	Equity shares of ₹ 10 each with voting rights	15,000,000	1,500.00	15,000,000	1,500.00
3.2	Issued				
	Equity shares of ₹ 10 each with voting rights	12,072,800	1,207.28	12,072,800	1,207.28
3.3	Subscribed and fully paid up				
	Equity shares of ₹ 10 each with voting rights	12,070,400	1,207.04	12,070,400	1,207.04

(1) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Buy back	Other changes (give details)	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2012				
- Number of shares	12,070,400	-	-	12,070,400
- Amount ₹ in lakhs 1,207.04				
Year ended 31 March, 2011				
- Number of shares	12,070,400	-	-	12,070,400
- Amount ₹ in lakhs 1,207.04				

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

Class of Shares	As at 31 March 2012		As at 31 March 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Synmax Consultants and Trading Pvt Ltd	2,898,000	24.01	2,898,000	24.01
Vidyashankar Krishnan	1,360,120	11.27	1,360,120	11.27
Venkatramanan Krishnan	1,292,480	10.71	1,292,480	10.71

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

Particulars	Aggregate number of shares	
	As at 31 March 2012	As at 31 March 2011
Equity shares with voting rights		
Fully paid up by way of bonus shares (Issued in the year 2008)	6,035,200	6,035,200

**Note 4 Reserves and surplus**

₹ in Lakhs

Particulars	As at 31	As at 31
	March 2012	March 2011
4.1 Capital reserve		
Opening balance	4.60	4.60
Add: Additions during the year		
Profit on Sale of Land	-	-
Less: Utilised / transferred during the year		
Closing balance	4.60	4.60
4.2 Securities premium account		
Opening balance	305.00	305.00
Closing balance	305.00	305.00
4.3 General reserve		
Opening balance	10,798.36	8,803.46
Add: Transferred from surplus in Statement of Profit and Loss	2,200.00	2,000.00
Less: Utilised / transferred during the year for:		
Loss on Subsidiary Merger	-	5.10
Closing balance	12,998.36	10,798.36
4.4 Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	614.56	64.08
Add: Profit for the year	2,675.42	2,972.73
Less: Interim dividend		
Dividends proposed to be distributed to equity shareholders ₹ 3/- per share)	362.11	362.11
Tax on dividend	58.74	60.14
Transferred to: General Reserve	2,200.00	2,000.00
Closing balance	669.17	614.56
Total	13,977.09	11,722.52

Note 5 Long-term borrowings

Particulars	As at 31	As at 31
	March 2012	March 2011
Term Loans From Banks		
Secured	8,103.60	5,585.25
Unsecured	-	-
Total	8,103.60	5,585.25

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

Particulars	₹ in Lakhs		₹ in Lakhs	
	As at 31 March 2012		As at 31 March 2011	
	Secured	Unsecured	Secured	Unsecured
<u>Term loans from banks:</u>				
Bank Citi Bank	4,222.79	-	5,374.68	-
DBS - Loan 1	2,536.70	-	-	-
DBS - Loan 2	1,283.68	-	-	-
SBI	60.43	-	210.57	-
Total - Term loans from banks	8,103.60	-	5,585.25	-



Particulars	₹ in Lakhs		₹ in Lakhs	
	As at 31 March 2012		As at 31 March 2011	
	Secured	Unsecured	Secured	Unsecured
5.2 Terms of Security / Repayment	All loans secured by the charge over Fixed Assets of the Company except the lands at Singampunari / Viralimalai			
5.3 Rate of Interest				
Citi Bank	3.25%			
DBS - Loan 1	4.52%			
DBS - Loan 2	5.27%			
SBI	12.00%			
5.4 Instalments Payable	Citi Bank	DBS Loan 1	DBS Loan 2	SBI
2012 - 2013	1,908.84	105.70	-	60.43
2013 - 2014	1,935.13	422.78	213.95	-
2014 - 2015	378.82	422.78	213.95	-
2015 - 2016	-	422.78	213.95	-
2016 - 2017	-	422.78	213.95	-
2017 - 2018	-	422.78	213.95	-
2018 - 2019	-	317.10	213.93	-
Total	4,222.79	2,536.70	1,283.68	60.43

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

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

No default in the servicing / repayment of the loans.

