



## **M M FORGINGS LIMITED**

Redg. Office : 'SVK Towers' A25, 8th Floor, Industrial Estate,  
Guindy, Chennai - 600 032

**72<sup>nd</sup> Annual Report**  
**and**  
**Accounts for the year ended 31.03.2018**



## **Notice To Shareholder**

**NOTICE** IS HEREBY GIVEN THAT THE **SEVENTY SECOND** ANNUAL GENERAL MEETING OF MM FORGINGS LIMITED will be held at Music Academy (Mini Hall) Old No. 306, New No. 168, T.T.K. Road, Royapettah, Chennai 600014 on Wednesday, 11 July 2018 at 11.30 A.M. to transact the following business:

### **ORDINARY BUSINESS:**

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

“RESOLVED that the Audited Financial Statements, including the Consolidated Financial Statements, of the Company for the year ended 31 March 2018 and the Board’s and Auditors’ Reports thereon, be and are hereby approved and adopted.”

### **SPECIAL BUSINESS**

2. **SELL, LEASE, MORTGAGE/CHARGE THE PROPERTIES SITUATED AT SINGAMPUNARI AND VIRALIMALAI:**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**.

“**RESOLVED THAT** in supersession of the Special Resolution passed by Postal ballot declared on 24 August, 2014 pursuant to the provisions of section 180(1)(a) of the Companies Act 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the consent of the members be and is hereby accorded to the Board of Directors of the Company to sell, lease, mortgage / charge all or any of the immovable and movable properties of the Company both present and future situated at Singampunari and Viralimalai, on such terms and conditions, as may be agreed to between the Board and Lender(s) to secure the loans / borrowings obtained or as may be obtained, which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding ₹ 1500 crores (Rupees One Thousand Five Hundred Crores only) at any one time.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion may deem fit, necessary, proper and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

3. **INCREASE IN THE BORROWING LIMITS OF THE COMPANY :**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**

“**RESOLVED THAT** in supersession of the Special Resolution passed by Postal ballot declared on 24 August, 2014 pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors for borrowing any sum or sums of money from time to time whether in Indian Rupees or foreign currency (including external commercial borrowings in foreign denominated currencies, including from any foreign source / countries as prescribed by guidelines, if any in this respect) from any one or more Company’s bankers and /or from any one or more persons, bodies corporate, financial institutions, banks or other acceptable source whether by way of advances, loans, or otherwise and whether unsecured or secured notwithstanding that the moneys to be borrowed together with moneys already borrowed by the



Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding shall not exceed the sum of ₹ 1500 crores ( Rupees One Thousand Five Hundred crores only) at any one time."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

#### **4. INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE COMPANY AND CONSEQUENT ALTERATION IN THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY**

To consider and, if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**

**"RESOLVED THAT** pursuant to the provisions of Sections 13, 14, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the provisions of the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded for increase in the Authorized Share Capital of the Company from ₹ 15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakhs) equity shares of ₹ 10 (Rupees Ten only) each to ₹ 30,00,00,000 (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores) equity shares of ₹ 10 (Rupees Ten only) each and that the existing Clause V of the Memorandum of Association of the Company be replaced with the following new Clause V:

**"V.** The Capital of the Company is ₹ 30,00,00,000 divided into 3,00,00,000 Equity Shares of Rs.10/- each with power to increase or reduce such capital as per provisions of the Companies Act and to issue the same as Equity Shares.

**"RESOLVED FURTHER THAT** that the existing Article 5 of the Articles of Association of the Company be replaced with the following new Article 5:

**"5.** The Authorized Capital of the Company is ₹ 30,00,00,000 divided into 3,00,00,000 Equity Shares of ₹ 10/- each. "

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

#### **5. ISSUE OF BONUS SHARES BY WAY OF CAPITALISATION OF RESERVES**

To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of Section 63 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 14 of the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Foreign Exchange Management Act, 1999, Securities and Exchange Board



of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Article 60 of Articles of Association of the Company and subject to such approvals, consents, permissions and/or sanctions as may be required from the appropriate authorities, institutions or bodies (hereinafter collectively referred to as the “concerned authorities”) and subject to fulfilment of such conditions, if any, as may be required to be fulfilled in obtaining, or as may be stipulated by the concerned authorities from time to time in granting, any such approvals, consents, permissions or sanctions, consent of the members of the Company be and is hereby accorded for capitalization of such sum standing to the credit of General Reserve account or such other account as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board in this regard) for distribution among the members of existing fully paid equity shares of ₹ 10/- each of the Company, issue of fully paid up bonus shares of ₹ 10 (Rupees Ten only) each in the proportion of One equity share for every One equity share held by the members of the Company whose names appear in the Register of Members maintained by the Company/List of Beneficial Owners of the Depository as on the record date to be determined by the Board”.

**“RESOLVED FURTHER THAT** all such new shares as and when issued shall be subject to the provisions of Memorandum and Articles of Association of the Company and shall rank *pari passu* with the existing equity shares of the Company in all respects.”

**“RESOLVED FURTHER THAT** no letter of allotment shall be issued to the allottees of the new equity bonus shares. Share certificate(s) in respect of the new equity bonus shares shall be issued and dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, or the new equity bonus shares shall be credited to the demat account of the allottees, as the case may be”.

**“RESOLVED FURTHER THAT** the allotment of the new equity bonus shares to the extent that they relate to non-resident members of the Company, shall be subject to the approval, if any, of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 as may be deemed necessary.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required and as it may in its sole and absolute discretion deem necessary, expedient or incidental in regard to issue of bonus shares, filing of any documents with the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed, Depositories, Ministry of Corporate Affairs and/ or any concerned authorities, applying and seeking necessary listing approvals from the Stock Exchanges, and to settle any question, difficulty or doubt that may arise in regard thereto.”

#### **6. REAPPOINTMENT OF SHRI VIDYASHANKAR KRISHNAN AS MANAGING DIRECTOR:**

To consider and if thought fit, to pass, with or without modification, the following as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary, consent of the Members be and is hereby accorded to the appointment of Shri. Vidyashankar Krishnan (holding DIN 00081441) be re-appointed as Managing Director for a period of five years with effect from 01 September 2018 terms and conditions including remuneration as set out in the explanatory statement of the notice and with further liberty to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time to alter the said terms and conditions of appointment and remuneration of Shri Vidyashankar Krishnan in



the best interests of the Company and as may be permissible at law, and will retain the designation as Vice Chairman and Managing Director”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution.”

None of the Directors except Shri Vidyashankar Krishnan himself and Shri K. Venkatramanan, brother of Shri Vidyashankar Krishnan, are concerned or interested in the said appointment.

**7. REAPPOINTMENT OF SHRI K VENKATRAMANAN AS JOINT MANAGING DIRECTOR:**

To consider and if thought fit, to pass, with or without modification, the following as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary, consent of the Members be and is hereby accorded to the appointment of Shri. K. Venkatramanan (holding DIN 00823317) be re-appointed as Joint Managing Director for a period of five years with effect from 01 September 2018 on the terms and conditions including remuneration as set out in the explanatory statement of the notice and with further liberty to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time to alter the said terms and conditions of appointment and remuneration of Shri K. Venkatramanan in the best interests of the Company and as may be permissible at law,”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution.”

None of the Directors except Shri K. Venkatramanan himself and Shri Vidyashankar Krishnan brother of Shri K. Venkatramanan, are concerned or interested in the said appointment.

**8. REAPPOINTMENT OF SHRI N. SRINIVASAN AS AN INDEPENDENT DIRECTOR**

To consider and if thought fit, to pass, with or without modification, the following as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri. N. Srinivasan (holding DIN 00116726), Director of the Company whose period of office expires by 31 March 2019 shall be reappointed as an Independent Director of the Company and shall hold office for five consecutive years from 01 April 2019 and the provisions of Sec.152 (6) and (7) in respect of retirement of directors by rotation shall not be applicable to appointment of Shri. N Srinivasan as an Independent Director.”

**“RESOLVED FURTHER** subject to the approval of shareholders and subject to the provisions of Companies Act, 2013, and other applicable provisions, if any (including any amendment thereto), Shri. N. Srinivasan, be paid, in addition to the sitting fees for attending the meetings of Board or Committee thereof, a Commission from the net profit of the Company, for a period of five years commencing from 01 April 2019 as may be decided by the Board from time to time.”

**9. REAPPOINTMENT OF SHRI V VAIDYANATHAN AS AN INDEPENDENT DIRECTOR**

To consider and if thought fit, to pass, with or without modification, the following as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable



provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri. V. Vaidyanathan (holding DIN 00081792), Director of the Company whose period of office expires by 31 March 2019 shall be reappointed as an Independent Director of the Company and shall hold office for five consecutive years from 01 April 2019 and the provisions of Sec.152 (6) and (7) in respect of retirement of directors by rotation shall not be applicable to appointment of Shri. V. Vaidyanathan as an Independent Director."

**"RESOLVED FURTHER** subject to the approval of shareholders and subject to the provisions of Companies Act, 2013, and other applicable provisions, if any (including any amendment thereto) Shri. Vaidyanathan, be paid, in addition to the sitting fees for attending the meetings of Board or Committee thereof, a Commission from the net profit of the Company, for a period of five years commencing from 01 April 2019 as may be decided by the Board from time to time."

#### **10. REAPPOINTMENT OF SHRI A GOPALAKRISHNAN AS AN INDEPENDENT DIRECTOR**

To consider and if thought fit, to pass, with or without modification, the following as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri. A. Gopalakrishnan (holding DIN 06414546), Director of the Company whose period of office expires by 31 March 2019 shall be reappointed as an Independent Director of the Company and shall hold office for five consecutive years from 01 April 2019 and the provisions of Sec.152 (6) and (7) in respect of retirement of directors by rotation shall not be applicable to appointment of Shri. A. Gopalakrishnan as an Independent Director."

**RESOLVED FURTHER** subject to the approval of shareholders and subject to the provisions of Companies Act, 2013, and other applicable provisions, if any (including any amendment thereto), Shri A. Gopalakrishnan, be paid, in addition to the sitting fees for attending the meetings of Board or Committee thereof, a Commission from the net profit of the Company, for a period of five years commencing from 01 April 2019 as may be decided by the Board from time to time."

#### **11. RATIFICATION OF REMUNERATION PAID TO THE COST AUDITOR**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION** :

**"RESOLVED THAT,** subject to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules 2014 (including any amendment therein) the reappointment of Shri S. Hariharan, (CP No. 20864) Cost Accountants, Tiruchirappalli, as Cost Auditor to audit the cost records maintained by the Company for the Financial Year 2018-19 on a remuneration of ₹ 60,000 plus Out of pocket expenses of ₹ 15,000, totalling ₹ 75,000 and future remuneration as may be decided by the Board be and is hereby ratified."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution"

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

Place : Chennai  
Date : 28 May 2018

**J.SUMATHI**  
Company Secretary  
Membership No. 8621



**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013****ITEM NO. 2**

For creation of security through mortgage or pledge or hypothecation or otherwise or through combination for securing the limits as may be sanctioned by the lenders, for the loans to be sanctioned by any one or more Company's bankers and /or by any one or more persons, bodies corporate, or financial institutions or banks, the Company would be required to secure all or any of the movable and immovable properties of the Company present and future situated at Singampunari and Viralimalai. Section 180(1)(a) of the Companies Act, 2013, necessitates the members to pass a Special Resolution authorising the Board of Directors or its Committees to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company as aforesaid to the lenders including creation of charges on the property of the company if any.

This resolution is an enabling resolution.

The Board recommends the Resolution as set out in item no. 2 of the Notice for approval of the Members as a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 2.

**ITEM NO. 3**

In terms of provisions of section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in a general meeting by Special Resolution, borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed the aggregate of its paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business and or to create charge on the assets of the company, including movable and immovable properties wherever situate, both present and future.

The members by way of Postal Ballot, on 27 August 2014, had accorded their consent by way of an Special Resolution under section 293(1)(d) of the Companies Act, 1956 as applicable at that time, to the Directors for borrowing moneys up to a limit of ₹ 500 crores (excluding temporary loans obtained from the Company's bankers in the ordinary course of business). Approval of the members is now sought in accordance with the provisions under section 180(1)(c) of the Companies Act 2013, wherein a special resolution is necessary to enhance the present limit of ₹ 500 crores to ₹ 1500 crores and also to create charge on the assets of the company, including movable and immovable properties wherever situated, both present and future.

This resolution is an enabling resolution.

The Board recommends the Resolution as set out in item no. 3 of the Notice for approval of the Members as a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 3.

**ITEM NO. 4 AND 5**

The equity shares of your Company are listed and actively traded on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). With a view to encourage the participation of small investors by making equity shares of the Company affordable, increasing the liquidity of the equity shares and to expand the retail shareholders' base, the Board of Directors at its meeting held on 28 May 2018 considered, approved and recommended a bonus issue of One equity shares for every One equity share held as on the 'record date' to be determined by the Board by capitalizing a part of the amount standing to the credit of General Reserve account or such other account as may be considered appropriate by the Board of Directors of the Company.



The current authorized share capital of your Company is ₹15 Crores (Rupees Fifteen Crores only) divided into 1.5 Crores equity shares of ₹ 10 (Rupees Ten only).

The issue of bonus shares as aforesaid would require increase in the authorized share capital of the Company and consequential alteration to the existing Clause V of the Memorandum of Association of the Company. The Board of Directors at its meeting held on 28 May 2018 has proposed to increase the authorized share capital to ₹ 15 Crores (Rupees Fifteen Crores only) divided into 1.5 Crores (One Crore Fifty Lakhs) equity shares of ₹ 10 (Rupees Ten only) each.

Pursuant to the provisions of Sections 13, 61, 63 and other applicable provisions of the Companies Act, 2013, increase in the authorised share capital, alteration of the capital clause of the Memorandum and Articles of Association and capitalisation of the reserves for the purpose of issue of bonus shares of the Company requires approval of the members.

#### **THE RECORD DATE FOR ISSUE OF BONUS SHARES : 19 JULY 2018**

The Board recommends the Resolutions as set out in item no 4 as a Special Resolution and Item no.5 of the he Notice for approval of the Members as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the resolutions set forth in Item No. 4 and 5 of this Notice except to the extent of their shareholding and held by them in the Company.

#### **ITEM NO. 6 AND 7**

The tenure for both Shri Vidyashankar Krishnan as Managing Director and Shri K. Venkatramanan as Joint Managing Director expires on 31 August 2018, Re-appointment of Shri Vidyashankar Krishnan (holding DIN 00081441) as Managing Director and Shri K. Venkatramanan (holding DIN 00823317) as Joint Managing Director of the Company with effect from 01 September 2018 for a period of five years was recommended in Nomination & Remuneration Committee Meeting held on 28 May 2018 which was subject to the approval of the shareholders.

Accordingly, a Special Resolution is submitted for your consent.

Details of remuneration payable to each of the Managerial Personnel:

1. Salary : ₹ 15,00,000 per month
2. Commission: As may be decided by the Nomination and Remuneration Committee, subject to the overall limit(s) prescribed under the Act.
3. PERQUISITES
  - 3.1 Housing:
    - i. The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary.
    - ii. The amount(s) paid by the Company on gas, electricity, water, furniture, furnishings and other utilities will be evaluated as per Income Tax Rules, 1962.
    - iii. Wherever the Company does not provide accommodation, House Rent Allowance may be paid in accordance with (i) above;
    - iv. Where accommodation in a Company owned house is provided, the Company will charge 10% of his salary by way of rent.
  - 3.2 Medical reimbursement: Expenses incurred for self and family including premium payable for medical insurance in accordance with the rules of the Company.





Explanation: "Family" means the spouse, dependent children and dependent parents of the appointee.

- 3.3 Personal Accident Insurance as per the rules of the Company.
- 3.4 Leave Travel Assistance for self and family once in a year in accordance with the rules of the Company.
- 3.5 Payment of company's contributions to Provident Fund / Pension Fund / Superannuation Fund / Gratuity Fund and encashment of leave (at the end of the tenure) shall not be included in the computation of remuneration or ceiling on the perquisites.
- 3.6 Fees for clubs, subject to a maximum of three clubs
- 3.7 Provision of chauffeur driven company cars.
- 3.8 Provision of telephone (s) at the residence of the Director.
- 3.9 Such other allowances, perquisites, benefits and amenities, as may be provided by the Company to other senior executives from time to time.
- 3.10 Tax on non-monetary perquisites to be paid by the Company.
- 3.11. For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same shall be evaluated at actual cost.
- 4. The Board of Directors are authorised to enhance the salary and perquisites as above, not exceeding 15% each year.
- 5. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limit from time to time under Section 197, Section 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.

The Board recommends the Resolutions as set out in item nos. 6 and 7 of the Notice for approval of the Members as a Special Resolution.

None of the Directors except Shri Vidyashankar Krishnan and Shri K. Venkatramanan may be concerned or interested in the resolutions set out at Item 6 and 7

#### **ITEM NO. 8 TO 10**

As per the provisions of Section 149, Section 152 and Schedule IV of the Companies Act, 2013 read with rules thereunder, the Company had appointed Shri. N. Srinivasan, Shri V. Vaidyanathan and Shri. A. Gopalakrishnan, as Independent Directors as per the requirement of the Companies Act, 2013 at the 68<sup>th</sup> Annual General Meeting of the Company held on 27 August 2014 for a term of 5 years, with effect from 01 April 2014 to 31 March 2019. Since, the three Independent Directors of the Company have completed one term, they are further eligible for re-appointment for one more term. The Performance evaluation of the Independent Directors were conducted by the entire Board (excluding the Director being evaluated) on the basis of criterias such as Transparency, Analytical Capabilities, Performance, Leadership, Ethics and ability to take balanced decisions regarding stakeholders, etc. Accordingly, based on the performance evaluation of the Independent Directors, the Nomination & Remuneration Committee and Board of Directors of the Company at their meeting held on 28 May 2018, have approved and recommended the reappointment of the aforesaid Independent Directors, for a second term as provided in the resolutions, and they shall not be liable to retire by rotation at the Annual General Meeting as provided under Section 152(6) of the Companies Act, 2013.

The Company has received declarations from all the Independent Directors confirming that they meet with the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies



Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, they fulfill the conditions specified in the said Act for re-appointment as Independent Directors. The Company has also received notice pursuant to Section 160 of the Companies Act, 2013 from members proposing the candidature for appointment of aforesaid Independent Directors.

Shri N. Srinivasan (DIN 00116726) : Shri N. Srinivasan an Independent Director is 73 years old. He is eligible for re-appointment as Director for a period of five consecutive years from 01 April 2019. Although Shri N. Srinivasan will be completing 75 years subsequently during the tenure of his Directorship 2019-2024, it is desirable to appoint him, keeping in view his rich and varied experience in the Industry and due to his involvement in the operations of the Company over a long period of time. It would be in the interest of the Company to continue the employment of Shri N. Srinivasan as an Independent Director.

Shri. V. Vaidyanathan (DIN 00081792), Independent Director is already completed 75 years. He is eligible for re-appointment as a Director for a period of five consecutive years from 01 April 2019. Since, he is in the Board from 1979 and has taken active part in all activities including expansion and implementation of all projects started by the company, his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Vaidyanathan as an Independent Director.

Shri . A. Gopalakrishnan (DIN 06414546): Shri . A. Gopalakrishnan an Independent Director is 73 years old. He is eligible for re-appointment as Director for a period of five consecutive years from 01 April 2019. Although Shri . A. Gopalakrishnan will be completing 75 years subsequently during the tenure of his Directorship 2019-2024, it is desirable to appoint him, as he has vast experience in manufacturing and project implementation of forging facilities and all round experience of a forging plant. His immense knowledge about Forging Industry has benefited the company. It would be in the interest of the Company to continue the employment of Shri A. Gopalakrishnan as an Independent Director.

The Board recommends the Resolutions as set out in item nos. 8 to 10 of the Notice for approval of the Members as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are in any way concerned or interested in the Resolutions, as set out in item nos. 8, 9 and 10 of the Notice.

#### **ITEM NO. 11**

Pursuant to the provisions contained in Rule 14 of the Companies (Audit and Auditors) Rules 2014, the appointment and remuneration paid to Shri S. Hariharan, cost auditor appointed at the Board meeting dated 28<sup>th</sup> May 2018, ought to be ratified by the shareholders subsequently.

Accordingly, consent of the members is sought for passing the resolution as set out in the Notice for ratification for the financial year ending 31 March 2019.

The Board recommends the Resolutions as set out in item no. 11 of the Notice for approval of the Members as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 11

The above resolution does not affect any other company.

**IMPORTANT NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. **PURSUANT TO SECTION 105 OF THE COMPANIES ACT, 2013, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
4. Under Section 124 of the Companies Act, 2013 and the Rules therein, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred ' 3,51,770/-, pertaining to the interim dividend for the year 2009-10 on 25 October 2017, to the Investor Education and Protection Fund of the Central Government. Those shareholders who have not claimed, can claim from the Government.

The Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2011 – 2017, as on the date of the 71<sup>st</sup> Annual General Meeting (AGM) held on 26 September 2017 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the Website of the Company, [www.mmforgings.com](http://www.mmforgings.com). Members who have not encashed their dividend, are advised to write to the Company immediately claiming dividends declared by the Company.

The Shares of which the dividend has been unclaimed for a period of 7 years has been transferred to a separate IEPF demat account of the Government. The details of those shares which shall be transferred to the Government is available in the company's website. Those shareholders can claim the shares from the Government after following the procedure prescribed.

5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
7. Details under SEBI (LODR), in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.



8. Electronic copy of the Annual Report for 2018 will be sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2018 is being sent in the permitted mode.
9. Electronic copy of the Notice of the 72<sup>nd</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 72<sup>nd</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
10. Shareholders seeking any information with regard to accounts are request to send their queries at least 7 days before the meeting so as to enable the company to keep the information ready.
11. Member / Proxy holder should bring the attendance slip duly filled in voting through electronic means for attending the meeting.

**12 Re-appointment of Directors:**

Pursuant to Regulations 36(3) of SEBI (LODR) and Secretarial Standard 2 issued by ICSI, following information is furnished:

**12.1 Profile of Non Executive Directors:**

As per the provisions of Section 149, Section 152 and Schedule IV of the Companies Act, 2013 read with rules thereunder, the Company had appointed Shri. N. Srinivasan, Shri V. Vaidyanathan and Shri. A. Gopalakrishnan, as Independent Directors as per the requirement of the Companies Act, 2013 at the 68<sup>th</sup> Annual General Meeting of the Company held on 27 August 2014 for a term of 5 years, with effect from 01 April 2014 to 31 March 2019. Since, the three Independent Directors of the Company have completed one term, they are further eligible for re-appointment for one more term.

Hence, their reappointment will be made for a period of 5 years wef., 01 April 2019

**12.1.1 Shri N. Srinivasan :**

- Shri N. Srinivasan (DIN 00116726), has been on the Board of MM Forgings Limited since the Company went public in 1994.
- He is the Chairman of the Audit Committee.
- Shri N. Srinivasan is a Post Graduate in Chemical Engineering from Illinois Institute of Technology, USA. He is presently the Vice Chairman and Managing Director of The India Cements Limited, a major corporate entity in South, with turnover of around ₹ 5,000 crores whose activities span Cement, Sugar, Trading and Finance.
- Shri N. Srinivasan does not hold any shares in the company.
- The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri N. Srinivasan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri N. Srinivasan as an Independent Director, for the approval by the shareholders of the Company.
- Disclosure of relationship between Director interse - Nil
- Other Directorship - Refer Notes on accounts

**12.1.2 Shri V.Vaidyanathan:**

- Shri. V. Vaidyanathan (DIN 00081792) is a Director of this company since 1979 and has taken active part in all activities including expansion and implementation of all projects started by the company.
- As a Technocrat Executive, he had established a 100% EOU which has the largest manufacturing facility in the world for the production and computer chip packaging with Japanese collaboration. He is the Member of the Board of Medical Research Foundation for 31 years, which is running the famous Sankara Nethralaya for 35 years.
- He was involved in the development of high capacity diesel engine components machining, such as Crankshaft, Camshaft, Con. Rod, etc. in a very reputed diesel engine manufacturing company in the country.



- He has set up number of component manufacturing units for automobile plants in various parts of the country. These units were manufacturing automobile components ranging from small forgings and castings to big components such as, Crankcase, Oil sump, Water Pump, Cylinder Block, etc. He has wide experience in setting up facilities for heat treatment plants, windmill plants, captive generator plants, to name a few.
- Shri Vaidyanathan holds 6000 shares (0.05%) in the company.
- He is the Chairman of the Stakeholders Relationship Committee and Nomination and Remuneration Committee of the company.
- He is a member of the Audit Committee and CSR Committee.
- The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Vaidyanathan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Vaidyanathan as an Independent Director, for the approval by the shareholders of the Company.
- Disclosure of relationship between Director interse - Nil
- Other Directorship - Refer Notes on accounts

#### **12.1.3 Shri A. Gopalakrishnan:**

- Shri A. Gopalakrishnan (DIN 06414546) has an overall industrial experience of 45 years. He started his career in the Central Tool Room of the Aircraft Division of Hindustan Aeronautics Ltd., Bangalore. Thereafter he was moved to their Foundry and Forge Division. He served 17 years at Hindustan Aeronautics Ltd. at various positions in different departments of the Foundry and Forge Division and resigned as Engineer and joined with Steel and Industrial Forgings Ltd, Thrissur, also a public sector company. He joined M M Forgings Ltd and has ultimately retired from the corporate role of Executive Director-Operations, wherein he was responsible for all manufacturing activities.
- He holds a Mechanical Engineering Diploma, and has successfully undergone various important technical training including, an Advanced Training in Metal Forming and Machine building Technology, conducted by the United Nations Industries Development Organisation at Moscow, representing India, for 3 months and was adjudged as the meritorious candidate among the 15 candidates who attended the training from 10 countries.
- Shri A. Gopalakrishnan holds 800 (0.01%) shares in the company.
- He is a member of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and CSR Committee.
- The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri A. Gopalakrishnan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri A. Gopalakrishnan as an Independent Director, for the approval by the shareholders of the Company.
- Disclosure of relationship between Director interse - Nil
- Other Directorship - Refer Notes on accounts

#### **12.2 Profile of Executive Directors**

##### **12.2.1 Shri. Vidyashankar Krishnan:**

- A brief resume and nature of expertise :  
Mr. Vidyashankar Krishnan ( DIN 00081441) is a Post Graduate in Engineering from I.I.T., Chennai. He has 30 years of experience. He served in the Board since April 1997. In February 1999 he became the Managing Director. His accomplishments include major expansion at Viralmalai Plant, setting up of new Plant near Chennai, setting up of Wind farm and also Company's foray into machined components. The Company has posted considerable growth under his stewardship. He has got vast experience in Manufacturing of Forgings, Finance Accounts, legal etc.
- Relationship with other Directors Manager and KMP of the Company:  
Shri Vidyashankar Krishnan is brother of Shri K. Venkatramanan Joint Managing Director
- Other Directorships of listed entities : Nil
- No. of shares held in the Company : 1360120 shares



**12.2.2 Shri K. Venkatramanan:**

- A brief resume and nature of expertise:  
Mr. K. Venkatramanan (DIN 00823317) has a Bachelor of Engineering degree. He has 27 years of experience. He joined the Board as an Additional Director of the Company on 21st April 1997. With effect from February 24, 1999 he became the Joint Managing Director in this Company. He has been responsible for the tremendous growth in the sales and profits of the company. His accomplishments include a 10 fold increase in export sales.
- Relationship with other Directors Manager and KMP of the Company:  
Shri K. Venkatramanan is brother of Shri Vidyashankar Krishnan, Managing Director
- Other Directorships of listed entities : Nil
- No. of shares held in the Company : 1292480 shares

**13. The instructions for shareholders voting electronically are as under:**

- (i) **The voting period begins on Sunday 8 July 2018 at 10 a.m. and ends on Tuesday 10 July 2018 at 5.00 p.m.**  
**During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 4 July 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

**(viii) If you are a first time user follow the steps given below:**

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department(Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>





- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e- voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) **Note for Non – Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
  14. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.



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

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

CIN: L51102TN1946PLC001473

Name of the company: M M FORGINGS LIMITED

Registered office: 'SVK Towers', 8th Floor, A 25, Industrial Estate, Guindy, Chennai - 600032

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

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

- Name : .....  
Address : .....  
E-mail ID : ..... Signature : .....or failing him,
- Name : .....  
Address : .....  
E-mail ID : ..... Signature : .....or failing him,
- Name : .....  
Address : .....  
E-mail ID : ..... Signature : .....or failing him,

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual general meeting of the company, to be held at Music Academy (Mini Hall) Old No. 306, New No. 168, T.T.K. Road, Royapettah, Chennai 600014 on Wednesday, 11 July 2018 at 11.30 A.M. and at any adjournment thereof in respect of all the resolutions as are indicated below:

SL. No.	RESOLUTIONS	For	Against
	Ordinary Business		
1	Ordinary Resolution : For adoption of Audited Financial Statements for the year 31 March 2018		
	Special Business		
2	Sell, Lease, Mortgage/Charge The Properties Situated At Singampunari And Viralmalai:		

SL. No.	RESOLUTIONS		
		For	Against
3.	Increase In The Borrowing Limits Of The Company :		
4.	Increase In The Authorized Share Capital		
5.	Issue of Bonus Shares		
6.	Re-appointment of Shri Vidyashankar Krishnan (DIN : 00081441) as Managing Director		
7.	Re-appointment of Shri K Venkatraman (DIN : 00823317) as Jt Manaing Director		
8.	Re-appointment of Shri N Srinivasan (DIN : 00116726) as an Independent Director		
9.	Re-appointment of Shri Vaidyanathan (DIN : 00081792) as an Independent Director		
10.	Re-appointment of Shri A Gopalakrishnan (DIN : 06414546) as an Independent Director		
11	Ordinary Resolution: Ratifying the appointment of Cost Auditor, Shri. S. Hariharan		

Signed this

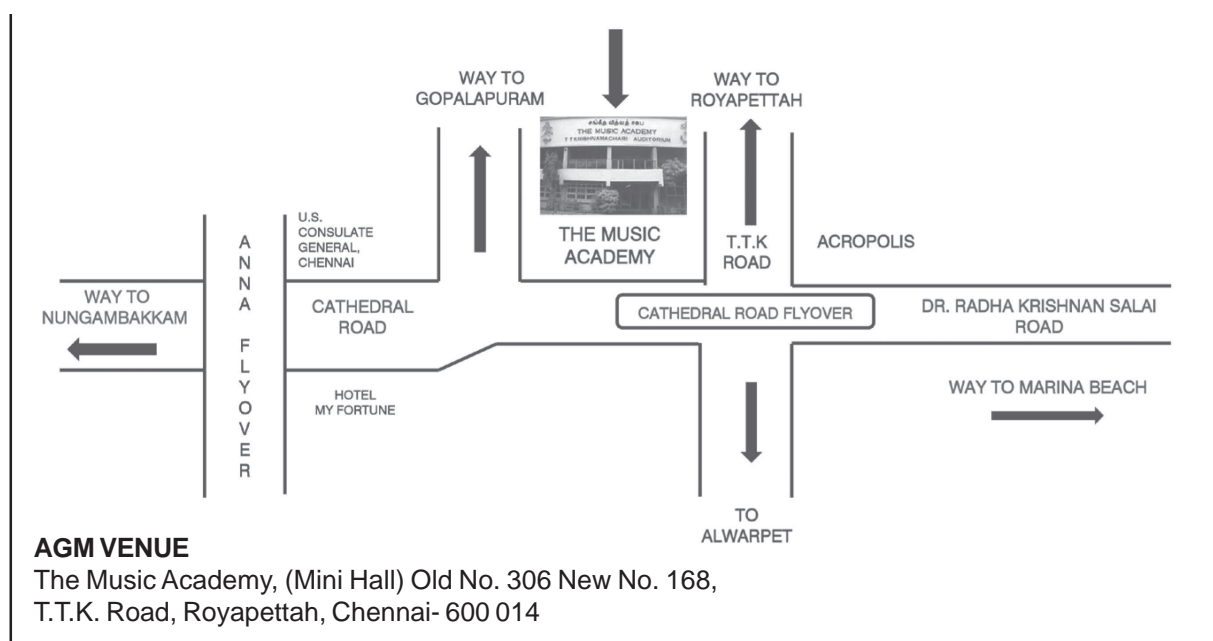
Signature of shareholder

Affix 1/-  
Revenue  
Stamp

Signature of Proxy holder(s)

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

## Route map to AGM venue



**Cameo Corporate Services Limited**

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

**Change of Address (physical shares)**

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

Dear Sirs,

Kindly take on record my address for your future communications.

Name and New Address : \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

To handover at the entrance of the Meeting Hall

**Attendance Slip**

Name of the attending Member \_\_\_\_\_

Member's Folio No/ DP Id - Client 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 72<sup>nd</sup> Annual General Meeting of M M Forgings Limited at Music Academy (Mini Hall)  
Old No. 306, New No. 168, T.T.K. Road, Royapettah, Chennai 600014 on Wednesday, 11 July 2018 at 11.30 A.M.

\_\_\_\_\_  
Member's / Proxy Signature

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

**E-VOTING PARTICULARS**

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

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

<b>Commencement of e-voting</b>	<b>End of e-voting</b>
<b>Sunday 08 July 2018 at 10.00 a.m.</b>	<b>Tuesday 10 July 2018 at 5.00 p.m.</b>



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## Board of Directors

### **Chairman**

Shri. N. Srinivasan

### **Vice Chairman and Managing Director**

Shri. Vidyashankar Krishnan

### **Company Secretary**

Smt. J. Sumathi

### **Chief Financial Officer**

Shri. R.Venkatakrishnan

### **Registered Office**

'SVK Towers'

A25, 8th Floor, Industrial Estate,

Guindy, Chennai - 600 032

Phone : 044 -71601000

Fax No. 044- 71601010

E-mail : mmforge@mmforgings.com

### **Factories**

Singampunari – 630 502, Tamil Nadu

Viralimalai – 621 316, Tamil Nadu

Karanaithangal Village, Mathur Post – 602 105

Sriperumbudur Taluk, Kancheepuram District

### **Windfarm**

Panakudi, Tirunelveli District, Tamilnadu

Meenakshipuram, Theni District, Tamilnadu

Kulasekharamangalam, Sankaran Koil Taluk,

Tirunelveli -627756

Kallapalayam, Coimbatore District

### **Solar site**

Bommakkotai/ Kalayar Karisalkulam

Village, Aruppukottai - 626105

Virudhunagar District

Roof Top, Viralimalai

### **Bankers**

#### **State Bank of India**

FB,155, Anna Salai, Chennai – 600 002

#### **Citibank N.A**

163, Anna Salai, Chennai - 600002

### **Directors**

Shri. V. Vaidyanathan

Shri. A. Gopalakrishnan

Smt. Kavitha Vijay

### **Jt. Managing Director**

Shri. K. Venkatramanan

### **Statutory Auditors**

Shri G. R. Naresh Kumar

Membership No. 215577

GRNK & Co.

26/5, Akila Lands, Ganapathy Colony (South)

Thiruvanaikoil Post, Tiruchirapalli – 620 005

Phone No. 0431 4012931

Firm Registration No.: 016847S

### **Internal Auditor**

Shri. N. Ramnath

### **Cost Auditor**

Shri. S. Hariharan

Sri Sapthagiri Homes

S.S. IInd Floor, Pulimandapam Road,

Srirangam, Trichy - 620006

### **Secretarial Auditor**

Shri. V Shankar

2-1-2 B Block First Floor

Greata Pearl Apartments, 174/206,

Choolaimedu High Road, Chennai - 600 094

Ph : 044 23728925 C P No. 12974

### **Share Transfer Agents**

#### **Cameo Corporate Services Limited**

'Subramanian Building', Fifth Floor

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

Phone : 044 - 28460390—94

#### **DBS Bank**

806, Anna Salai, Chennai - 600002

#### **HDFC Bank Ltd**

No. 115, Dr. Radhakrishna Salai,

Mylapore, Chennai – 600 004



## PERFORMANCE HISTORY

(₹ in lakhs)

DESCRIPTION / YEAR	FY 10	FY 11	FY12	FY13	FY 14	FY 15	FY 16	FY 17	FY 18
INCOME									
Sales - Exports	10417.74	18294.07	23905.35	25396.52	29112.09	35059.10	33743.07	29314.40	35559.47
- Domestic	5426.22	8295.11	10476.61	9627.13	10961.82	13891.22	15162.74	16728.26	24531.62
- Total	<b>15843.96</b>	<b>26589.18</b>	<b>34381.96</b>	<b>35023.65</b>	<b>40073.91</b>	<b>48950.32</b>	<b>48905.81</b>	<b>46042.66</b>	<b>60091.09</b>
Other Operating Income	598.47	622.89	641.29	1088.14	1069.56	1303.08	1320.07	1797.02	1970.63
Other Income	114.15	985.88	735.93	51.29	315.88	241.28	541.24	1126.77	1229.28
<b>TOTAL INCOME</b>	<b>16556.58</b>	<b>28197.95</b>	<b>35759.18</b>	<b>36163.08</b>	<b>41459.35</b>	<b>50494.68</b>	<b>50767.12</b>	<b>48966.45</b>	<b>63291.00</b>
Operating Profit	2938.55	6318.08	6566.97	5783.49	8200.09	11281.19	11290.82	10321.07	13673.41
Profit After Tax	1041.66	2971.09	2675.46	2444.96	2931.90	5054.82	5008.84	4342.22	6850.73
Reserves & Surplus	9177.11	11722.53	13977.08	16001.18	18371.91	22585.00	26752.19	30252.69	35700.59
Dividend including tax paid	211.83	422.25	420.85	420.85	561.14	841.72	841.72	841.72	1402.86
Dividend	15%	30%	30%	30%	40%	60%	60%	60%	100%
Share Capital	1207.04	1207.04	1207.04	1207.04	1207.04	1207.04	1207.04	1207.04	1207.04
Earnings per share	8.63	24.61	22.17	20.26	24.29	41.88	41.50	35.97	56.76
Return on Capital Employed	14.0%	20.2%	19.3%	17.8%	22.5%	25.8%	22.7%	17.1%	16.9%
Return on Net Worth	9.3%	22.4%	17.7%	13.7%	14.5%	20.5%	17.6%	14.0%	17.1%
Dividend as a % to PAT	20.3%	14.2%	15.7%	17.2%	19.1%	16.7%	16.8%	19.4%	20.5%
Working Capital	4314.15	7344.89	7299.61	7434.43	10251.78	9178.08	9213.43	7444.49	17258.64
W C as a % to sales	26.1%	26.0%	20.4%	20.6%	24.7%	18.2%	18.1%	15.2%	27.3%
Current Ratio	1.50	1.47	1.54	1.50	1.41	1.92	2.00	2.36	1.80
TOL / NW	1.26	1.19	1.17	1.05	0.87	0.93	0.87	0.82	1.23
Debt / Equity	0.69	0.43	0.53	0.41	0.25	0.41	0.43	0.47	0.57



## Director's Report

### 1. FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

			(₹ in Lakhs)
	2017-18	2016-17	
1.1. Forging Sales	60091.09	46042.66	
1.2. Profit before exceptional items/ extraordinary items and Tax	8191.36	5514.16	
1.3. Exceptional/Extraordinary Items	17.21	0.25	
1.4. Profit Before Tax	8208.57	5514.41	
1.5. Tax			
For current year	1500.00	1176.86	
Relating to previous years	-	80.91	
Deferred Tax	(323.35)	293.21	
MAT credit entitlement	181.19	1357.84	(378.81) 1172.19
Profit After Tax	6850.73	4342.22	

The Directors commend the employees for their commitment and contribution.