Note 6 Other long-term liabilities

₹ in Lakhs

Particulars	₹ in Lakhs	
	As at 31 March 2012	As at 31 March 2011
6.1 Trade Payables		
Other than acceptances	21.07	33.22
6.2 Others		
Payables on Purchase of Fixed Assets	33.46	34.08
Advance from Customers	33.80	19.40
Total	88.33	86.70

Note 7 Short-term borrowings

7.1 Loans repayable on demand from Banks		
Secured	5,224.64	5,594.10
Unsecured	-	-
Total	5,224.64	5,594.10

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

Nature of Security			
Loans repayable on demand from Banks	Hypothecation of Inventory/	5,224.64	5,594.10
Total - from banks	Book Debts	5,224.64	5,594.10

No Default in the Servicing of the facility availed.

Note 8 Trade payables

Trade Payables - Other than Acceptances	1,731.45	1,192.31
Total	1,731.45	1,192.31

**Note 9 Other current liabilities**

Particulars	₹ in Lakhs	
	As at 31 March 2012	As at 31 March 2011
9.1 Current maturities of long-term debt - Secured	2,074.97	1,750.79
9.2 Unpaid dividends	19.81	15.11
Total	2,094.78	1,765.90

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

Note 10 Short Term Provisions

10.1 Provision for tax (net of advance tax) (As At 31 March 2012 ₹ 61,000,000) (As at 31 March, 2011 ₹ 58,000,000)	94.05	120.00
10.2 Provision for proposed equity dividend	362.11	362.11
10.3 Provision for tax on proposed dividend	58.74	60.14
Total	514.90	542.25

Note 13 Long-term loans and advances

13.1 Security deposits		
Secured, considered good		
Unsecured, considered good	217.81	142.48
Doubtful	-	-
	217.81	142.48
Less: Provision for doubtful deposits	-	-
	217.81	142.48
13.2 Advance Income Tax	-	181.46
13.3 Balances with government authorities		
Unsecured, considered good		
13.3.1 Advance Sales tax	116.38	116.38
13.3.2 VAT credit receivable	499.49	214.98
	615.87	331.36
Total	833.68	655.30

Note: Long-term loans and advances - No dues from Directors, Officers of the Company, Firms in which any Director is a partner or any Private Limited Companies in which any Director is a Director

Note 14 Other non-current assets

14.1 Long Term Inventories (At lower of cost and net realisable value)		
14.1.1 Raw materials	169.66	173.00
14.1.2 Work-in-progress - Steel Forgings	91.96	57.57
Total	261.62	230.57
14.2 Other Assets		
14.2.1 Insurance claims	85.57	76.69
Total	347.19	307.26

Note 15 Inventories

(At lower of cost and net realisable value)

15.1 Raw materials	2,862.60	2,745.89
15.2 Work-in-progress - Steel Forgings	4,640.44	2,847.47
15.3 Stores and spares	772.14	572.07
15.4 Consumable Tools	248.45	189.79
Total	8,523.63	6,355.22

Notes forming part of the financial statements

Note 11 Fixed Assets

11.1 Tangible Assets	Gross block						
	Balance as at 1 April, 2011	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2012
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.1.1 Land	2103.34	1429.37	79.25	-	-	-	3453.46
11.1.2 Buildings	3055.18	325.85	-	-	-	-	3381.03
11.1.3 Plant and Equipment	24041.46	3972.66	-	610.06	113.97	-	28738.15
11.1.4 Furniture and Fixtures	111.58	13.77	-	-	-	-	125.35
11.1.5 Vehicles	230.48	144.09	16.43	-	-	-	358.14
11.1.6 Office equipment	854.84	6.93	-	-	-	-	861.77
Total	30396.88	5892.67	95.68	610.06	113.97	0.00	36917.90
Previous year	26835.67	3447.56	143.19	239.84	17.00	-	30396.88

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

Note 11 Fixed Assets (contd.)

11.2 Tangible Assets	Accumulated depreciation and impairment				Net Block		
	Balance as at 1 April, 2011	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Other adjustment	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.2.1 Land	0.00	0.00	-	-	0.00	3453.46	2103.34
11.2.2 Buildings	668.05	102.79	-	-	770.84	2610.19	2387.13
11.2.3 Plant and Equipment	14388.95	2088.09	-	-	16477.04	12261.11	9652.51
11.2.4 Furniture and Fixtures	64.30	10.89	-	-	75.19	50.16	47.28
11.2.5 Vehicles	114.16	27.99	12.84	-	129.31	228.83	116.32
11.2.6 Office equipment	595.41	79.42	-	-	674.83	186.94	259.43
Total	15830.87	2309.18	12.84	0.00	18127.21	18790.69	14566.01
Previous year	13852.95	1980.85	2.90	-	15830.90		



11.3 Depreciation and amortisation relating to continuing operations:

Particulars	For the year ended	For the year ended
	31 March, 2012	31 March, 2011
	₹	₹
Depreciation and amortisation for the year on tangible assets as per Note 12 A	2,309.18	1,980.85
Depreciation and amortisation for the year on intangible assets as per Note 12 B	-	-
Less: Utilised from revaluation reserve	-	-
Depreciation and amortisation relating to continuing operations	2,309.18	1,980.85

Note 12 Non-current investments

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted # ₹ in Lakhs	Unquoted # ₹ in Lakhs	Total ₹ in Lakhs	Quoted ₹ in Lakhs	Unquoted ₹ in Lakhs	Total ₹ in Lakhs
Investments (At cost):						
12.1 Trade	NIL	NIL	NIL	NIL	NIL	NIL
12.2 Other investments						
12.2.1 Investment in equity instruments - Fully Paid	11.02	NIL	11.02	11.02	NIL	11.02
Total - Other investments (12.2)	11.02	NIL	11.02	11.02		11.02
Less: Provision for diminution in value of investments			-			-
Total			11.02			11.02
Aggregate amount of quoted investments			11.02			11.02
Aggregate market value of listed and quoted investments			33.60			18.14



**Note 16 Trade receivables**

Particulars	₹ in Lakhs	
	As at 31 March 2012	As at 31 March 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	2,292.33	4,221.18
Doubtful		
	2,292.33	4,221.18
Less: Provision for doubtful trade receivables	-	-
Total	2,292.33	4,221.18

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

Note 17 Cash and cash equivalents

17.1 Cash on hand	-	-
17.2 Cheques, drafts on hand	-	-
17.3 Balances with banks		
17.3.1 In current accounts	57.94	44.50
17.3.2 In deposit accounts (Refer Note below)	83.76	77.84
Total	141.70	122.34

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 - Cash Flow Statement is ₹ 92.69 Lakhs. (As at 31st March 2011 ₹ 44.50 Lakhs)

Note: Balances with banks include deposits amounting to ₹ 49.01 Lakhs (As at 31 March, 2012) which have an original maturity of more than 12 months. (As at 31st March 2011- ₹ 77.84 Lakhs)

Note 18 Short-term loans and advances

18.1 Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	189.11	180.29
Doubtful	-	-
	189.11	180.29
Less: Provision for doubtful loans and advances	-	-
	189.11	180.29
18.2 Prepaid expenses - Unsecured, considered good	34.17	54.74
18.3 Balances with government authorities - Unsecured, considered good		
18.3.1 CENVAT credit receivable	2,045.00	1,399.64
18.3.2 VAT credit receivable	456.66	410.99
18.4 Others (specify nature)		
Secured, considered good		
Unsecured, considered good	7.17	19.16
Doubtful	-	-
	7.17	19.16
Less: Provision for other doubtful loans and advances	-	-
	7.17	19.16
Total	2,732.11	2,064.82

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

Note 19 Other current assets

19.1 Others		
19.1.1 Insurance claims	16.60	25.12
Total	16.60	25.12



Note 20 Revenue from operations		₹ in Lakhs	
Particulars		As at 31 March 2012	As at 31 March 2011
20.1	Sale of products	34,381.96	26,589.18
20.2	Other operating revenues	641.29	622.89
	Total	35,023.25	27,212.07
20.1.1	Sale of products comprises		
	<u>Manufactured goods</u>		
	Steel Forgings	34,381.96	26,589.18
	Total - Sale of products	34,381.96	26,589.18
20.2.1	Other operating revenues		
	Power Generated	641.29	622.89
	Total - Other operating revenues	641.29	622.89
Note 21 Other income			
21.1	Interest income from Bank Deposits	10.09	31.24
21.2	Dividend income: from long-term investments	0.97	1.25
21.3	Miscellaneous Income	0.25	1.31
	Total	11.31	33.80
Note 22 Cost of materials consumed			
	Opening stock	2,918.89	1,121.02
	Add: Purchases	16,639.24	13,105.80
		19,558.13	14,226.82
	Less: Closing stock	3,032.26	2,918.89
	Cost of material consumed	16,525.87	11,307.93
Material consumed comprises: Raw material Steel Billets			
Note 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade			
<u>Inventories at the end of the year:</u>			
	Work-in-progress	4,732.40	2,905.04
<u>Inventories at the beginning of the year:</u>			
	Work-in-progress	2,905.04	1,419.73
	Net (increase) / decrease	(1,827.36)	(1,485.31)
Note 24 Employee benefits expense			
24.1	Salaries and wages	2,602.74	2,643.53
24.2	Contributions to provident and other funds	178.01	146.85
24.3	Staff Gratuity	8.79	17.72
24.4	Staff welfare expenses	342.90	260.24
	Total	3,132.44	3,068.34
Note 25 Finance costs			
	Interest expense on: Borrowings	614.72	562.06
	Total	614.72	562.06