### 2. DIVIDEND AND FINANCIAL RESULTS:

	2017-18	2016-17	(₹ in Lakhs)
2.1. Profit After Tax	6850.73	4342.22	
2.2. Balance in P & L Account	244.71	244.20	
2.3. Profit available for appropriation	7095.44	4586.42	
2.4. Transfer to General Reserve	5400.00	3500.00	
2.5. Interim Dividend paid	701.43	841.71	
2.6. Proposed Dividend	701.43	-	
2.7. Balance carried forward	292.58	244.71	

The Directors had declared a second Interim Dividend of 50% - ₹ 5/- per share of face value of ₹ 10/- each on 28 May 2018. The Directors earlier declared first Interim Dividend of ₹ 5/- per share and the same was paid on 11 December 2017. With this, the total Dividend for the year ended 31, March 2018, will aggregate to ₹ 10/- per share. The Directors do not recommend any final dividend for the year 2017-18.

### 3. HIGHLIGHTS OF THE COMPANY'S OPERATIONAL PERFORMANCE

- 3.1 The company continues to be one of the largest exporter of forgings from South India and has received 26 consecutive Annual Awards from The engineering Exports Promotion Council since 1989.
- 3.2 The company has crossed the ₹ 200 Crore mark for the first time in domestic sales, ₹ 350 Crore mark in export sales and ₹ 600 Crore mark in overall sales.
- 3.3 The Company continues to be a net foreign exchange earner. The net foreign exchange earnings during the current year were ₹ 277.30 crores.
- 3.4 The Company has retained its ISO 9001 and TS 16949 Certification for its Quality Management.
- 3.5 The capital expenditure during the year was ₹ 100.90 Crores. Forgings and Machining capacity has been substantially increased in line with customer demand. The company also produces Green energy in its Solar and in Wind farms.
- 3.6 DVS Industries (P) Ltd : Your Company has acquired DVS Industries (P) Ltd.

### 4. INDIAN ACCOUNTING STANDARD (IND AS) IFRS CONVERGED STANDARDS

Pursuant to the notification of the Companies (Indian Accounting Standard) Rules, 2015 by the Ministry of Corporate Affairs (MCA) on 16 February 2015, the company has adopted Indian Accounting standards (IND AS)

### 5. EXPENSES MADE MORE THAN 10 % OF THE TURNOVER

Raw Material - ₹ 285.57 crores (45.12%)

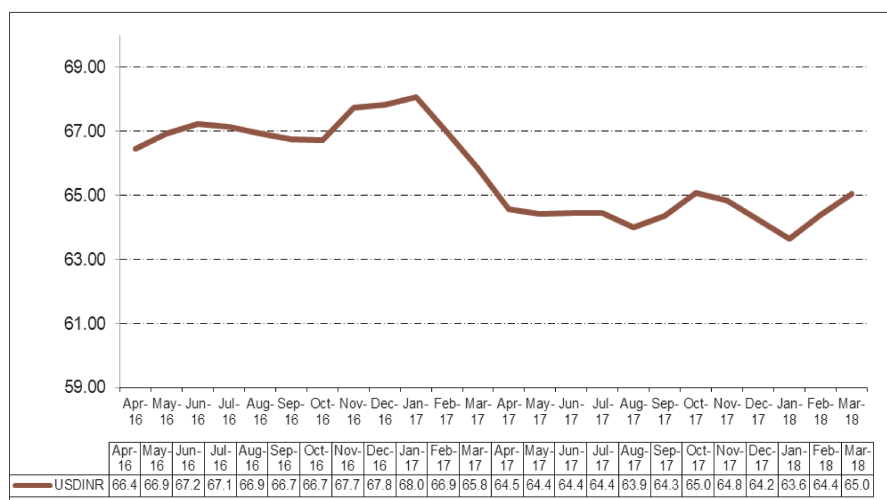
Personnel - ₹ 65.28 crores (10.31%)

**6. MANAGEMENT DISCUSSION AND ANALYSIS :****GLOBAL SCENE**

1. Economic activity in 2017 ended on a high note—growth in the second half of the year was above 4 percent, the strongest since the second half of 2010, supported by a recovery in investment. Outcomes exceeded the October 2017 World Economic Outlook forecasts in the euro area, Japan, the United States, and China, and continued to improve gradually in commodity exporters. Financial conditions remain supportive, despite the recent volatility in equity markets and increases in bond yields following signs of firming inflation in advanced economies.
2. With broad-based momentum and expectations of a sizable fiscal expansion in the United States over this year and the next, global growth is now projected at 3.9 percent for 2018–19, a 0.2 percentage point upgrade for both years relative to the October 2017 forecast.
3. Advanced economies are projected to grow at 2.5 percent in 2018 — 0.2 percentage point higher than in 2017—and 2.2 percent in 2019. In the United States, growth is expected to rise from 2.3 percent in 2017 to 2.9 percent in 2018, before moderating slightly to 2.7 percent in 2019.
4. The recovery in the euro area is projected to pick up slightly from 2.3 percent in 2017 to 2.4 percent this year, before moderating to 2 percent in 2019.
5. Japan's growth is projected to moderate to 1.2 percent in 2018 (from a strong above-trend out-turn of 1.7 percent in 2017) before slowing further to 0.9 percent in 2019. The upward revision of 0.5 percentage point in 2018 and 0.1 percentage point in 2019 relative to the October WEO reflects more favorable external demand prospects, rising private investment, and the supplementary budget for 2018. Japan's medium-term prospects, however, remain weak, owing largely to a shrinking labor force.
6. In China, growth is projected to soften slightly from 6.9 percent in 2017 to 6.6 percent in 2018 and 6.4 percent in 2019. The forecast is higher (by 0.1 percentage point in both 2018 and 2019) relative to the October WEO, reflecting an improved external demand outlook. Over the medium term, the economy is projected to continue rebalancing away from investment toward private consumption and from industry to services, but nonfinancial debt is expected to continue rising as a share of GDP, and the accumulation of vulnerabilities clouds the medium-term outlook.
7. Growth in India is projected to increase from 6.7 percent in 2017 to 7.4 percent in 2018 and 7.8 percent in 2019 (unchanged from the October WEO), lifted by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and services tax. Over the medium term, growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivize private investment.
8. The Dow Jones Industrial Average (DJIA) has increased by approximately 19% because US stock markets are seen as a haven for investment in a sea of gloom.
9. Commodities – The Dow Jones Commodity Index (DJCI) has increased by 16% in the last one year due to considerable revival of business sentiments in commodities. This is indicative of growth in various economies in both developed and developing countries.
10. At 3.8 percent, global growth last year was 0.5% faster than in 2016 and the strongest since 2011. Two-thirds of countries accounting for about three-fourths of global output experienced faster growth in 2017 than in the previous year (the highest share of countries experiencing a year-over-year growth pickup since 2010). The preliminary outcome for global growth in 2017 was 0.2 percentage point stronger than forecast in the October 2017 World Economic Outlook, with upside surprises in the second half of 2017 in advanced as well as emerging market and developing economies.

**INDIA**

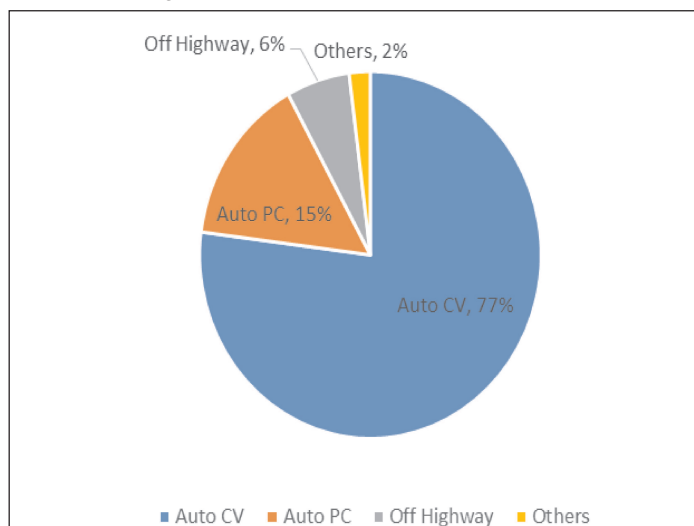
11. The Indian economy expanded 7.7 percent year-on-year in the first three months of 2018, higher than a downwardly revised 7 percent advance in the previous quarter and beating market forecasts of a 7.3 percent growth. It is the highest growth rate since the second quarter of 2016, boosted by a jump in investment.
12. During F18 the automotive industry posted growth rates of approximately 8% in the car segment and 12% in the CV segment.
13. Steel prices have increased by about 31% compared to the lows in the previous year.
14. The INR ended the year higher by approximately 0.75%, ending the year at a level of ₹ 65.05 per USD. Please refer graph below. Further weakening of the INR is anticipated. However, if FDI inflows are moderate, the pressure on the INR will be relieved.



### **M M FORGINGS – Achievements**

15. The following were important developments witnessed during the year :
  - ❖ Domestic sales crossed record '200 crore mark!
  - ❖ Export sales crossed record '350 crore mark!
  - ❖ Total sales crossed record '600 crore mark!
  - ❖ Record production to near 50,000 Tons!
  - ❖ Adding to the volume of existing parts, were the new parts which were developed in the last 2 years.
  - ❖ The company has posted a huge growth of 47% in domestic sales by the development of new parts.
  - ❖ Export sales also grew by a big margin of 31%.
  - ❖ Changes in steel prices which are in line with international markets are generally being passed on to customers as is the industry practice.
  - ❖ We are focusing on capacity utilisation, to take advantage of the production capacities created in the last 3 years.
  - ❖ Key financial ratios :
 

Debtors Turnover	:	109 days
Inventory Turnover	:	4.59
Interest Coverage Ratio	:	9.84
Current Ratio	:	1.80
Debt Equity Ratio	:	0.57
Operating Profit Margin (%)	:	12.97%
Net Profit Margin (%)	:	10.82%
16. As highlighted in the Directors' Report, Return On Net Worth is 17.07% and Return On Capital Employed is 16.90%. The total outside liabilities to net worth stands at 1.23.
17. The details of segment-wise sales distribution are provided below:





**Human Resources and Industrial Relations**

18. Your company continues to focus on the development of its human resources to improve its performance. The company currently has approximately 1660 employees. It is their invaluable contribution that has primarily resulted in your company's position of strength in the industry.
19. Focus on a safe working atmosphere, constantly evolving systems for recognition and reward, consistent communication and imparting skills and training – all these focused on meeting customer needs, characterise the HR development of the Company.
20. Every year, each plant of the Company celebrates 'Founder's Day' in a family atmosphere with all employees and their household members.
21. Your Company provided necessary training on GST to the concerned and the IT department in coordination with the implementation partner ensures smooth transformation to the GST platform.

**Health, Safety and Environment**

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

**Risk Management**

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

**M M FORGINGS – forging ahead**

27. Our goals in the coming months:
  - ❖ Focus on improving sales in keeping with market conditions.
  - ❖ Increase the production capacity to 1,00,000 Tons.
  - ❖ Focus on cost reduction continuously - particularly on reducing energy consumption and improving productivity.
  - ❖ Enhance IT systems with the continued development of the ERP system in place.
  - ❖ Continue the evolution into green sources of energy in the coming months.
  - ❖ Reduce the impact on the environment.

**Sources :**

1. IMF World Economic Output
2. The Economist

**7. TRANSFER TO RESERVE**

Transfer to General Reserve - ₹ 54 Crores

**8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The Company has made advance to the tune of ₹ 46.28 Crores to its Subsidiary Company, DVS Industries Private Limited, repayable at prevailing rates.

The details of the investments made by the company are given in the notes to the financial statements.

**9. DIRECTORS**

Both Shri Vidyashankar Krishnan, Vice Chairman and Managing Director and Shri K Venkatramanan, Jt Managing Director are being re-appointed for a period of five years with effect from 1 September 2018. The profile of Directors form part of the notice.

**10. DETAILS OF DIRECTORS OR KMP RESIGNED DURING THE YEAR – NIL****11. BOARD AND COMMITTEE MEETING DATES**

Details are provided in Annexure III of this Report.

**12. DETAILS OF RECOMMENDATIONS OF AUDIT COMMITTEE WHICH WERE NOT ACCEPTED BY THE BOARD ALONG WITH REASONS – None****13. RISK MANAGEMENT**

Your Company has implemented a mechanism for risk management and has formulated a Risk Management Policy. The Policy provides for identification of risks and mitigation measures. The Audit Committee is informed on the risk assessment and minimizations mechanism adopted by the Company.

**14. RELATED PARTY TRANSACTION**

The Company has formulated a policy on related party transactions and the same is uploaded on the Company's website.

All Related Party transactions that were entered into by the Company during the financial year 2017-18, were in compliance of Section 188 of the 2013 Act and the Rules framed thereunder. There are no "Material" contracts or arrangement or transactions at arm's length basis.

All Related Party transactions were placed before the Audit Committee for their prior approval in accordance with the requirements of the SEBI LODR. The transactions entered into pursuant to such approval are placed periodically before the Audit Committee for its review.

There are no materially significant Related Party transactions made by the Company with Promoters, Directors, and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

For related party transactions, refer Annexure 3, under the head 'Disclosures'

**15. CORPORATE SOCIAL RESPONSIBILITY**

A Board Level Committee of CSR has been constituted and the Board has adopted a CSR Policy as recommended by the Committee. The thrust areas of CSR Policy are Eradicating Hunger and Poverty, Education, Combating Diseases and Social Business Projects.

Your Company has fulfilled its obligation towards CSR, by spending a sum of ₹ 131.36 Lakhs during the year. Annual report on CSR has been provided in Annexure III of this Report.

**16. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

In terms of provision of section 178 of the Companies Act, 2013 read with Rules prescribed, a policy for the Directors, KMP and other employees has been adopted by the Board of Directors of the Company analyzing the criteria for determining qualifications, positive attributes and independence of a Director. The said Policy is given in Annexure 3 under Nomination & Remuneration Committee.

**17. PARTICULARS OF EMPLOYEES**

The information required under the rules prescribed, has been given in the annexure appended hereto and forms part of this Report.

**18. PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES :****18.1 The ratio of remuneration of each Director to the median remuneration of the employees:**

Name	Ratio
Shri. N. Srinivasan	4.15 : 1
Shri V. Vaidyanathan	2.21 : 1
Shri A. Gopalakrishnan	1.66 : 1
Ms. Kavitha Vijay	1.66 : 1
Shri Vidyashankar Krishnan	243.52 : 1
Vice Chairman & Managing Director (Chief Executive Officer)	
Shri. K. Venkatramanan, Joint Managing Director	236.31 : 1

For this purpose, sitting fees paid to the Directors have not been considered as remuneration

**18.2 Percentage increase in remuneration of each Director, KMP, in the financial year:**

Name	% Increase
Shri. N. Srinivasan	-
Shri V. Vaidyanathan	-
Shri A. Gopalakrishnan	5.56 %
Ms. Kavitha Vijay	-
Shri Vidyashankar Krishnan	44.39 %
Vice Chairman & Managing Director (Chief Executive Officer)	
Shri. K. Venkatramanan, Joint Managing Director	45.32 %
Smt.J.Sumathi, Company Secretary	5.17 %
Shri.R.Venkatakrishnan, CFO	10.78 %



18.3 Percentage increase in median remuneration of employees is 21.10 in the financial year 2017-18

18.4 The number of permanent employees on the rolls of Company: 1589

18.5 Explanation of relationship between average increase in remuneration and company performance :

PAT – ( last year) - ₹ 4342.22 Lakhs PAT – ( this year) - ₹ 6850.75 Lakhs,

Increase - 57.77 against which, the average increase in remuneration is 24 %

18.6 Comparison of remuneration of each KMP against performance of company

Name	Designation	CTC in CTC	% Increase	PAT ₹ in Lakhs	% in PAT
Vidyashankar Krishnan	CEO	44045674	44.39%	6850.75	57.77%
J.Sumathi	Company Secretary	1051310	5.17 %		
R.Venkatakrishnan	CFO	1570122	10.78 %		

18.7 Variation in market cap/net worth of company:

Date	Issued Capital (Shares)	Closing market Price per share in ₹	EPS	PE Ratio	Market Capitalisation ₹ in Crores
31.03.2017	12070400	542	35.97	15.07	654.21
31.03.2018	12070400	1038	56.76	18.29	1252.90
Increase/ (Decrease)	NIL	496	20.79	3.22	598.69
% of Increase/ (Decrease)	NIL	91.51	57.80	21.37	47.78

18.8 Justification of increase in managerial remuneration with that of increase in remuneration of other employees.

Average Increase in Remuneration for employees other than Directors and KMP is 2.1%

Average Increase in Remuneration for KMP and Senior Management is 42.3%

18.9 Key parameters for any variable remuneration of Directors:

Directors are paid Commission. However, the overall managerial remuneration payable is subject to the provisions of the Companies Act, 2013

18.10 Ratio of remuneration of highest paid Director to other employees who gets remuneration more than highest paid Director. – NOT APPLICABLE

18.11 Is remuneration is as per remuneration policy of the Company: YES

**19 SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATIONS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:** Not applicable

**20 MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED SINCE 31.03.2018 TILL THE DATE OF THE REPORT:** Not applicable

**21 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 -

21.1 In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;

21.2 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 as at 31 March 2018 and Profit or Loss of the Company for that period ended on that date.

21.3 The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

21.4 The Directors had prepared the annual accounts on a going concern basis.



21.5 The Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

21.6 The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **22 ESTABLISHMENT OF VIGIL MECHANISM**

The Company has in place a vigil mechanism pursuant to which a Whistle Blower Policy has been in vogue. The Whistle Blower Policy covering all employees and Directors is hosted on the Company's website.

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

## **23 ADEQUACY OF INTERNAL FINANCIAL CONTROL**

The Company had laid down Internal Financial Controls and such internal financial controls are adequate with reference to the Financial Statements and were operating effectively.

It also ensures the orderly efficient conduct of its business, including adherence to Company's policies, the safe guarding of its assets, the prevention and detention of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information during the year, such controls were tested and bi-material weakness in the operations were observed.

## **24 CORPORATE GOVERNANCE REPORT**

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.

## **25 ANNUAL RETURN**

An extract of Annual Return as on 31 March 2018 pursuant to Section 92 ( 3) of the Companies Act, 2013 and forming part of the report is attached separately.

## **26 A STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS;**

1. Nomination and Remuneration Committee of the Board had prepared and sent through its Chairman draft parameterized feed back forms for evaluation of the Board, Independent Directors and Chairman.
2. Independent Directors at a meeting without anyone from the non-independent Directors and management, considered/evaluated the Board's performance, performance of the Chairman and other non-independent Directors. Their meeting was held on 14 November 2017.
3. The Board subsequently evaluated performance of the Board, the Committees and Independent Directors (without participation of the relevant Director)

4. i) Observations of board evaluation carried out for the year:

The main inputs received from the Directors, covering various aspects of the Board's functioning was with regard to adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non Independent Directors and Top Managerial Personnel were carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process

- ii) Previous year's observations and actions taken- NIL

- iii) Proposed actions based on current year observations . NIL

## **27 FAMILIARISATION OF PROGRAMME ARRANGED FOR INDEPENDENT DIRECTORS**

M M Forgings Limited has put in place a system to familiarise the independent Directors about the company, its products, business and the on-going events relating to the company.



- Independent Directors of the Company are made aware of their role, responsibilities and liabilities at the time of their appointment / re-appointment , through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.
- They are also made aware of Company's Board and Board Committee framework, policies and procedures.
- As part of Board discussions, presentations on business of the Company are made to the Directors from time to time.
- Important announcements and press releases for various news related to the company are forwarded to the Directors from the time to time.
- Each member of the Board, including the independent Directors, have been given complete access to any information relating to the Company.
- You may also view the company website [www.mmforgings.com](http://www.mmforgings.com) in this regard.