**Note 26 Other expenses**

Particulars	₹ in Lakhs			
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
26.1 Consumption of Stores			770.31	594.22
26.2 Consumption of Tools			704.46	589.60
26.3 Outside Labour			562.66	421.89
26.4 Power and fuel			4,485.86	3,436.59
26.5 Repairs and Maintenance				
26.5.1 Buildings	34.79	39.87		
26.5.2 Machinery	564.12	473.09		
26.5.3 Machinery Spares	<u>698.65</u>	<u>549.40</u>	1,297.56	1,062.36
26.6 Selling Expenses			401.91	323.37
26.6 Export Expenses				
26.7.1 Packing & Forwarding	453.84	298.40		
26.7.2 Freight	837.24	817.04		
26.7.3 Commission	461.04	441.37		
26.7.4 Warehousing Charges	355.74	300.82		
26.7.5 Others	<u>83.06</u>	<u>69.33</u>	2,190.92	1,926.96
26.8 Loss on fixed assets sold / scrapped / written off			0.10	0.40
26.9 Miscellaneous expenses			732.88	602.97
Total			11,146.66	8,958.36

Miscellaneous expenses includes payment to auditors comprising of :

As auditors - statutory audit	10.10	10.10
For taxation matters	1.20	0.75
Reimbursement of Expenses / Service Tax	3.58	1.40
Total	14.88	12.25

Note 27 Additional information to the financial statements**27.1 Contingent liabilities and commitments (to the extent not provided for)**

27.1.1 Contrinengt Liabilities - Foreign Bills Discounted with Bank	1,120.32	744.61
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Note 28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

NIL **NIL**

Note 29 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

29.1 Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:	NIL	NIL
29.2 The Directors of the Company are Directors/Partners of the following concerns:		

Other Directorship**Other Committee Memberships**

Name of the Company	Position	Name of the Company	Committee	Position
Shri. V. Narayanan				
Glaxo SmithKline Pharmaceuticals Ltd	Director	Tamilnadu Newsprint and Papers Ltd	Audit	Chairman
Sundram Fasteners Ltd.	Director	Glaxo SmithKline Pharmaceuticals Ltd	Remuneration	Member
Rane (Madras) Ltd	Director	Rane (Madras) Ltd	Audit	Chairman
Rane Holdings Ltd	Director	Sundram Fasteners Ltd	Audit	Member
Tamilnadu Newsprint and Papers Ltd	Director			
CAMS Advisory Board (Not Listed)	Director	Rane Holdings Ltd	Audit	Member
SANMAR Advisory Board (Not Listed)	Member			



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



Particulars	As at 31 March 2012	As at 31 March 2011		
29.3 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below	Receivable/ (Payable)	Receivable/ (Payable)		
Receivable/ (Payable) in Foreign Currency	NIL	NIL		
	For the year ended 31 March 2012	For the year ended 31 March 2011		
29.4 Value of imports calculated on CIF basis				
Raw materials	42.20	110.54		
Consumable Stores / Tools	82.09	51.52		
Machinery Spares	0.93	8.71		
Capital goods	390.40	827.75		
29.5 Expenditure in foreign currency				
Travelling	91.78	96.85		
Export Expenses	563.05	524.31		
Staff Training	0.38	-		
29.6 Details of consumption of imported and indigenous items				
	31st Mar 2012	31st Mar 2011		
<u>Imported</u>	₹ in Lakhs	%	₹ in Lakhs	%
Raw materials	42.20	0.26%	110.54	0.98%
Consumable Stores / Tools	82.09	5.57%	51.52	4.35%
Machinery Spares	0.93	0.13%	8.71	1.59%
	125.22		170.77	
<u>Indigenous</u>				
Raw materials	16,483.67	99.74%	11,197.39	99.02%
Consumable Stores / Tools	1,392.68	94.43%	1,132.30	95.65%
Machinery Spares	697.72	99.87%	540.69	98.41%
	18574.07		12870.38	
29.7 Earnings in foreign exchange				
Export of goods calculated on CIF basis			23,905.35	17,788.24

Note 30 Disclosures under Accounting Standards

Particulars	As at 31 March 2012	As at 31 March 2011
30.1 Details of government grants	Nil	Nil
30.2 Details of borrowing costs capitalised		
Borrowing costs capitalised during the year		
- as fixed assets / intangible assets / capital work-in-progress		
- as inventory	113.97	17.00
	-	-
30.3 - Claims against the Company not acknowledged as debts		
The Company has received claim from Commercial Taxes Department - Demanding a sum of ₹ 196.64 lakhs, on the ground that forgings falls under automobile components.		
In matters of similar nature, Sales Tax Appellate Tribunal has already deleted the demand by the department. Hence no provision is required in this regard. The Company has already paid a sum of ₹ 116.38 lakhs against the same, which is treated as advance refundable		

Note 31 Deferred Tax Liability

Tax Effect of Items constituting the same:-		
on difference between book balance and tax balance of Fixed Assets	1,005.16	812.51

**Cash Flow Statement for the year ended 31st March 2012** (₹ in lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2012
A Cash Flow From Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	3,857.67	3,805.72
<i>Adjustments for:</i>		
Depreciation and amortisation	2,309.18	1,980.85
(Profit) / Loss on sale / write off of assets	(724.62)	(952.08)
Finance costs	614.72	562.06
Interest income	(10.09)	(31.24)
Dividend income	(0.97)	(1.25)
	<u>2,188.22</u>	<u>1,558.34</u>
Operating Profit / (Loss) before working capital changes	6,045.89	5,364.06
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(2,168.41)	(1,979.93)
Trade receivables	1,928.85	(3,531.61)
Short-term loans and advances	(667.29)	-
Long-term loans and advances	(178.38)	-
Other current assets	8.52	236.45
Other non-current assets	(39.93)	20.00
<i>Adjustments for increase/(decrease) in operating liabilities</i>	-	-
Trade payables	539.14	(54.82)
Other current liabilities	328.88	-
Other long-term liabilities	1.63	-
	<u>(246.99)</u>	<u>(5,309.91)</u>
Cash generated from operations	5,798.90	54.15
Net income tax (paid) / refunds	1,015.55	725.37
Net cash flow from / (used in) operating activities (A)	4,764.35	(671.22)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(6,694.43)	(1,659.96)
Proceeds from sale of fixed assets	807.46	1,092.31
Interest received	10.09	31.24
Dividend received	0.97	1.25
Net cash flow from / (used in) investing activities (B)	(5,875.91)	(535.16)
C. Cash flow from financing activities		
Proceeds from long-term borrowings(Net)	2,518.35	(1,535.05)
Repayment of long-term borrowings(Net)		
Net increase / (decrease) in working capital borrowings	(369.46)	3,030.74
Repayment of other short-term borrowings		
Finance cost	(614.72)	(562.06)
Dividends paid	(362.11)	(181.06)
Tax on dividend	(60.14)	(30.77)
Net cash flow from / (used in) financing activities (C)	1,111.92	721.80
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	19.36	(484.58)
Cash and cash equivalents at the beginning of the year	122.34	606.92
Cash and cash equivalents at the end of the year	<u>141.70</u>	<u>122.34</u>
	19.36	(484.58)

In terms of our Report of even date

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

V.Narayanan
Chairman

Vidyashankar Krishnan
Managing Director

G.Ramesh Kumar
Partner
Membership no. 200 / 18663

N. Srinivasan
Director

Place : Kodaikanal
Date : 19 May 2012

V.Vaidyanathan
Director

J.Sumathi
Company Secretary



Cameo Corporate Services Limited

PROXY FORM

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

Folio No/ DP ID:

I/We.....resident of
.....being a member/members of the above named Company hereby
appoint.....resident of.....
..... as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to
be held at 'Narada Gana Sabha' (Mini Hall), 314, T.T.K.Road, Chennai - 600018, at 3:30 p.m. on Friday, the 03rd day of
August 2012 and at any adjournment thereof.

Signature



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

Cameo Corporate Services Limited

Change of Address

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

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

Dear Sirs,
Kindly take on record my address for your future communications.
Name and New Address :

To handover at the entrance of the Meeting Hall

Attendance Slip

Name of the attending Member _____

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

Member's of the Proxy _____

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

I, hereby record my presence at the 66th Annual General Meeting of M M Forgings Limited at 'Narada Gana Sabha' (Mini Hall), 314, T.T.K.Road, Chennai - 600018, at 3:30 p.m. on Friday, 03rd August, 2012.

Member's / Proxy Signature

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



Quality Forgings