**28 AUDITORS:**

G R N K & Co., Chartered Accountant (FRN 016847S) have been appointed as the Statutory Auditors of the Company in the 71st Annual General Meeting held on 26 September 2017. They will hold office for a period of five years

**29. SECRETARIAL AUDIT REPORT**

Pursuant to the requirements of the Companies Act, 2013, the Company has appointed V.Shankar, Practicing Company Secretary (C.P. No. 12974 ) as the Secretarial Auditor for the financial year 2017-18 whose report of 28 May 2018 is attached separately to this report.

**30. COST AUDITOR**

Pursuant to the provisions contained in Rule 14 of the Companies ( Audit and Auditors) Rules, 2014, Shri. S. Hariharan (CP No. 20864) has been appointed as Cost Auditor for the financial year 2018-19.

**31 SUBSIDIARY COMPANY - DVS Industries Private Limited**

Your company has acquired majority stake in DVS Industries Private Limited for cash consideration, who is a leading manufacturer of crank shafts, automobile crank shafts and diesel engines. This acquisition was decided in the Board Meeting held on 05 February 2018.

With this acquisition, your company will enhance synergies between it's wide ranging capability in forgings and machining and DVS Industries long standing expertise will be an addition in machining of crankshafts.

Incorporated in 1992, DVS Industries (with the paid-up share capital currently being ₹ 1,59,29,900/ and turn-over of ₹ 13.17 Crores in FY 2017) is a north Indian based player with its manufacturing unit located in Pant Nagar, Uttarakhand. DVS Industries is well equipped with modern manufacturing facilities, such as sophisticated in-house tool room.

**32 EXPLANATION TO AUDITOR'S REMARK**

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in practice in their reports respectively. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

**33 SAFETY**

Employees have been encouraged to adhere to safety in all their activities in and out of the Company premises. Safety training at all levels have been provided by the Company.

**34 DEPOSITS:**

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

**35 ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:**

Disclosures as per requirements of Section 134 (3) of the Companies Act, 2013, read with the Companies (Accounts)) Rules, 2014 with respect to Energy Conservation, Technology Absorption, Research & Development and Foreign Exchange Earnings / Outgo are given in Annexure

**36 DECLARATION GIVEN BY INDEPENDENT DIRECTORS:**

All the Independent Directors have given the necessary declarations to the Company as required under sub section (6) of Section 149 of the Companies Act, 2013.

**37 PROHIBITION AND REDRESSAL OF SEXUAL HARRASSMENT OF WOMEN AT WORK PLACE**

During the year under review, pursuant to the new legislation, 'Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act, 2013' introduced by the Government of India, which came into effect from 09 December 2013, the Company has framed a Policy on Prevention of Sexual Harassment at Workplace. There were no cases reported during the year under review under the said Policy.

**38 ACKNOWLEDGEMENT:**

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

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

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

Place : Chennai  
Date : 28 May 2018

For and On behalf of the Board  
**N. SRINIVASAN**  
*Chairman*





## Annexure I – to the Directors’ Report:

Information in accordance with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the report of the Directors for the year ended 31 March 2018.

### **(A) CONSERVATION OF ENERGY:**

1. Energy conservation methods undertaken:
  - 1.1 Conservation of energy is a continuous process. We have spent around ₹ 20 lakhs to improve efficiency and saving on power consumption.
  - 1.2 New buildings are set up with natural lighting and energy efficient LED lights. Energy efficient LED lights are also employed in existing buildings wherever replacements occur. We have spent around ₹ 25 lakhs for LED lights.
  - 1.3 Consumption of Light Diesel Oil and Furnace Oil is closely monitored to conserve energy.
  - 1.4 Extracting waste heat from forgings to reduce energy consumption in Heat Treatment.
2. Additional investment and proposals, if any, being implemented for the reduction in consumption of energy: Optimising energy consumption. Close monitoring of Power Consumption of Induction Billet Heaters to reduce power consumption.
3. Green Power : The Company has generated 267.78 lakh units from its Wind and 32.23 lakh units from Solar farms equivalent to approximately 24714 tons of CO<sub>2</sub> from Wind and 2974 tons of CO<sub>2</sub> from Solar.
4. Impact of measures at 1, 2 & 3 for reduction of energy consumption and consequent impact on the cost of production of goods: It is not possible to determine the figure.

		2017-18	2016-17	
1	ELECTRICITY			
a.	Purchased:			
	Units	6,17,27,144	5,28,22,459	
	Total Amount. (₹)	51,01,25,424	39,29,09,174	
	Rate / Unit (₹)	8.26	7.44	
b.	Own Generation:			
	Units	1,64,143	98489	
	Units per ltr.	3.03	2.47	
	Cost / Unit (₹)	21.92	22.07	
2	FUEL OIL			
	Quantity (in ltrs)	26,69,009	17,65,063	
	Total amount (₹)	7,86,38,729	5,06,75,440	
	Average Rate (₹/ltr.)	29.46	28.71	
3	CONSUMPTION PER UNIT OF PRODUCTION			
a.	Electricity	Units	1250	1446
b.	Fuel Oil	Litres	54	48

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 ₹ 100 lakhs though indirectly.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

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

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

1	Activities relating	Exports at ₹ 35,559.47 lakhs form a significant part of the company's turnover (₹ 29314.40 lakhs in 2016-17)
2	Initiatives taken to increase development of new export markets for products and services and export plan	<p>a. Vigorous efforts are taken by marketing department to locate new multinational customers in addition to the existing multinationals.</p> <p>b. The Company has been consistently retaining the TS 16949 certification for its Quality Management system.</p>
3	Total Foreign Exchange	<p>Earned: ₹ 3,45,46,26,005 (₹ 2,83,57,15,074 IN 2016-17)</p> <p>a. Used: ₹ 68,15,92,660 (₹ 48,01,55,898 IN 2016-17)</p>

Place : Chennai  
Date : 28 May 2018

For and On behalf of the Board  
**N. SRINIVASAN**  
Chairman

**ANNEXURE II FORMING PART OF THE REPORT OF THE DIRECTORS**

(Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Directors for the year ended 31.03.2018)

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 ₹ 1.05 crore per annum									
1	Shri Vidyashankar Krishnan DIN: 00081441	Vice Chairman and Managing Director	44045674	B.E.,M.S.	28	25.06.1990	52	Nil	11.27%
2	Shri. K.Venkatramanan DIN : 00823317	Jt. Managing Director	30503724	B.E.	26	24.01.1992	48	Nil	10.71%
b) Employed for a part of the year and were in receipt of remuneration at a rate of not less than ₹ 8,50,000 per month									
None									

**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 : Chennai  
Date : 28 May 2018

**N. SRINIVASAN**  
Chairman



## 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.

### 1. Board of Directors:

#### 2.1 Composition and category of Directors as of 31 March 2018 is as follows:

Category	No. of Directors	%
Executive Directors	2	33.33
Non-executive, Independent Directors	4	66.67
Total	6	100.00

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

Name of the Director	No. of Board Meetings (wherein he was a director)	No. of Board Meetings Attended	Last AGM attendance (Yes / No)
Shri N. Srinivasan	4	2	Yes
Shri V. Vaidyanathan	4	4	Yes
Shri Vidyashankar Krishnan	4	4	Yes
Shri K. Venkatramanan	4	2	Yes
Shri. A. Gopalakrishnan	4	4	Yes
Smt. Kavitha Vijay	4	3	Yes

#### 2.3. The names of the listed entities where the person is a director and the category of directorship: Please refer Note 29 of notes on accounts.

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

Four Board Meetings were held during the year- 19 May 2017, 14 August 2017, 13 November 2017 and 05 February 2018.

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

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

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

- Annual operating plans and budgets and any updates.
- Capital Budgets any updates.
- Annual Accounts, Directors' Report etc.
- Quarterly Results of the Company.
- Minutes of the meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and promotion of Senior Officers to the level of Executive Director which is just below the Board level.
- Fatal or serious accidents, dangerous occurrences etc.
- Operational highlights.
- Major investments.
- Award of large contracts.
- Disclosure of interest by Directors about Directorship and committee positions occupied by them in other companies.
- Quarterly Report on foreign exchange exposures.
- Any significant development in Human Resources / Industrial Relations.



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

**2.7. Code of Conduct:**

The Board of Directors have laid out a Code of Conduct which is applicable to each member of the Board of Directors and Senior Management of the company. The Company has received confirmation from all the Directors and Senior Management of the Company regarding compliance with the said Code for the year ended March 31, 2018. A certificate from Shri Vidyashankar Krishnan, Vice Chairman and Managing Director to this effect is given below. The said Code is also posted on the website of the Company 'www.mmforgings.com'

**2.8. Prevention of Insider Trading:**

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

**2.9. Disclosure of relationship between Directors interse:**

Shri. Vidyashankar Krishnan, Vice Chairman and Managing Director and Shri. K. Venkatramanan, Joint Managing Director are brothers.

**2.10. No. of shares held by Non- Executive Directors:**

Shri. V. Vaidyanathan -6000 shares

Shri A.Gopalakrishnan – 800 shares.

**2.11. Weblink where details of finalisation programmes imparted to Independent Directors is disclosed:www.mmforgings.com**

**3. Audit Committee (AC):**

**3.1. Terms of reference:** The terms of reference of the AC are in accordance with Regulations 18 of SEBI (LODR) and it includes the following:

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

**3.1.2. It reviews quarterly, half yearly and annual financial statements with the management before submission to the Board with special emphasis on accounting policies and practices and legal requirements concerning financial statements**

**3.1.3. Recommending to the Board, the appointment, remuneration and terms of appointment and removal of Statutory Auditors and fixing their fees.**

**3.1.4. Risk Management analysis**

**3.1.5. Reviewing the auditor's independence and performance and also the effectiveness of the audit process.**

**3.1.6. Any other terms of reference as may be included from time to time in accordance with SEBI (LODR)**

**3.2. Date of Meetings:**

During the year under review, the Committee had 4 meetings held as follows: 19 May 2017, 14 August 2017, 13 November 2017 and 05 February 2018.

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

The AC of the Board was formed on 16 June 2001. The Committee was reconstituted as follows with effect from 01 April 2015

Name	No. of AC Meetings	No. of AC Meetings attended
Shri N. Srinivasan (Chairman)	4	2
Shri V. Vaidyanathan	4	4
Shri A. Gopalakrishnan	4	4
Shri. Vidyashankar Krishnan	4	4
Smt Kavitha Vijay	4	3

**3.4. Four members are Non- Executive Independent Directors.**

**3.5. Statutory Auditors, Internal Auditor and the Chief Financial Officer were present in the meetings.**

**4. Stakeholders Relationship Committee :****4.1. Formation and no. of meetings held:**

The Stakeholders Relationship Committee of the Board was formed on 16 June 2001 and was reconstituted on 01 April 2015 to redress the grievances of the Investors/ Shareholders.

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

19 May 2017, 14 August 2017, 13 November 2017 and 05 February 2018.

**4.1.1. Composition:**

Non – Executive Chairman – Shri V. Vaidyanathan

Other members: Shri Vidyashankar Krishnan, Shri K. Venkatramanan and Shri.A.Gopalakrishnan and Smt Kavitha Vijay.

**4.1.2. Attendance:**

Name	No. of IGC Meetings	No. of IGC Meetings attended
Shri V. Vaidyanathan	4	4
Shri Vidyashankar Krishnan	4	4
Shri K. Venkatramanan	4	2
Shri. A. Gopalakrishnan	4	4
Smt Kavitha Vijay	4	3

**4.2. Name and Designation of the Compliance Officer: Smt. J. Sumathi, Company Secretary.****4.3. No of Shareholder complaints received during the year: 0****4.4. No. not solved to the satisfaction of shareholders : 0****4.5. No. of Pending Complaints : 0****4.6. No. of pending share transfers: There are no share transfers pending with the company.****4.7. For Redressal of Investor complaints, complaints can be mailed to [sumathi@mmforgings.com](mailto: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 10 times.

**6. Corporate Social Responsibility Committee:****6.1 Terms of reference: The CSR Committee, aims to ensure that corporate social responsibility with a positive impact on people and communities.****6.2 Date of Meetings: (Total no. of meetings – 4) 19 May 2017, 14 August 2017, 13 November 2017 and 05 February 2018.****6.3 Attendance:**

Name	No. of CSR Meetings	No. of CSR meetings attended
Shri Vidyashankar Krishnan (Chairman)	4	4
Shri V Vaidyanathan	4	4
Shri K Venkatramanan	4	2
Shri A Gopalakrishnan	4	4

**6.4 Annual Report on CSR:****6.4.1 A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

The CSR activities carried out by the Company are in accordance with the policy as laid down and approved by the CSR Committee. The CSR Policy is available in Company's website [www.mmforgings.com](http://www.mmforgings.com).

**6.4.2 Composition of the Committee Shri. Vidyashankar Krishnan (Chairman), Shri K. Venkatramanan, Shri V. Vaidyanathan and Shri. A. Gopalakrishnan****6.4.3 Average net profits of the Company for last three financial years : ₹ 64.36 Crores.****6.4.4 Prescribed CSR expenditure (2% of the amount as in item no. 3 above) : ₹ 128.72 lakhs.**



6.4.5 Details of CSR spent during the financial year :

6.4.5.1 Total amount spent for the financial year : ₹ 131.36 lakhs

6.4.5.2 Amount unspent if any : NIL

6.4.5.3 Excess spent: ₹ 2.63 Lakhs

6.4.5.4 Manner in which the amount spent during the financial year is detailed below :

#	CSR projects or activities identified	Sector in which the Project is covered	Projects or programs 1) Local area or other (2) Specify the State, the district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects / programs Sub-heads: (1) Direct on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period (₹ in Lakhs)	Amount spent : Direct or through implementing agency
1	Eradicating Hunger and Poverty	Livelihood	KarnatakaTamil Nadu Uttaranchal	5.00	5.00	5.00	Direct
2	Education	Education	Maharashtra Tamil Nadu	57.50	57.00	57.00	Direct
3	Combating Diseases	Health	DelhiKarnataka Tamil Nadu	16.00	16.00	16.00	Direct
4	Social Business Projects	Social Business	Tamil Nadu	54.00	53.36	53.36	Direct
TOTAL				132.50	131.36	131.36	Direct

6.4.5.5 In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report : NOT APPLICABLE

6.4.5.6 A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:

We hereby state that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Vidyashankar Krishnan  
Chairman

V.Vaidyanathan  
Director

## **7. Nomination and Remuneration Committee:**

7.1 Remuneration Policy:

### **Preface:**

The present Human Resource Policy of the Company considers human resources as its invaluable assets and has its objective the payment of remuneration to all its employees appropriate to employees' role and responsibilities and the Company's goals based on the performance of each of its employees in the Company.

This Nomination and Remuneration Policy (NR Policy) has been formulated, inter alia, for nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other Employees of M M Forgings Limited (hereinafter referred to as the Company), in accordance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and Listing Agreement.

### **Objective and Purpose of the Policy:**

The Objective and purpose of the Policy are:

To lay down criteria in relation to appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management.

To carry out evaluation of the performance of the Directors and remuneration for the Directors, KMPs and other Senior Management.

To formulate criteria for determining qualification, positive attributes and independence of a Director.

### **Effective date of the Policy:**

This policy shall be effective from 01 April 2014.



**Constitution of the Committee:**

The Committee is established by a resolution of the Board of Directors of the Company and is to be known as Nomination and Remuneration Committee. This Committee is formed with retrospective effect viz., from 01 April 2014.

With effect from 01 April 2017, the committee is reconstituted as follows:

Shri. V. Vaidyanathan – Chairman

Shri N. Srinivasan

Shri A.Gopalakrishnan

Smt Kavitha Vijay

**Frequency of Meetings**

Meetings shall be held at such times as the Committee deems appropriate, and in any event shall be held not less than twice a year.

**Quorum**

A quorum shall be two members.

**Objective:**

To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**Role of the Remuneration Policy:**

The Remuneration Policy is divided into three parts

**Appointment:****Directors**

Section 164 of the Companies Act, 2013 states disqualifications for appointment of any person to become Director of any Company. Any person who in the opinion of the Board is not disqualified to become a Director as per the above provision, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as Director of the Company.

**Independent Directors**

For appointing any person as an Independent Director he/she should satisfy the criteria of an Independent Director as per the applicable laws.

**Senior Management Personnel and KMP and Other Employees**

The Company has an Organisation Chart displaying positions of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each positions which commensurate with the size of its business and the nature and complexity of its operations. Any new recruit in the Company will match the requirements.

**Remuneration:****Structure of Remuneration for the Managing Director, Key Managerial Personnel and Senior Management Personnel:**

Key Managerial Personnel, who are Executive Directors, receive Salary, Perquisites and Commission on Net profit. The Overall Remuneration received by them will be within the permissible limit provided in the Companies Act, 2013. KMP, other than Executive Directors, Senior Management Personnel receive Basic Salary, Perquisites and Bonus ( Ex gratia) . Perquisites include other allowances. The total salary includes fixed and variable components.

The Company's policy is that the total fixed salary should be fair and reasonable after taking into account the following factors:

- The scope of duties, the role and nature of responsibilities
- The level of skill, knowledge and experience of individual
- Core performance requirements and expectations of individuals
- The Company's performance and strategy

**Performance linked salary:**

The annual increase in the salary will be based purely on their performance.

**Remuneration for Non-executive Director:**

The total remuneration of Non- executive Directors may include all, or any combination of following elements:

- Fees for attending meeting of the Board of Directors and Committee thereof.
- Commission on net profits as permissible under Section 197 of the Companies Act, 2013 and decided by the Board from time to time to be payable to each of the Non-executive Director.
- Non-Executive Directors are entitled to be paid all traveling and other expenses they incur for attending to the Company's affairs, that may be fair and reasonable expenditure incurred by them while performing their role as Independent Directors

**Structure of Remuneration for Other Employees**

The power to decide structure of remuneration for other employees has been delegated to Shri Vidyashankar Krishnan, Vice Chairman & Managing Director and to Shri K. Venkatramanan, Joint Managing Director of the Company. Their report will be submitted in the Committee Meeting for their approval.

**Performance Evaluation:****Executive Directors and Non-Executive Directors**

The performance of the Board as a whole, of its committees, and of its members shall be evaluated at least once a year keeping in view the objectives of the Company. The results of board evaluation shall remain confidential between the Chairman and Directors concerned. The evaluation process will be used constructively as a mechanism to improve board effectiveness and maximize strengths.

**Criteria for evaluating Board members:**

Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act states that the Independent Directors shall at its separate meeting review performance of non- independent directors and the Board as a whole and the performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Director being evaluated.

**Criteria for evaluating KMP (Other than Executive Directors), Senior Management Personnel and Other employees:**

Criteria for evaluating performance of KMP, Senior Management Personnel and Other Employees has been delegated to Shri Vidyashankar Krishnan, Vice Chairman & Managing Director and to Shri K. Venkatramanan, Joint Managing Director of the Company. The Criteria for evaluation will be appraised and approved by the Nomination and Remuneration Committee

**General Criteria for determining appointment, qualifications, positive attributes, independence of a director, KMP and other employees:**

The Board shall have minimum 3 and maximum 15 directors, unless otherwise approved.

No person of age less than 21 years shall be appointed as a director on the Board.

The Company shall have such person on the Board who complies with the requirements of the Companies Act, 2013, Provisions of the Listing Agreement, Memorandum of Association and Articles of Association of the Bank and all other statutory provisions and guidelines as may be applicable from time to time.

Majority of the Directors shall have specialised knowledge/experience in the areas like Agriculture, Banking, SSI, Legal, Risk Management, Accountancy, Finance, Windmill, manufacturing of forgings etc.

Except for the Vice Chairman and Managing Director and the Joint Managing Director, no other directors are paid remuneration, but are paid only sitting fees and Commission subject to the ceiling provided in the Companies Act, 2013.

Vice Chairman and Managing Director / CEO, Company Secretary and Chief Financial Officer shall be the Key Managerial Personnel (KMPs) of the Company.

All persons who are Directors / KMPs, members of Senior Management and all other employees shall abide by the Code of Conduct. Directors/KMPs shall not acquire any disqualification and shall be persons of sound integrity and honesty, apart from knowledge, experience, etc. in their respective fields.


**Amendment**

The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

7.2 Composition of the Committee: Shri N. Srinivasan (Chairman), Shri V. Vaidyanathan, Shri A. Gopalakrishnan and Smt Kavitha Vijay.

7.3 Date of Meetings: (Total no. of meetings – 4) 19 May 2017, 14 August 2017, 13 November 2017 and 05 February 2018.

7.4 Attendance :

Name of the Director	No. of Nom and Rem Committee Meetings held	No. of Nom. And Remn. Committee Meetings attended
Shri N Srinivasan	4	2
Shri V Vaidyanathan	4	4
Shri A Gopalakrishnan	4	4
Shri Kavitha Vijay	4	3

7.5 Performance evaluation criteria for Non Executive Directors:

In respect of each of the evaluations factors, various aspects have been provided to assist with the evaluations process in respect of performance of Board itself, and of its Committees and individual Directors as, such evaluation factors may vary in accordance with their respective functions and duties.

Evaluation of Non Executive Directors shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

Matters taken into consideration for performance evaluation.

- Attendance and participation in meetings
- Raising concerns to the Board
- Safeguard of confidential information
- Unbiased opinion for issues raised in the meetings.
- New ideas and suggestions made for the company
- Any other matter.

**8. Whistle Blower Protection Committee:**

8.1. Whistle Blower Policy: A Whistle Blower Policy has been framed by the Board of Directors for employees to report to the Management –

- Instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code or Ethics.
- In case of any event of misconduct, act of misdemeanor or act not in Company's interest, which could affect the business or reputation of the Company.

8.2 Composition of the Committee: Shri Vidyashankar Krishnan (Chairman), Shri K. Venkatramanan, Shri. N. Ramnath and Shri. M.N. Rajesekaran.

8.3 Date of Meetings: : (Total no. of meetings – 4) 19 May 2017, 14 August 2017, 13 November 2017 and 05 February 2018.

8.4 The Committee has not received any whistle Blower in the current year.

**9 Directors' Remuneration:**

9.1 Remuneration of Vice Chairman and Managing Director and Joint Managing Director

	Mr. Vidyashankar Krishnan		Mr. K. Venkatramanan	
	2018	2017	2018	2017
Salary and allowances	2,00,35,875	2,00,35,875	1,90,44,000	1,90,44,000
Perquisites:				
Provident Fund	15,06,588	15,35,356	15,06,588	15,35,356
Superannuation	17,85,396	20,53,200	17,85,396	20,53,200
Gratuity Insurance	4,88,003	4,88,003	4,88,003	4,88,003
Others	4,29,812	2,26,290	1,17,304	1,25,966
Commission on Profits	1,98,00,000	61,65,000	1,98,00,000	61,65,000
<b>Total</b>	<b>4,40,45,674</b>	<b>3,05,03,724</b>	<b>4,27,41,291</b>	<b>2,94,11,525</b>

**9.2 Remuneration of Non – Executive Directors:**

		Commission in ₹	Sitting Fees in ₹	Total in ₹
Shri N. Srinivasan	2016-17 <b>2017-18</b>	7,50,000 <b>7,50,000</b>	30,000 <b>30,000</b>	7,80,000 <b>7,80,000</b>
Shri V.Vaidyanathan	2016-17 <b>2017-18</b>	4,00,000 <b>4,00,000</b>	80,000 <b>80,000</b>	4,80,000 <b>4,80,000</b>
Shri A Gopalakrishnan	2016-17 <b>2017-18</b>	3,00,000 <b>3,00,000</b>	60,000 <b>80,000</b>	3,60,000 <b>3,80,000</b>
Smt Kavitha Vijay	2016-17 <b>2017-18</b>	3,00,000 <b>3,00,000</b>	52,500 <b>52,500</b>	3,52,500 <b>3,52,500</b>

No benefits by way of remuneration or otherwise is received by Non Executive Directors other than above.

**9.3 All pecuniary relationship of Non Executive Directors : Nil****9.4 Criteria of making payments to Non Executive Directors:**

- Their contribution made to the Company.
- Taking into consideration their performance evaluation made by the Board.

**10 Subsidiary Company****10.1 DVS Industries Private Ltd:**

Your company has acquired majority stake in DVS Industries Private Limited for cash consideration, who is a leading manufacturer of crank shafts, automobile crank shafts and diesel engines. This acquisition was decided in the Board Meeting held on 05 February 2018.

**11 General Meetings:****11.1 Location and time, where last three AGMs held:**

Financial year	Date	Time	Location
2014-15	26 August 2015	11.45 AM	Narada Gana Sabha, Chennai
2015-16	06 Sept 2016	12 Noon	The Music Academy, Chennai
2016-17	26 Sept 2017	11.45 AM	The Music Academy, Chennai

**11.2 Special Resolutions passed in the previous 3 AGMs:****11.2.1 Resolution passed by way of Postal Ballot in 2014:****11.2.1.1 Sell, Lease, Mortgage / Charge the properties of the Company situated at Singampunari and Viralimalai****11.2.1.2 To increase the Borrowing limits upto ₹ 500 Crores.****12 Disclosures:****12.1 There were no transactions of material nature with the Directors or the management or relatives of the Directors during the year****12.2 Related party Transaction which is not of material nature:**

An amount of ₹ 5,00,000/- (Rupees Five Lakhs only) was paid as Legal Consultation fees to M/s. Universal Legal for the purpose of undertaking all legal activities in connection with the acquisition of DVS Industries Private limited. The transaction was at arms length and in the ordinary course of business.

Smt Kavitha Vijay is a partner in Universal Legal as mentioned in the Notes forming part of the financial statements.

**12.1 Directors and Key Managerial Personnel 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 2018**

Name	Category	No. of shares	% to total
Shri. V.Vaidyanathan	Non-Executive Director	6000	0.05
Shri A.Gopalakrishnan	Non-Executive Director	800	0.01
Shri Vidyashankar Krishnan	Executive Director	1360120	11.27
Shri K. Venkatramanan	Executive Director	1292480	10.71
Smt J. Sumathi	Company Secretary	200	0
Shri. R Venkatakrishnan	Chief Financial Officer	1200	0.01


**12.2 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.

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

Both Executive Directors, namely, Shri Vidyashankar Krishnan and Shri K Venkatramanan are proposed to be reappointed for a tenure of 5 years with effect from 01 September 2018.

**12.5 All the three Non-executive Directors will be appointed for a period of 5 years with effect from 01 April 2019.**
**12.6 Disclosure : Holding and subsidiary Company ( DVS Industries Private Limited):**

Sr.no.	In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.
1	Holding Company	The Company has made advance to the tune of ₹ 46.28 Crores to its Subsidiary Company, DVS Industries Private Limited, repayable at prevailing rates.

**12.8 Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the listed entity.: NIL**
**13 Means of Communication**
**13.1 The quarterly, half yearly and annual results of the Company's performance are published in financial dailies viz., Business line and Makkal Kural**
**13.2 The financial results and the shareholding pattern for every quarter are uploaded in the website framed in this regard by the Bombay Stock Exchange Ltd and National Stock exchange Ltd in the prescribed form, which would enable them to place it on their website [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)**
**13.3 The financial result, official news releases and presentation made to Institutional Investors are displayed on the website of the Company, [www.mmforgings.com](http://www.mmforgings.com).**
**14 General Shareholders Information**
**14.1 Date, time and venue of the Annual General Meeting**

Annual General Meeting is proposed to be held on 11 July 2018

**14.2 Financial year :01 April 2017 to 31 March 2018**
**14.3 Record date during the year : 06 December 2017 and 08 June 2018**
**14.4 RECORD DATE FOR ISSUE OF BONUS SHARES : 19 July 2018**
**14.5 Listing on Stock Exchanges :**

The shares of the Company are listed at:

**14.5.1 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

**14.5.2 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.

**14.6 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

**14.6.1 The ISIN No. of the Company's equity shares in Demat form : INE227C01017**
**14.6.2 Depository Connectivity : National Securities Depository Limited, Central Depository Services (India) Limited**

**14.7 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

044-40020723; 044-40020726

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

**14.8 Share Transfer System**

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

**14.9 Pattern of shareholding as on 31 March 2018**

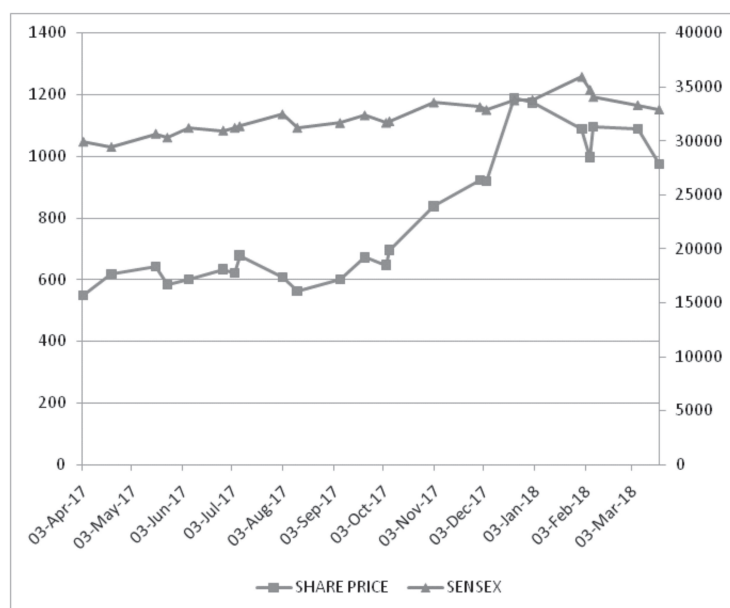
No. of equity shares held	No. of shareholders	% to total	No. of shares held	% of shareholding
1-500	7333	91.45	7225310	5.99
501-1000	344	4.29	2649470	2.20
1001-2000	141	1.76	2137120	1.77
2001-3000	52	0.65	1365880	1.13
3001-4000	30	0.37	1092060	0.90
4001-5000	23	0.29	1089950	0.90
5001-10000	23	0.29	1685680	1.40
10000 & above	72	0.90	103458530	85.71
<b>TOTAL</b>	<b>8018</b>	<b>100.00</b>	<b>12070400</b>	<b>100.00</b>

**14.10 Shareholding pattern as on 31 March 2018**

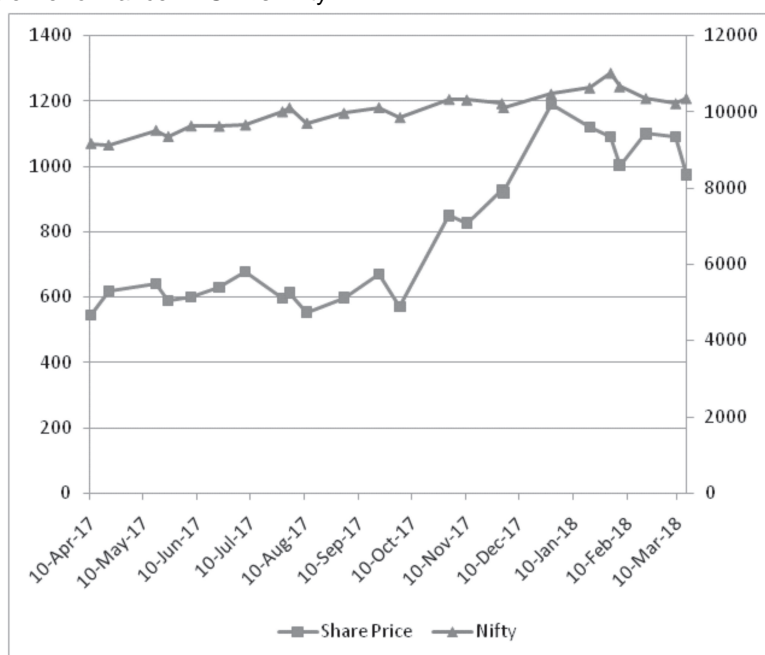
Category	No. of Share-holders	% to total	No. of shares held	% of share-holding
Resident Indians	7542	94.07	2426885	20.11
FII	1	0.01	100	0
Financial Institutions/ Banks	2	0.02	2592	0.01
NRIs	230	2.87	76108	0.63
Domestic Company	187	2.33	266823	2.21
Trust	3	0.03	56202	0.47
Mutual Funds	28	0.35	2252634	18.66
FPI	13	0.17	130402	1.08
Alternative Inv Fund	1	0.01	57500	0.48
IEPF	1	0.01	1209	0.01
Promoters	10	0.13	6799945	56.34
<b>Total</b>	<b>8018</b>	<b>100.00</b>	<b>12070400</b>	<b>100.00</b>



14.11 Share Performance BSE vs SENSEX



14.12 Share Performance NSE vs Nifty



14.13 Share price data

Month	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-17	618	550	619	546
May -17	642	583	641	589
June-17	634	601	630	601
July -17	679	623	697	577
Aug -17	608	563	614	555
Sept-17	673	602	671	599
Oct -17	697	648	850	570
Nov- 17	923	839	927	827
Dec-17	1190	920	1190	920
Jan -18	1175	1090	1120	1091
Feb -18	1096	998	1100	1004
Mar-18	1090	976	1091	975





- 14.14 Dematerialisation of shares :  
11819204 Shares ( 97.92%) dematerialized as on 31 March 2018.  
Promoters: 6799945 ( 56.34 %); Public: 5019259 (41.58%)
- 14.15 Details of public funding obtained in the last three years  
No capital has been raised in the last three years by way of public issue
- 14.16 Outstanding GDRs / ADRs / Warrants or any convertible instruments etc:  
As on 31 March 2018 the company has not issued these types of securities
- 14.17 Plant Location
- 14.17.1 Singampunari – 624 502
- 14.17.2 Viralmalai – 621 316
- 14.17.3 Karanaithangal Village, Mathur Post – 602 105, Sriperumbudur Taluk, Kancheepuram District
- 14.17.4 Wind farm at Panagudi village near Muppandal in Tirunelveli District.
- 14.17.5 Wind farm at Meenakshipuram Village, Theni District.
- 14.17.6 Wind farm at Kulasekaramangalam Village, Sankaran Kovil Taluk, Tirunelveli – 627 756.
- 14.17.7 Solar Plant at Bommakkottai, Kalayar Karisalkulam Village, Virudhunagar District, Aruppukottai – 626 105.
- 14.17.8 Solar Plant at Roof Top, Viralmalai
- 14.18 Address for correspondence :  
The Company's registered office is situated at 'SVK TOWERS', 8th Floor, A 25, Industrial Estate, Guindy, Chennai – 600032  
Email: [mmforge@mmforgings.com](mailto:mmforge@mmforgings.com)
- 14.19 Compliance Officer : Ms.J.Sumathi, Company Secretary
- 14.20 Exclusive Email id for redress of Investor Complaints : [sumathi@mmforgings.com](mailto:sumathi@mmforgings.com)
- 14.21 Website : [www.mmforgings.com](http://www.mmforgings.com)
- 14.22 Details of Bonus shares unclaimed:
- 14.22.1 Details of bonus share certificates returned undelivered – Bonus issue 2005  
No. of shareholders at the beginning of the year – 65  
No. of outstanding shares at the beginning of the year – 7800  
No. of shareholders who approached the issuer for transfer of these shares during the year– 0  
No. of shareholders to whom shares were transferred - 0  
No. of shareholders at the end of the year– 65  
No. of outstanding shares at the end of the year – 7800
- 14.22.2 Details of bonus share certificates returned undelivered – Bonus issue 2008  
No. of shareholders at the beginning of the year – 73  
No. of outstanding shares at the beginning of the year – 15600  
No. of shareholders who approached the issuer for transfer of these shares during the year–0  
No. of shareholders to whom shares were transferred - 0  
No. of shareholders at the end of the year– 73  
No. of outstanding shares at the end of the year –15600
- 14.22.3 Unclaimed bonus share certificates had been credited to Suspense Account. The shares shall be issued either in demat form or physical form, when the rightful owner of such shares claims the shares.
- 14.22.4 Reminder letters have been sent to those shareholders who have not claimed their bonus shares.
- 15 Shares Transferred to IEPF account of the Government:
- 15.1 Shares transferred under IEPF account of the government (taken the basis of 2010 dividend unclaimed) – 1209 shares.
- 15.2 Reminders to the concerned shareholders and also Public Notice to this effect was made as per the Regulations, before transferring the shares to IEPF account of the Government.
- 15.3 The list of shareholders, whose share have been transferred to IEPF account, is available at the Company's website, [www. mmforgings.com](http://www.mmforgings.com)
- 16 Other Disclosures:
- 16.2 Details of Non Compliance, Penalties, Structures imposed on any matter connected with Capital market : Nil



- 16.3 The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for Directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the audit committee. The said policy has also been put up on the website of the Company.
- 16.4 All mandatory requirements have been disclosed and some non mandatory requirements have been adopted.
- 16.5 Policy for determining Related Party Transaction and policy for determining 'material' subsidiaries is disclosed in Company's website, [www.mmforgings.com](http://www.mmforgings.com).
- 16.6 Commodity price risk and hedging activities : These have been disclosed under Management Discussion and Analysis.
- 16.7 The Company has duly fulfilled the following discretionary requirements as described in Schedule II Part E of the SEBI Listing Regulations:
- 16.7.1 The Company has separate persons to the post of Chairperson and CEO (Clause D)
- 16.7.2 The necessary disclosures of the Compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 have been complied.

Place : Chennai  
Date : 28 May 2018

For and On behalf of the Board  
**N. SRINIVASAN**  
Chairman

**Auditors Certificate on Corporate Governance**

To

The Members of M M Forgings Limited

We have examined the compliance of conditions of Corporate Governance by M M Forgings Ltd ('the Company') for the year ended 31st March 2018, as per Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulation').

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In Our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of Regulation 46 and paragraphs C, D, and E of Schedule V of the Listing Regulations, as applicable.

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

**Restrictions on Use**

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose

**For G R N K & CO**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 016847S

**G.R. NARESH KUMAR**  
**Proprietor**  
( Membership no. 215577 )

Place: Tiruchirappalli

Date : 28 May 2018

**CEO and CFO Certification**

We hereby certify that

We, Vidyashankar Krishnan, Vice Chairman and Managing Director and R. Venkatakrishnan, Chief Financial Officer certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March 2018 and to the best of our knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) 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.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2018 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Chennai  
Date : 28 May 2018

**Vidyashankar Krishnan**  
*Vice Chairman and Managing Director*  
(Din : 00081441)

**R. Venkatakrishnan**  
*Chief Financial Officer*

**Declaration to the Members pursuant / SEBI (LODR)**

MM Forgings Ltd has laid down a code of conduct for all Board members and Senior Management. All the Directors and the Senior Management personnel of the company have affirmed compliance with the Code of Conduct, for the Financial Year ended 31 March 2018.

For M M Forgings Limited

Place : Chennai  
Date : 28 May 2018

**Vidyashankar Krishnan**  
*Vice Chairman and Managing Director*  
(DIN : 00081441)

**ANNEXURE IV TO DIRECTORS' REPORT****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31 March 2018**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I REGISTRATION AND OTHER DETAILS:**

- i) CIN:- L51102TN1946PLC001473
- ii) Registration Date : 21 February 1946
- iii) Name of the Company : M M Forgings Limited
- iv) Category / Sub-Category of the Company : Manufacturing
- v) Address of the Registered office and contact details: 'SVK Towers' A 24/25, Thiru-vi-ka Industrial Estate, Guindy, Chennai - 600032. Phone : 044 71601000 Fax : 044 71601010
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer

Agent, if any : Cameo Corporate Services Limited, Unit: M M Forgings Limited, "Subramanian Building" Fifth Floor, No. 1, Club House Road, Chennai – 600 002. Ph : 044 - 28460390-94

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Forgings	25910	97%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No	Name and address of the Company	CIN/GLN	Holding/Subsidiary / Associate	% of sharesheld	ApplicableSection
1	DVS Industries Private Ltd	U74899DL1992PTC 049221	Subsidiary Company	91.91%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of the director	No. of Shares held at the beginning of the year – 31.03.2017				No. of Shares held at the end of the year – 31.03.2018				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
1. Indian									
A. Individuals/Hindu Undivided family	789525	0	789525	6.5410	780745	0	780745	6.4682	0.0000
B. Central Government/ State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
C. Bodies Corporate	3366600	0	3366600	27.8913	3366600	0	3366600	27.8913	0.0000
D. Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
E. Any Other									
Directors and their Relatives	2652600	0	2652600	21.9760	2652600	0	2652600	21.9760	0.0000
	<b>2652600</b>	<b>0</b>	<b>2652600</b>	<b>21.9760</b>	<b>2652600</b>	<b>0</b>	<b>2652600</b>	<b>21.9760</b>	<b>0.0000</b>
<b>Sub - Total (A)(1)</b>	<b>6808725</b>	<b>0</b>	<b>6808725</b>	<b>56.4084</b>	<b>6799945</b>	<b>0</b>	<b>6799945</b>	<b>56.3357</b>	<b>-0.0727</b>


**j) Category-wise Share Holding**

Category of the director	No. of Shares held at the beginning of the year-31.3.2017				No. of Shares held at the end of the year-31.3.2018				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Foreign</b>									
A. Individuals (Non-resident Individuals/Foreign Individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
B. Bodies Corporate	0	0	0	0.0000	0	0	0	0.0000	0.0000
C. Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
D. Qualified Foreign Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
E. Any Other									
<b>Sub - Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
<b>Total Share Holding Of promoter And Promoter group (A) = (A)(1)+(A)(2)</b>	<b>6808725</b>	<b>0</b>	<b>6808725</b>	<b>56.4084</b>	<b>6808725</b>	<b>0</b>	<b>6808725</b>	<b>56.4084</b>	<b>0.0000</b>
<b>B. Public Shareholding</b>									
1. Institutions									
A. Mutual Funds/UTI	1901307	2400	1903707	15.7716	2250234	2400	2252634	18.6624	2.8907
B. Financial Institutions/Banks	5406	0	5406	0.0447	2592	0	2592	0.0214	-0.0233
C. Central Government/State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
D. Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
E. Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
F. Foreign Institutional investors	0	0	0	0.0000	187902	0	187902	1.5567	1.5567
G. Foreign Venture capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
H. Qualified Foreign Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
I. Any Other									
<b>Sub - Total (B)(1)</b>	<b>1906713</b>	<b>2500</b>	<b>1909213</b>	<b>15.8173</b>	<b>2440728</b>	<b>2500</b>	<b>2443228</b>	<b>20.2414</b>	<b>4.4241</b>
2. Non-institutions									
A. Bodies Corporate	298956	3000	301956	2.5016	263823	3000	266823	2.2105	-0.2910
B. Individuals -									
I Individual Shareholders holding Nominal Share Capital upto Rs. 1 Lakh	1428063	159829	1587892	13.1552	1267298	150096	1417394	11.7427	-1.4125
II Individual Shareholders holding Nominal Share Capital in Excess Of Rs. 1 Lakh	1140344	85200	1225544	10.1533	828455	85200	913655	7.5693	-2.5839
C. Qualified Foreign Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
D. Any Other									
CLEARING MEMBERS	8245	0	8245	0.0683	4836	0	4836	0.0400	-0.0282
HINDU UNDIVIDED FAMILIES	107494	0	107494	0.8905	91000	0	91000	0.7539	-0.1366
IEPF	0	0	0	0.0000	1209	0	1209	0.0100	0.0100
NON RESIDENT INDIANS	54679	11800	66479	0.5507	65708	10400	76108	0.6305	0.0797
TRUSTS	54852	0	54852	0.4544	56202	0	56202	0.4656	0.0111
	<b>225270</b>	<b>11800</b>	<b>237070</b>	<b>1.9640</b>	<b>218955</b>	<b>10400</b>	<b>229355</b>	<b>1.9001</b>	<b>-0.0639</b>
<b>SUB - TOTAL (B)(2)</b>	<b>3092633</b>	<b>259829</b>	<b>3352462</b>	<b>27.7742</b>	<b>2578531</b>	<b>248696</b>	<b>2827227</b>	<b>23.4228</b>	<b>-4.3514</b>
<b>TOTAL PUBLIC SHARE HOLDING (B) = (B)(1)+(B)(2)</b>	<b>4999346</b>	<b>262329</b>	<b>5261675</b>	<b>43.5915</b>	<b>5019259</b>	<b>251196</b>	<b>5270455</b>	<b>43.6642</b>	<b>0.0727</b>
<b>TOTAL (A)+(B)</b>	<b>11808071</b>	<b>262329</b>	<b>12070400</b>	<b>100.0000</b>	<b>11819204</b>	<b>251196</b>	<b>12070400</b>	<b>100.0000</b>	<b>0.0000</b>


**i) Category-wise Share Holding**

Category of the director	No. of Shares held at the beginning of the year-31.3.2017				No. of Shares held at the end of the year - 31.3.2018				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Shares Held By Custodians And Against which Depository Receipt Have Been Issued</b>									
Promoter And Promoter Group	0	0	0	0.0000	0	0	0	0.0000	0.0000
Public	0	0	0	0.0000	0	0	0	0.0000	0.0000
<b>Total Custodian (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
<b>Grand Total (A)+(B)+(C)</b>	<b>11808071</b>	<b>262329</b>	<b>12070400</b>	<b>100.0000</b>	<b>11819204</b>	<b>251196</b>	<b>12070400</b>	<b>100.0000</b>	<b>0.0000</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year - 31.3.2017			Shareholding at the end of the year- 31.3.2018			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	SYNMAX CONSULTANTS & TRADING PVT LTD	2898000	24.0091	0.0000	2898000	24.0091	0.0000	0.0000
2	VIDYASHANKAR KRISHNAN JT1 : SUMITA VIDYASHANKAR	1360120	11.2682	0.0000	1360120	11.2682	0.0000	0.0000
3	K VENKATRAMANAN	1292480	10.7078	0.0000	1292480	10.7078	0.0000	0.0000
4	SIVASUNDAR PRIVATE LTD	468600	3.8822	0.0000	468600	3.8822	0.0000	0.0000
5	S LAKSHMAN	380779	3.1546	0.0000	380779	3.1546	0.0000	0.0000
6	LAKSHMI RAMACHANDRAN	283990	2.3527	0.0000	283990	2.3527	0.0000	0.0000
7	R SUBRAMONIAN JT1 : SUMITAVIDYASHANKAR	77600	0.6428	0.0000	77600	0.6428	0.0000	0.0000
8	AJAY SHANKAR RAMACHANDRAN	27000	0.2236	0.0000	27000	0.2236	0.0000	0.0000
9	SUMITA VIDYASHANKAR JT1 : VIDYASHANKAR KRISHNAN	16400	0.1358	0.0000	16400	0.1358	0.0000	0.0000
10	VIJAY SUNDAR RAMACHANDRAN	3756	0.0311	0.0000	3756	0.0311	0.0000	0.0000



**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)**

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year- 31.3.2017		Cumulative Shareholding during the year- 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	SYNMAX CONSULTANTS & TRADING PVT LTD At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	2898000 2898000	24.0091 24.0091	2898000 2898000	24.0091 24.0091
2	VIDYASHANKAR KRISHNANJT1 : SUMITA VIDYASHANKAR At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	1360120 1360120	11.2682 11.2682	1360120 1360120	11.2682 11.2682
3	K VENKATRAMANAN At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	1292480 1292480	10.7078 10.7078	1292480 1292480	10.7078 10.7078
4	SIVASUNDAR PRIVATE LTD At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	468600 468600	3.8822 3.8822	468600 468600	3.8822 3.8822
5	S LAKSHMAN At the beginning of the year 01-Apr-2017 Sale 09-Feb-2018 Sale 16-Feb-2018 Sale 23-Feb-2018 Sale 02-Mar-2018 Sale 09-Mar-2018 Sale 16-Mar-2018 At the end of the Year 31-Mar-2018	380779 -932 -1550 -1063 -4156 -1000 -79 371999	3.1546 0.0077 0.0128 0.0088 0.0344 0.0082 0.0006 3.0819	380779 379847 378297 377234 373078 372078 371999 371999	3.1546 3.1469 3.1340 3.1252 3.0908 3.0825 3.0819 3.0819
6	LAKSHMI RAMACHANDRAN At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	283990 283990	2.3527 2.3527	283990 283990	2.3527 2.3527
7	R SUBRAMONIANJT1 : SUMITAVIDYASHANKAR At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	77600 77600	0.6428 0.6428	77600 77600	0.6428 0.6428
8	AJAY SHANKAR RAMACHANDRAN At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	27000 27000	0.2236 0.2236	27000 27000	0.2236 0.2236
9	SUMITA VIDYASHANKARJT1 : VIDYASHANKAR KRISHNAN At the beginning of the year 01-Apr-2017 At the end of the Year 31-Mar-2018	16400 16400	0.1358 0.1358	16400 16400	0.1358 0.1358
10	VIJAY SUNDAR RAMACHANDRAN At the beginning of the year 01-Apr-2017 Sale 09-Feb-2018 At the end of the Year 31-Mar-2018	3756 -3756 0	0.0311 0.0311 0.0000	3756 0 0	0.0311 0.0000 0.0000
10	VIJAY SUNDAR RAMACHANDRAN At the beginning of the year 01-Apr-2017 Purchase 09-Feb-2018 At the end of the Year 31-Mar-2018	0 3756 3756	0.0000 0.0311 0.0311	0 3756 3756	0.0000 0.0311 0.0311




**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31.3.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	FRANKLIN INDIA SMALLER COMPANIES FUND				
	At the beginning of the year 01-Apr-2017	789341	6.5394	789341	6.5394
	Sale 13-Oct-2017	-101847	0.8437	687494	5.6957
	Sale 27-Oct-2017	-7462	0.0618	680032	5.6338
	Sale 03-Nov-2017	-2372	0.0196	677660	5.6142
	Sale 10-Nov-2017	-66	0.0005	677594	5.6136
	Sale 17-Nov-2017	-1968	0.0163	675626	5.5973
	Sale 24-Nov-2017	-10626	0.0880	665000	5.5093
	Sale 06-Dec-2017	-49539	0.4104	615461	5.0989
	Sale 08-Dec-2017	-5461	0.0452	610000	5.0536
	Sale 29-Dec-2017	-40000	0.3313	570000	4.7222
	At the end of the Year 31-Mar-2018	570000	4.7222	570000	4.7222
	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN BUILD INDIA FUND (FBIF)				
	At the beginning of the year 01-Apr-2017	249228	2.0647	249228	2.0647
	Sale 13-Oct-2017	-49228	0.4078	200000	1.6569
	Sale 27-Oct-2017	-6636	0.0549	193364	1.6019
	Sale 03-Nov-2017	-2108	0.0174	191256	1.5845
	Sale 10-Nov-2017	-58	0.0004	191198	1.5840
	Sale 17-Nov-2017	-1750	0.0144	189448	1.5695
	Sale 24-Nov-2017	-26343	0.2182	163105	1.3512
	Sale 01-Dec-2017	-9624	0.0797	153481	1.2715
	Sale 06-Dec-2017	-3481	0.0288	150000	1.2427
	Sale 22-Dec-2017	-12	0.0000	149988	1.2426
	Sale 29-Dec-2017	-24988	0.2070	125000	1.0355
	At the end of the Year 31-Mar-2018	125000	1.0355	125000	1.0355
1	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA HIGH GROWTH COMPANIES FUND				
	At the beginning of the year 01-Apr-2017	106889	0.8855	106889	0.8855
	Sale 06-Oct-2017	-106889	0.8855	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
2	HDFC TRUSTEE COMPANY LIMITED A/C HDFC BALANCED FUND				
	At the beginning of the year 01-Apr-2017	303500	2.5144	303500	2.5144
	At the end of the Year 31-Mar-2018	303500	2.5144	303500	2.5144



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31.3.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	ANIL KUMAR GOEL				
	At the beginning of the year 01-Apr-2017	164428	1.3622	164428	1.3622
	Sale 14-Apr-2017	-428	0.0035	164000	1.3586
	Sale 07-Jul-2017	-21	0.0001	163979	1.3585
	Sale 14-Jul-2017	-43178	0.3577	120801	1.0008
	Sale 06-Oct-2017	-102823	0.8518	17978	0.1489
	Sale 13-Oct-2017	-3978	0.0329	14000	0.1159
	Sale 20-Oct-2017	-6000	0.0497	8000	0.0662
	Sale 24-Nov-2017	-1809	0.0149	6191	0.0512
	Sale 06-Dec-2017	-5247	0.0434	944	0.0078
	Sale 08-Dec-2017	-944	0.0078	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICROCAP SERIES VI				
	At the beginning of the year 01-Apr-2017	151302	1.2534	151302	1.2534
	Sale 17-Nov-2017	-54613	0.4524	96689	0.8010
	Sale 16-Mar-2018	-14497	0.1201	82192	0.6809
	At the end of the Year 31-Mar-2018	82192	0.6809	82192	0.6809
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICROCAP SERIES V				
	At the beginning of the year 01-Apr-2017	105166	0.8712	105166	0.8712
	Sale 17-Nov-2017	-40785	0.3378	64381	0.5333
	Sale 02-Feb-2018	-1000	0.0082	63381	0.5250
	Sale 16-Feb-2018	-1672	0.0138	61709	0.5112
	Sale 23-Feb-2018	-25056	0.2075	36653	0.3036
	Sale 02-Mar-2018	-15179	0.1257	21474	0.1779
	Sale 09-Mar-2018	-21474	0.1779	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICROCAP SERIES VII				
	At the beginning of the year 01-Apr-2017	79612	0.6595	79612	0.6595
	Sale 17-Nov-2017	-26229	0.2173	53383	0.4422
	Sale 16-Mar-2018	-20000	0.1656	33383	0.2765
	At the end of the Year 31-Mar-2018	33383	0.2765	33383	0.2765
4	SUNDARAM MUTUAL FUND A/C SUNDARAM LONG TERM MICRO CAP TAX ADVANTAGE FUND SERIES III				
	At the beginning of the year 01-Apr-2017	53047	0.4394	53047	0.4394
	Sale 17-Nov-2017	-10871	0.0900	42176	0.3494
	At the end of the Year 31-Mar-2018	42176	0.3494	42176	0.3494



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31.3.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICROCAP SERIES VIII At the beginning of the year 01-Apr-2017	31039	0.2571	31039	0.2571
	Purchase 08-Sep-2017	6	0.0000	31045	0.2571
	Purchase 13-Oct-2017	8545	0.0707	39590	0.3279
	At the end of the Year 31-Mar-2018	39590	0.3279	39590	0.3279
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICROCAP SERIES IX At the beginning of the year 01-Apr-2017	18024	0.1493	18024	0.1493
	Purchase 13-Oct-2017	5345	0.0442	23369	0.1936
	At the end of the Year 31-Mar-2018	23369	0.1936	23369	0.1936
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICROCAP SERIES X At the beginning of the year 01-Apr-2017	11959	0.0990	11959	0.0990
	Purchase 01-Sep-2017	298	0.0024	12257	0.1015
	Purchase 08-Sep-2017	36	0.0002	12293	0.1018
	Purchase 13-Oct-2017	2811	0.0232	15104	0.1251
	At the end of the Year 31-Mar-2018	15104	0.1251	15104	0.1251
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP SERIES XI At the beginning of the year 01-Apr-2017	2200	0.0182	2200	0.0182
	Purchase 07-Apr-2017	5127	0.0424	7327	0.0607
	Purchase 14-Apr-2017	2396	0.0198	9723	0.0805
	Purchase 05-May-2017	97	0.0008	9820	0.0813
	Purchase 26-May-2017	7398	0.0612	17218	0.1426
	Purchase 02-Jun-2017	261	0.0021	17479	0.1448
	Purchase 09-Jun-2017	35	0.0002	17514	0.1450
	Purchase 30-Jun-2017	14	0.0001	17528	0.1452
	Purchase 07-Jul-2017	141	0.0011	17669	0.1463
	Purchase 14-Jul-2017	1134	0.0093	18803	0.1557
	Purchase 08-Sep-2017	1553	0.0128	20356	0.1686
	Purchase 17-Nov-2017	12424	0.1029	32780	0.2715
	At the end of the Year 31-Mar-2018	32780	0.2715	32780	0.2715
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP SERIES XIV At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 30-Jun-2017	3424	0.0283	3424	0.0283
	Purchase 07-Jul-2017	3244	0.0268	6668	0.0552
	Purchase 14-Jul-2017	15794	0.1308	22462	0.1860
	Purchase 25-Aug-2017	872	0.0072	23334	0.1933
	Purchase 08-Sep-2017	1860	0.0154	25194	0.2087
	Purchase 13-Oct-2017	11936	0.0988	37130	0.3076
	Purchase 17-Nov-2017	3428	0.0284	40558	0.3360
	At the end of the Year 31-Mar-2018	40558	0.3360	40558	0.3360



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31.3.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP SERIES - XV At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 30-Jun-2017	3316	0.0274	3316	0.0274
	Purchase 07-Jul-2017	3139	0.0260	6455	0.0534
	Purchase 14-Jul-2017	15284	0.1266	21739	0.1801
	Purchase 25-Aug-2017	897	0.0074	22636	0.1875
	Purchase 08-Sep-2017	1879	0.0155	24515	0.2031
	Purchase 13-Oct-2017	10849	0.0898	35364	0.2929
	Purchase 17-Nov-2017	3338	0.0276	38702	0.3206
	At the end of the Year 31-Mar-2018	38702	0.3206	38702	0.3206
4	SUNDARAM MUTUAL FUND A/C SUNDARAM EMERGING SMALL CAP - SERIES I At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 09-Mar-2018	20884	0.1730	20884	0.1730
	Purchase 16-Mar-2018	14359	0.1189	35243	0.2919
	At the end of the Year 31-Mar-2018	35243	0.2919	35243	0.2919
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP SERIES I At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 17-Nov-2017	30577	0.2533	30577	0.2533
	At the end of the Year 31-Mar-2018	30577	0.2533	30577	0.2533
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP SERIES - XVI At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 13-Oct-2017	25000	0.2071	25000	0.2071
	Purchase 17-Nov-2017	1220	0.0101	26220	0.2172
	At the end of the Year 31-Mar-2018	26220	0.2172	26220	0.2172
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP SERIES XII At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 07-Apr-2017	4259	0.0352	4259	0.0352
	Purchase 14-Apr-2017	1991	0.0164	6250	0.0517
	Purchase 05-May-2017	81	0.0006	6331	0.0524
	Purchase 26-May-2017	6144	0.0509	12475	0.1033
	Purchase 02-Jun-2017	215	0.0017	12690	0.1051
	Purchase 09-Jun-2017	29	0.0002	12719	0.1053
	Purchase 16-Jun-2017	644	0.0053	13363	0.1107
	Purchase 30-Jun-2017	5	0.0000	13368	0.1107
	Purchase 07-Jul-2017	47	0.0003	13415	0.1111
	Purchase 14-Jul-2017	375	0.0031	13790	0.1142
	Purchase 08-Sep-2017	1126	0.0093	14916	0.1235
	Purchase 17-Nov-2017	9090	0.0753	24006	0.1988
	At the end of the Year 31-Mar-2018	24006	0.1988	24006	0.1988



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31.3.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP - SERIES - XVII At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 17-Nov-2017	23014	0.1906	23014	0.1906
	At the end of the Year 31-Mar-2018	23014	0.1906	23014	0.1906
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP SERIES II At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 17-Nov-2017	20465	0.1695	20465	0.1695
	At the end of the Year 31-Mar-2018	20465	0.1695	20465	0.1695
4	SUNDARAM MUTUAL FUND A/C SUNDARAM LONG TERM MICRO CAP TAX ADVANTAGE FUND SERIES IV At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 02-Jun-2017	2943	0.0243	2943	0.0243
	Purchase 09-Jun-2017	398	0.0032	3341	0.0276
	Purchase 16-Jun-2017	219	0.0018	3560	0.0294
	Purchase 23-Jun-2017	2219	0.0183	5779	0.0478
	Purchase 30-Jun-2017	151	0.0012	5930	0.0491
	Purchase 07-Jul-2017	1328	0.0110	7258	0.0601
	Purchase 14-Jul-2017	10679	0.0884	17937	0.1486
	Sale 17-Nov-2017	-564	0.0046	17373	0.1439
	At the end of the Year 31-Mar-2018	17373	0.1439	17373	0.1439
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP SERIES III At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 17-Nov-2017	16950	0.1404	16950	0.1404
	At the end of the Year 31-Mar-2018	16950	0.1404	16950	0.1404
4	SUNDARAM MUTUAL FUND A/C SUNDARAM LONG TERM MICRO CAP TAX ADVANTAGE FUND - SERIES V At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 21-Jul-2017	4191	0.0347	4191	0.0347
	Purchase 11-Aug-2017	3099	0.0256	7290	0.0603
	Purchase 25-Aug-2017	1003	0.0083	8293	0.0687
	Purchase 01-Sep-2017	834	0.0069	9127	0.0756
	Purchase 08-Sep-2017	7004	0.0580	16131	0.1336
	Purchase 13-Oct-2017	514	0.0042	16645	0.1378
	At the end of the Year 31-Mar-2018	16645	0.1378	16645	0.1378



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31.3.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	SUNDARAM MUTUAL FUND A/C SUNDARAM LONG TERM MICRO CAP TAX ADVANTAGE FUND - SERIES - VI At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 13-Oct-2017	15000	0.1242	15000	0.1242
	At the end of the Year 31-Mar-2018	15000	0.1242	15000	0.1242
4	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECTMICRO CAP SERIES IV At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 17-Nov-2017	12556	0.1040	12556	0.1040
	At the end of the Year 31-Mar-2018	12556	0.1040	12556	0.1040
5	SANDHYA G PARIKHJT1 : GOVINDLAL M PARIKH At the beginning of the year 01-Apr-2017	138332	1.1460	138332	1.1460
	Purchase 01-Sep-2017	2724	0.0225	141056	1.1686
	At the end of the Year 31-Mar-2018	141056	1.1686	141056	1.1686
6	MEENAKSHI SUBRAMANIAM At the beginning of the year 01-Apr-2017	117583	0.9741	117583	0.9741
	At the end of the Year 31-Mar-2018	117583	0.9741	117583	0.9741
7	SUNDARAM NARAYANAN . JT1 : JALAJA NARAYANAN . At the beginning of the year 01-Apr-2017	75600	0.6263	75600	0.6263
	At the end of the Year 31-Mar-2018	75600	0.6263	75600	0.6263
8	VISHNU SRIVATSAN At the beginning of the year 01-Apr-2017	73027	0.6050	73027	0.6050
	At the end of the Year 31-Mar-2018	73027	0.6050	73027	0.6050
9	URJITA J MASTER At the beginning of the year 01-Apr-2017	62566	0.5183	62566	0.5183
	Purchase 26-May-2017	793	0.0065	63359	0.5249
	Purchase 02-Jun-2017	141	0.0011	63500	0.5260
	Purchase 09-Jun-2017	500	0.0041	64000	0.5302
	Purchase 23-Jun-2017	500	0.0041	64500	0.5343
	Sale 14-Jul-2017	-2500	0.0207	62000	0.5136
	Sale 21-Jul-2017	-1024	0.0084	60976	0.5051
	Purchase 18-Aug-2017	24	0.0001	61000	0.5053
	Sale 08-Sep-2017	-2000	0.0165	59000	0.4887
	Sale 22-Sep-2017	-1000	0.0082	58000	0.4805
	Sale 29-Sep-2017	-417	0.0034	57583	0.4770
	Sale 06-Oct-2017	-1833	0.0151	55750	0.4618



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31.3.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10	Sale 13-Oct-2017	-7000	0.0579	48750	0.4038
	Sale 20-Oct-2017	-250	0.0020	48500	0.4018
	Sale 27-Oct-2017	-500	0.0041	48000	0.3976
	Sale 03-Nov-2017	-250	0.0020	47750	0.3955
	Sale 17-Nov-2017	-250	0.0020	47500	0.3935
	Sale 24-Nov-2017	-250	0.0020	47250	0.3914
	Sale 01-Dec-2017	-500	0.0041	46750	0.3873
	Sale 06-Dec-2017	-500	0.0041	46250	0.3831
	Sale 15-Dec-2017	-1914	0.0158	44336	0.3673
	Sale 22-Dec-2017	-2336	0.0193	42000	0.3479
	Sale 29-Dec-2017	-1500	0.0124	40500	0.3355
	Sale 05-Jan-2018	-2500	0.0207	38000	0.3148
	Sale 12-Jan-2018	-250	0.0020	37750	0.3127
	Sale 19-Jan-2018	-1750	0.0144	36000	0.2982
	Sale 25-Jan-2018	-6750	0.0559	29250	0.2423
	Sale 02-Feb-2018	-2250	0.0186	27000	0.2236
	Sale 09-Feb-2018	-1000	0.0082	26000	0.2154
	Sale 23-Feb-2018	-599	0.0049	25401	0.2104
	Sale 02-Mar-2018	-250	0.0020	25151	0.2083
	Sale 16-Mar-2018	-401	0.0033	24750	0.2050
	Sale 23-Mar-2018	-250	0.0020	24500	0.2029
	Sale 30-Mar-2018	-750	0.0062	23750	0.1967
	At the end of the Year 31-Mar-2018	23750	0.1967	23750	0.1967
	CAWAS MISTRYJT1 : ZARIN MISTRY				
	At the beginning of the year 01-Apr-2017	53056	0.4395	53056	0.4395
	At the end of the Year 31-Mar-2018	53056	0.4395	53056	0.4395
11	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESSES FUND				
	At the beginning of the year	0	0.0000	0	0.0000
	Purchase 13-Oct-2017	230008	1.9055	230008	1.9055
	Purchase 20-Oct-2017	51282	0.4248	281290	2.3304
	Purchase 27-Oct-2017	25010	0.2072	306300	2.5376
	Purchase 17-Nov-2017	33910	0.2809	340210	2.8185
	Purchase 24-Nov-2017	18542	0.1536	358752	2.9721
	Purchase 01-Dec-2017	8000	0.0662	366752	3.0384
	Purchase 06-Dec-2017	52140	0.4319	418892	3.4704
	Purchase 08-Dec-2017	890	0.0073	419782	3.4777
	Purchase 15-Dec-2017	1869	0.0154	421651	3.4932
	Purchase 22-Dec-2017	2718	0.0225	424369	3.5157
	Purchase 29-Dec-2017	3568	0.0295	427937	3.5453
	Purchase 05-Jan-2018	18261	0.1512	446198	3.6966
	Purchase 12-Jan-2018	3310	0.0274	449508	3.7240
	Purchase 19-Jan-2018	8181	0.0677	457689	3.7918
	Purchase 25-Jan-2018	17758	0.1471	475447	3.9389
	Purchase 02-Feb-2018	21094	0.1747	496541	4.1137
	Purchase 09-Feb-2018	12950	0.1072	509491	4.2209
	Purchase 23-Feb-2018	12404	0.1027	521895	4.3237
	Purchase 02-Mar-2018	11596	0.0960	533491	4.4198
	Purchase 09-Mar-2018	29520	0.2445	563011	4.6643
	Purchase 16-Mar-2018	638	0.0052	563649	4.6696
	Purchase 23-Mar-2018	4742	0.0392	568391	4.7089
	Purchase 30-Mar-2018	5251	0.0435	573642	4.7524
	At the end of the Year 31-Mar-2018	573642	4.7524	573642	4.7524





Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 31.3.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
11	L&T MUTUAL FUND TRUSTEE LIMITED - L&T EMERGING OPPORTUNITIES FUND - SERIES I				
	At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 09-Mar-2018	94	0.0007	94	0.0007
	Purchase 16-Mar-2018	37306	0.3090	37400	0.3098
	Purchase 23-Mar-2018	7252	0.0600	44652	0.3699
	Purchase 30-Mar-2018	269	0.0022	44921	0.3721
	At the end of the Year 31-Mar-2018	44921	0.3721	44921	0.3721
12	PPF II (PMG PARTNERS FUNDS II) - PADMA INDIA FUND				
	At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	Purchase 08-Dec-2017	3132	0.0259	3132	0.0259
	Purchase 15-Dec-2017	2160	0.0178	5292	0.0438
	Purchase 22-Dec-2017	2676	0.0221	7968	0.0660
	Purchase 29-Dec-2017	5209	0.0431	13177	0.1091
	Purchase 05-Jan-2018	20437	0.1693	33614	0.2784
	Purchase 12-Jan-2018	15000	0.1242	48614	0.4027
	Purchase 25-Jan-2018	4000	0.0331	52614	0.4358
	Purchase 23-Feb-2018	5400	0.0447	58014	0.4806
	At the end of the Year 31-Mar-2018	58014	0.4806	58014	0.4806


**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year 31.3.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>R VENKATAKRISHNAN (CFO)</b>				
	At the beginning of the year	1200	0.01	1200	0.01
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-	-	-	-
	At the end of the Year	1200	0.01	1200	0.01
2	<b>J SUMATHI (Company Secretary)</b>				
	At the beginning of the year	200	0.00	200	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-	-	-	-
	At the end of the Year	200	0.00	200	0.00

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2235791746	0	0	2235791746
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1648688	0	0	1648688
Total (i+ii+iii)	2237440434	0	0	2237440434
Change in Indebtedness during the financial year				
- Addition	2020113906	0	0	2020113906
- Reduction	443696273	0	0	443696273
Net Change	1576417633	0	0	1576417633
Indebtedness at the end of the financial year				
i) Principal Amount	3812960861	0	0	3812960861
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	897207	0	0	897207
<b>Total (i+ii+iii)</b>	<b>3813858068</b>	<b>0</b>	<b>0</b>	<b>3813858068</b>


**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl.No.	Particulars of Remuneration	Name of MD/ WTD		Total amount
		Vidyashankar Krishnan	K. Venkatramanan	
1	Gross Salary			
	a) Salary as per provisions contained in section 17 (1) of the Income tax Act	2,00,35,875	1,90,44,000	3,90,79,875
	b) Value of perquisites u/s 17 (2) of Income tax Act	42,09,799	39,26,059	81,35,858
	c) Profits in lieu of salary under section 17 (3) of Income tax Act	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission-			
	As % of profit-	1,98,00,000	1,98,00,000	3,96,00,000
	As others, specify			
5	Others, specify	-	-	-
	TOTAL (A)	4,40,45,674	4,27,70,059	8,68,15,733
	Ceiling as per the Act	4,54,69,746	4,54,69,746	9,09,39,491

**B. Remuneration to other directors:**

Sl.No.	Particulars of remuneration	Name of directors				Total amount
		N. Srinivasan	V.Vaidyanathan	A.Gopalakrishnan	Kavitha Vijay	
1	Independent Directors					
	● Fee for attending board/ committee meetings	30,000	80,000	80,000	52,500	2,42,500
	● Commission	7,50,000	4,00,000	3,00,000	3,00,000	17,50,000
	● Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	7,80,000	4,80,000	3,80,000	3,52,500	19,92,500
2	Other Non Executive Directors					
	● Fee for attending board/ committee meetings	-	-	-	-	-
	● Commission	-	-	-	-	-
	● Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-
	Total (b) = (1 +2)	7,80,000	4,80,000	3,80,000	3,52,500	19,92,500
	Ceiling as per Act	21,70,,718	21,70,,718	21,70,,718	21,70,,718	86,82,874


**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT**

Sl.No.	Particulars of Remuneration	Key Managerial Personnel		Total amount
		J. Sumathi, Company Secretary	R. Venkatakrishnan, Chief Financial Officer	
1	Gross Salary			
	a) Salary as per provisions contained in section 17 ( 1) of the Income tax Act	10,51,310	15,70,122	26,21,432
	b) Value of perquisites u/s 17 (2) of Income tax Act	0	0	0
	c) Profits in lieu of salary under section 17 ( 3) of Income tax Act	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	-As % of profit	0	0	0
	-As others, specify			
5	Others, specify	-		
	TOTAL ( A)	10,51,310	15,70,122	26,21,432

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY - NIL</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS - NIL</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT - NIL</b>					
Penalty					
Punishment					
Compounding					

**Form AOC – 2**

**(Pursuant to clause (h) of sub –section (3) of section 134 of the Act and Rule 8 (2 ) of the Companies ( Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section 91) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL
  - 1.1 Name (s) of the related party and nature of relationship
  - 1.2 Nature of contracts/ arrangements/ transaction
  - 1.3 Duration of the contracts / arrangements/ transactions
  - 1.4 Salient terms of the contracts or arrangements or transactions including the value, if any
  - 1.5 Justification for entering into such contracts or arrangements or transactions
  - 1.6 Date (s) of approval by the Board
  - 1.7 Amount paid as advances , if any:
  - 1.8 Date on which the special resolution was passed in general meeting as required under first proviso to section 188.
2. Details of material contracts or arrangements or transactions not at arm's length basis - NIL
  - 2.1 Name (s) of the related party and nature of relationship
  - 2.2 Nature of contracts/ arrangements/ transaction
  - 2.3 Duration of the contracts / arrangements/ transactions
  - 2.4 Salient terms of the contracts or arrangements or transactions including the value, if any
  - 2.5 Date (s) of approval by the Board
  - 2.6 Amount paid as advances , if any:

In terms of our Report of even date

**For GRNK & Co.**  
*Chartered Accountants*  
FRN 016847S

**N. Srinivasan**  
*Chairman*  
(DIN : 00116726)

**Vidyashankar Krishnan**  
*Vice Chairman and*  
*Managing Director* (DIN : 00081441)

**V.Vaidyanathan**  
*Director*  
(DIN : 00081792)

**G R Naresh Kumar**  
*Proprietor*  
Membership no. 215577

**A. Gopalakrishnan**  
*Director*  
(DIN : 06414546)

**Kavitha Vijay**  
*Director*  
(DIN : 01047261)

Place : Chennai  
Date : 28 May 2018

**J.Sumathi**  
*Company Secretary*

**R.Venkatakrishnan**  
*Chief Financial Officer*



**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31.03.2018**

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

**To**

**The Members**

**MM FORGINGS LIMITED**

**“SVK TOWER” A 24/25, THIRU VI KA INDUSTRIAL ESTATE,  
GUINDY, CHENNAI-600032**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MM Forgings Limited** (hereinafter called the company). Secretarial Audit was conducted based on records made available to me, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion/understanding thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and made available to me and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I, on strength of those records, and information so provided, hereby report that in my opinion and understanding, the company, during the audit period covering the financial year ended on 31st March, 2018, appears to have complied with the statutory provisions listed hereunder and also in my limited review, that the Company has proper and required Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **MM Forgings Limited** (“the Company”) for the financial year ended on 31st March, 2018 according to the provisions as applicable to the Company during the period of audit:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment, imports and export of goods and services;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) There are no laws/ Regulations (as amended from time to time), as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/industry.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. .
- (ii) The Listing Agreements entered into by the Company with the Stock Exchanges, where the equity shares of the Company are listed.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc., mentioned above subject to the following observations:

1. The Company has appointed a woman director on its Board as per section 149(1) of the Companies Act, 2013.



2. During the audit period the provision as required under section 149(4) read with schedule iv and revised clause 49 of the listing agreement entered with the Stock Exchange.
3. The service of notice of annual general meeting together with the annual report of the company for the financial year 2017-18 was in compliance with the Companies Act, 2013.

I further report that there were no actions/events occurred in the pursuance of

- (a) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; requiring compliance thereof by the Company during the Financial Year under review.

I further report that, on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads / company secretary / CEO taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable other general laws including Industrial Laws, Environmental Laws, Human Resources and labour laws however a few updations are required to the labour law compliances.

I further report that, the compliance by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

The Company has acquired majority stake in DVS Industries Private Limited, a leading manufacturer of Crank Shafts, Automobile Crank Shafts and Diesel Engines. The acquisition for cash consideration was approved by the Board of Directors of the Company at their meeting held on 5<sup>th</sup> February 2018.

I further report that:

The Board of Directors of the Company is constituted with a balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were delivered and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that during the audit period, no events have occurred during the year which have a major bearing on the Company's affairs.

Place: Chennai  
Date: 28-05-2018

**V SHANKAR**  
COMPANY SECRETARY IN PRACTICE  
ACS No. 12080  
C.P.NO. 12974

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





**ANNEXURE-A**

**To,**

**The Members**

**MM FORGINGS LIMITED**

**“SVK TOWER” A 24/25, THIRU VI KA INDUSTRIAL ESTATE,**

**GUINDY, CHENNAI-600032**

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



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the IND AS Standalone Financial Statements**

We have audited the accompanying Standalone Ind AS Financial statements of M/S. M.M. Forgings Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income) the statement of changes in equity and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of The Companies Act, 2013 (The Act) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of The Act, read with relevant rules issued thereunder.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design and implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our Audit, We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Auditor's report under the provisions of the Act and rules made there under and the Order issued under Section 143 (11) of The Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by The Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the Audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the over all presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

- 1) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the company as at 31<sup>st</sup> March 2018 and its **PROFIT** and cash flows for the year ended on that date.

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

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the said Order.
- 2) As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;



- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with relevant rule issued thereunder.
- e) On the basis of written representations received from the Directors as on March 31 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018, from being appointed as a Director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the Operating effectiveness of such controls, refer to our separate Report in Annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's Internal Financial Controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of The Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us :
  - i) The Company does not have any pending litigation which would impact its financial position.
  - ii) The Company does not have any long term contract including derivative contract for which there were any material foreseeable losses.
  - iii) There has been no delay in transferring the amounts, required to be transferred, to the investor education and protection fund.
  - iv) The reporting on disclosure relating to Specified Bank Notes is not applicable to the Company for the year Ended 31.03.2018.

For G R N K & Co  
Chartered Accountants  
FRN: 016847S

G R Naresh Kumar  
Proprietor  
Membership No. 215577

Place : Tiruchirapalli  
Date : 28 May 2018

#### ANNEXURE A TO THE AUDITOR'S REPORT

The Annexure referred to in Independent Auditor's Report to the members of the Company on the Financial Statements for the Year Ended 31.03.2018:

We report that

- I
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) As explained to us, all the assets have not been physically verified by the management during the year but there is a regular program of verification to cover all the items of Fixed Assets in a phased manner, which, in our opinion, is reasonable, considering the size and the verification having regard to the size of the company and the nature of its assets. Pursuant to the program, certain Fixed Assets were physically verified by the Management during the year. No material discrepancies have been noticed on such physical verification.
  - c) According to the information and explanations furnished to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that the Title Deeds, comprising of all the immoveable properties of the Land Buildings which are Freehold, are held in the name of the company as at the Balance Sheet date. Based on the above, we also report that all the assets of the Company are Freehold and the Company has not acquired any Asset on Lease. Also, all the assets are held for the use of the Company only and none of the assets are held for use by others.
- II
  - a) 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. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- III According to the information and explanations furnished to us, the Company has neither granted nor taken any loans to and from companies, firms or other parties covered in the Register, maintained under Section 189 of the



Companies Act, 2013, except the Loan of ₹ 4628.36 Lakhs to M/S. DVS Industries Private Limited, subsidiary of the Company in respect of which,

- a) The Terms and conditions of the grant of such loan is, in our opinion, not prejudicial to the interest of the Company;
- b) The repayment of the said loan is yet to commence as per the schedule stipulated for the repayment;
- c) There is no overdue amount remaining outstanding as on the date of the Balance Sheet.

IV In our opinion and according to the information and explanations furnished to us, the Company has complied with the Provisions of Sections 185 and 186 of The Act in respect of Grant of Loans and making investments. The Company has not given any Guarantees and securities falling under section 185 / 186 of The Companies Act 2013.

V During the year, the Company has not accepted any Deposits from the Public or from the members. The Company does not have any Deposits on the date of the Balance Sheet. The Company does not have any Unclaimed Deposits on the date of the Balance Sheet. Therefore, the provisions of Clause 3 (v) of the Order are not applicable to the Company.

VI The maintenance of Cost Records under section 148 (1) of The Act has not been specified by The Central Government for the Business activities carried on by the Company. Thus, reporting under Clause 3 (vi) of the Order is not applicable to the Company.

- VII
- a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, GST, Sales Tax, Value Added Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.
  - b) There were no undisputed amounts payable in respect of any of the above statutory dues.
  - c) The following taxes under Tamil Nadu VAT Act are under dispute and appeals are pending before various forums. The company has already paid a sum of ₹ 116.38 Lakhs against the disputed TN VAT.

Nature Of the Statute	Nature of Dues	Amount in ₹ in Lakhs	Period to which it relates	Forum where Appeal is Pending
TN VAT Act	Vat	196.64	Various Years	DC- Appeals

VIII Based on our audit procedure and on the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of its dues to Financial Institutions, Banks and debenture holders.

IX The Company has not raised any money by way of initial public offer or other public offer. The Company has availed the following term loans / Working Capital facilities from Banks:

Net Long Term Borrowings ₹ 7979.04 Lakhs

Net Short Term Borrowings ₹ 9814.15 Lakhs

Based on our audit, we report that the proceeds of the Term Loan / Working Capital have been utilized for the purpose for which they were borrowed – namely creation of Fixed Assets of the Company. The total investment in Fixed Assets / Current Assets for the year is at ₹ 10812.98 Lakhs as against Term Loan availed of Rs. 7979.04 Lakhs.

Further, as against Working Capital Borrowings of ₹ 9814.15 Lakhs during the Year, the application for Short Term uses is at ₹ 12556.42 Lakhs.

X To the best of our knowledge and based on the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

XI Based on the audit procedures performed and information and explanations given by the management, we report that the Company has paid / provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to The Act.

XII The Company is Not a Nidhi Company. Accordingly, para 3 (xii) of The Order is not applicable to the Company.

XIII Based on the audit procedures performed and information and explanations given by the management, all the transactions with the related parties are in compliance with Sections 177 / 188 of the Companies Act 2013 were applicable and details of such transactions are duly reported in the standalone Financial Statements as required by the applicable Accounting Standards.

XIV During the Year, The Company has not made any preferential allotment or Private placement of shares or fully / partly convertible debentures during the year. Hence, reporting under Clause 3 (xiv) of the Order is not applicable to the Company.



- XV Based on the audit procedures performed and information and explanations given by the management The Company has not entered in to any Non Cash Transactions with Directors or persons connected with him and hence, the provisions of section 192 of The Companies Act 2013 are not applicable to the Company.
- XVI. No registration is required under Section 45 IA of The Reserve Bank of India Act.

For G R N K & Co  
Chartered Accountants  
FRN: 016847S

G R Naresh Kumar  
Proprietor  
Membership No. 215577

Place : Tiruchirapalli  
Date : 28 May 2018

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

Report on the Internal Financial Controls under Clause (i) of Sub – section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of M.M Forgings Ltd ('the Company') as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the company for the year ended on that date.

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

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

#### **Auditor's Responsibility**

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

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

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

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

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For G R N K & Co  
Chartered Accountants  
FRN: 016847S

G R Naresh Kumar  
Proprietor  
Membership No. 215577

Place : Tiruchirapalli  
Date : 28 May 2018

**Balance Sheet as at 31st March, 2018**

(₹ in lakhs)

	Note No.	As at March 2018	As at March 2017
<b>A EQUITY AND LIABILITIES</b>			
1 <b>Shareholders' funds</b>			
1.1 Share capital	3	1,207.04	1,207.04
1.2 Reserves and surplus	4	35,700.59	30,252.69
		36,907.63	31,459.73
2 <b>Non-current liabilities</b>			
2.1 Long-term borrowings	5	16,826.50	10,840.79
2.2 Deferred tax liabilities (net)		1,342.18	1,665.54
2.3 Other long-term liabilities	6	26.45	331.91
		20,188.46	12,838.24
3 <b>Current liabilities</b>			
3.1 Short-term borrowings	7	17,258.64	7,444.49
3.2 Trade payables	8	6,442.93	2,889.68
3.3 Other current liabilities	9	4,088.13	4,116.31
3.4 Short-term provisions	10	701.43	140.28
		26,490.27	14,590.76
<b>TOTAL</b>		<b>83,593.89</b>	<b>58,888.73</b>
<b>B ASSETS</b>			
1 <b>Non-current Assets</b>			
1.1 Fixed Assets			
1.1.1 Tangible Assets	11	36,512.15	31,993.85
1.1.2 Capital work-in-progress		2,736.65	1,372.33
		39,248.80	33,366.18
1.2 Non-current investments	12	430.22	17.10
1.3 Long-term loans and advances	13	5,208.71	866.37
1.4 Other non-current assets	14	786.43	796.55
		6,425.36	1,680.02
2 <b>Current Assets</b>			
2.1 Inventories	15	12,854.04	6,595.86
2.2 Trade receivables	16	5,656.83	1,724.47
2.3 Cash and cash equivalents	17	16,397.88	13,384.47
2.4 Short-term loans and advances	18	3,003.45	2,126.77
2.5 Other current assets	19	7.53	10.96
		37,919.73	23,842.53
		<b>83,593.89</b>	<b>58,888.73</b>

**See accompanying notes forming part of the financial statements**

In terms of our Report of even date

**For GRNK & Co.**  
Chartered Accountants  
FRN 016847S

**N. Srinivasan**  
Chairman  
(DIN : 00116726)

**Vidyashankar Krishnan**  
Vice Chairman and  
Managing Director (DIN : 00081441)

**V.Vaidyanathan**  
Director  
(DIN : 00081792)

**G R Naresh Kumar**  
Proprietor  
Membership no. 215577

**A. Gopalakrishnan**  
Director  
(DIN : 06414546)

**Kavitha Vijay**  
Director  
(DIN : 01047261)

Place : Chennai  
Date : 28 May 2018

**J.Sumathi**  
Company Secretary

**R.Venkatakrishnan**  
Chief Financial Officer



**Profit and Loss account for the year ended 31st March, 2018**

(₹ in lakhs)

	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations Net of Excise Duty	20	62,061.72	47,839.68
2 Other income	21	1,212.07	1,126.52
<b>3 Total revenue (1+2)</b>		<b>63,273.79</b>	<b>48,966.20</b>
<b>4 Expenses</b>			
4.1 Cost of materials consumed	22	28,556.92	19,113.08
4.2 Changes in inventories of Finished Goods / Work-In-Process	23	-2,761.29	1,143.06
4.3 Employee benefits expense	24	6,528.17	5,285.90
4.4 Finance costs	25	1,265.02	994.56
4.5 Depreciation and amortisation Expenses	11.3	4,199.80	3,893.01
4.6 Other expenses	26	17,293.81	13,022.46
<b>Total expenses</b>		<b>55,082.43</b>	<b>43,452.07</b>
<b>5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		8,191.36	5,514.13
<b>6 Exceptional items Profit on Sale of Business Asset</b>		-	-
Profit on Sale of Other Assets		17.21	0.25
<b>7 Profit / (Loss) before extraordinary items and tax (5 ± 6)</b>		8,208.57	5,514.38
<b>8 Extraordinary items</b>			
<b>9 Profit / (Loss) before tax (7 ± 8)</b>		8,208.57	5,514.38
<b>10 Tax expense:</b>			
10.1 Current tax expense for current year		1,500.00	1,176.86
10.2 Tax expense relating to prior years			80.91
10.3 Net current tax expense		1,500.00	1,257.77
10.4 Mat Credit entitlement		181.19	-378.81
10.5 Deferred tax Liability /(Asset)		(323.35)	293.23
		1,357.84	1,172.19
<b>11 Profit / (Loss) from continuing operations (9 ± 10)</b>		6,850.73	4,342.19
<b>B DISCONTINUING OPERATIONS</b>			
<b>12 Profit / (Loss) from discontinuing operations</b>		-	-
<b>C TOTAL OPERATIONS</b>		6,850.73	4,342.19
<b>13 Profit / (Loss) for the year (11 ± 12)</b>		6,850.73	4,342.19
<b>14 Earnings per share (of Rs. 10 /- each):</b>			
<b>14.1 Basic</b>			
14.1.1 Continuing operations		56.76	35.97
14.1.2 Total operations		56.76	35.97
<b>14.2 Diluted</b>			
14.2.1 Continuing operations		56.76	35.97
14.2.2 Total operations		56.76	35.97

**See accompanying notes forming part of the financial statements**

In terms of our Report of even date

**For GRNK & Co.**  
Chartered Accountants  
FRN 016847S

**N. Srinivasan**  
Chairman  
(DIN : 00116726)

**Vidyashankar Krishnan**  
Vice Chairman and  
Managing Director (DIN : 00081441)

**V.Vaidyanathan**  
Director  
(DIN : 00081792)

**G R Naresh Kumar**  
Proprietor  
Membership no. 215577

**A. Gopalakrishnan**  
Director  
(DIN : 06414546)

**Kavitha Vijay**  
Director  
(DIN : 01047261)

Place : Chennai  
Date : 28 May 2018

**J.Sumathi**  
Company Secretary

**R.Venkatakrishnan**  
Chief Financial Officer

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

The Company is engaged in the manufacture of Steel Forgings . The plants for manufacture are located at Singampunari-Pasumpon Muthuramalingam District, Viralmalai-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, Kallapalayam, Paladam, Coimbatore District. The company has its Solar site at Bommakkotai, Virudhunagar 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, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. Sales does not include Excise Duty.

**2.2 Use of estimates**

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

**2.3 Inventories**

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

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

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

**2.5 Cash flow statement**

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

**2.6 Depreciation and amortisation**

Depreciation has been provided on straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 2013 and accelerated depreciation is provided, wherever necessary.

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful life and the residual value of the assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The expected life is based on historic experience with similar assets as well as anticipation of future events, which may impact their life such as changes in technology.

Property, Plant And Equipment are stated at Cost Less accumulated Depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the Property, Plant and Equipment are put to use. The Company depreciates Property, Plant and Equipment over their estimated useful life using Straight Line Method. The estimated useful life of assets are as follows:

Building	: 30 Years
Plant And Machinery	: 15 Years
Office Equipment	: 5 Years
Computer Equipments	: 5 Years
Furniture And Fittings	: 10 Years
Vehicles	: 5 Years

Based on technical evaluation, the Management believes that the useful life as given above represents the period over which the Management expects to use these assets. Hence, the useful life for these assets is different from the useful life as prescribed under Part C of Schedule II to The Companies Act, 2013. Depreciation method, useful life and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of Property, Plant and Equipment outstanding at each Balance Sheet Date is classified as Capital Advances under Other Non Current assets and the cost of assets not put to use before such date are disclosed under Capital Work in Progress. Subsequent expenditures relating to Property, Plant And Equipment are capitalised only when it is possible that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and Maintenance Costs are recognised in Net Profit in the Statement of Profit And Loss when

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

incurred. The cost and related accumulated Depreciation are eliminated from the Financial Statements upon sale or retirement of the Asset and the resultant Gains or Losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**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.

Capital work-in-progress:

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

**2.10 Foreign currency transactions and translations**Initial recognition

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

Measurement of foreign currency monetary items at the Balance Sheet date

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

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. The amount capitalised in the current year is at ₹ 26426648 (Last Year ₹ 16109811).

Accounting of forward contracts

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

**2.11 Investments**

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

**2.12 Employee benefits**

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

Defined contribution plans

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

Defined benefit plans

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

Short-term employee benefits

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

**2.13 Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign

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

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. .

**2.14 Segment reporting**

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

**2.15 Earnings per share**

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

**2.16 Taxes on income**

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

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

**2.18 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 / GST input credit**

Service tax / GST input credit is accounted for in the books in the period in which the underlying service / GST 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 2018 Number of shares	₹ in Lakhs	As at 31 March 2017 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, 2018				
	- Number of shares	12,070,400	-	-	12,070,400
	- Amount ₹ in lakhs	1,207.04	-	-	1,207.04
	Year ended 31 March, 2017				
	- Number of shares	12,070,400	-	-	12,070,400
	- Amount ₹ in lakhs	1,207.04	-	-	1,207.04

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

Class of Shares	As at 31 March 2018 Number of shares held	% holding in that class of shares	As at 31 March 2017 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 2018	As at 31 March 2017
Equity shares with voting rights	12,070,400	12,070,400
Fully paid up by way of bonus shares	-	-

(4) Details of shares pledged : NIL

**Note 4 Reserves and surplus**

₹ in Lakhs

Particulars		As at 31 March 2018	As at 31 March 2017
4.1	Capital reserve		
	Opening balance	4.60	4.60
	Add: Additions during the year	-	-
	Less: Utilised / transferred during the year	-	-
	Closing balance	4.60	4.60
4.2	Securities premium account		
	Opening balance	305.00	305.00
	Closing balance	305.00	305.00
4.3	General reserve		
	Opening balance	29,698.37	26,198.37
	Add: Transferred from surplus in Statement of Profit and Loss	5,400.00	3,500.00
	Less: Utilised / transferred during the year for:		
	Loss on Subsidiary Merger	-	-
	Closing balance	35,098.37	29,698.37
4.4	Surplus / (Deficit) in Statement of Profit and Loss		
	Opening balance	244.71	244.24
	Add: Profit for the year	6,850.73	4,342.19
	Less: Interim dividend	701.43	701.43
	Less: Interim dividend / Dividend Tax		
	Dividends proposed to be distributed to equity shareholders ₹ 5 per share)	603.52	120.70
	Tax on dividend	97.91	19.58
	Transferred to: General Reserve	5,400.00	3,500.00
	Closing balance	292.62	244.71
	<b>Total</b>	<b>35,700.59</b>	<b>30,252.68</b>

**Note 5 Long-term borrowings**

Term Loans From Banks

Secured

18,819.83 9,849.57

Unsecured

- -

**Total**

18,819.83 9,849.57

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

		₹ in Lakhs		₹ in Lakhs	
		As at 31 March 2018		As at 31 March 2017	
		Secured	Unsecured	Secured	Unsecured
<u>Term loans from banks:</u>					
Bank	Citi Bank	2,279.90		3,378.65	
	DBS - Loan	841.40		1,808.95	
	SBI (Formerly SBT)	5,144.07		6,486.00	
	SBI	2,605.60			
	HDFC	10,000.00		3,239.84	
Total - Term loans from banks		20,870.97	-	14,913.44	
Less: Amounts due within 12 Months		4,044.47		4,072.65	
Total - Term loans from banks		16,826.50		10,840.79	

5.2 Terms of Security / Repayment

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



Particulars	₹ in Lakhs		₹ in Lakhs	
	As at 31 March 2018		As at 31 March 2017	
	Secured	Unsecured	Secured	Unsecured
5.3 Rate of Interest				
Citi Bank	3.62%		3.11%	
DBS	4.87%		4.87%	
SBI	4.12%		3.43%	
HDFC	2.66%		-	
5.4 Instalments Payable	Citi Bank	DBS	HDFC	SBI
2018 - 2019	1,209.74	841.40	-	1,993.33
2019 - 2020	1,070.16	-	1,000.00	1,993.33
2020 - 2021	-	-	1,500.00	1,993.33
2021 - 2022	-	-	1,500.00	1,769.68
2022 - 2023	-	-	2,000.00	-
2023 - 2024	-	-	2,000.00	-
2024 - 2025	-	-	2,000.00	-
Total	2,279.90	841.40	10,000.00	7,749.67

\* 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.

\* There is No default in the servicing / repayment of the loans.

#### Note 6 Other long-term liabilities

	As at 31 March 2018	₹ in Lakhs As at 31 March 2017
6.1 Trade Payables	-	-
6.2 Others		
Payables on Purchase of Fixed Assets	-	282.13
Advance from Customers	26.45	49.78
<b>Total</b>	<b>26.45</b>	<b>331.91</b>

#### Note 7 Short-term borrowings

7.1 Loans repayable on demand from Banks		
Secured	17,258.64	7,444.49
Unsecured	-	-
<b>Total</b>	<b>17,258.64</b>	<b>7,444.49</b>

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

	Nature of Security		
Loans repayable on demand from Banks	Hypothecation of Inventory/	17,258.64	7,444.49
Total - from banks	Book Debts	<b>17,258.64</b>	<b>7,444.49</b>
No Default in the Servicing of the facility availed.	Rate of Interest 6.96%		

#### Note 8 Trade payables

Trade Payables - Other than Acceptances	6,442.93	2,889.68
<b>Total</b>	<b>6,442.93</b>	<b>2,889.68</b>

#### Note 9 Other current liabilities

9.1 Current maturities of long-term debt - Secured	4,044.47	4,072.65
9.2 Unpaid dividends	43.66	43.66
<b>Total</b>	<b>4,088.13</b>	<b>4,116.31</b>

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

₹ in Lakhs

#### Note 10 Short Term Provisions

10.1 Provision for tax (net of advance tax )	-	-
(As At 31 March 2018 ₹ 1,50,000,000)		
(As at 31 March, 2017 ₹ 1,17,686,000)		
10.2 Provision for proposed equity dividend	603.52	120.70
10.3 Provision for tax on proposed dividend	97.91	19.58
<b>Total</b>	<b>701.43</b>	<b>140.28</b>




**Notes forming part of the financial statements**
**Note 11 Fixed Assets**

11.1 Tangible Assets	Gross block						
	Balance as at 1 April, 2017	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2018
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.1.1 Land	3537.22	75.66	2.32				3610.56
11.1.2 Buildings	8427.52	1338.75					9766.27
11.1.3 Plant and Equipment	52853.96	6840.17		204.56			59898.69
11.1.4 Furniture and Fixtures	183.74	18.49					202.23
11.1.5 Vehicles	491.21	41.16	18.77				513.60
11.1.6 Office equipment	1297.76	206.87					1504.63
<b>Total</b>	66791.41	8521.10	21.09	204.56	0.00	0.00	75495.98
<b>Previous year</b>	57157.74	9953.13	11.49	-307.97	0.00	0.00	66791.41

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, 2017	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Other adjustment	Balance as at 31 March, 2018	Balance as at 31 March, 2018	Balance as at 1 April, 2017
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.2.1 Land	0.00				0.00	3610.56	3537.22
11.2.2 Buildings	1437.38	287.51			1724.89	8041.38	6990.14
11.2.3 Plant and Equipment	31735.36	3734.88			35470.24	24428.45	21118.60
11.2.4 Furniture and Fixtures	149.24	21.25			170.49	31.74	34.50
11.2.5 Vehicles	322.89	66.14	13.53		375.50	138.10	168.32
11.2.6 Office equipment	1152.69	90.02			1242.71	261.92	145.07
<b>Total</b>	34797.56	4199.80	13.53	0.00	38983.83	36512.15	31993.85
<b>Previous year</b>	30916.04	3893.01	11.49	0.00	34797.56	31993.85	35875.37

**11.3 Depreciation and amortisation relating to continuing operations:**

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	₹ in Lakhs	₹ in Lakhs
Depreciation and amortisation for the year on tangible assets as per Note 12 A	4,199.80	3,893.01
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	4,199.80	3,893.01

**Note 12 Non-current investments**

Particulars	As at 31 March, 2018			As at 31 March, 2017		
	Quoted # ₹ in Lakhs	Unquoted # ₹ in Lakhs	Total ₹ in Lakhs	Quoted ₹ in Lakhs	Unquoted ₹ in Lakhs	Total ₹ in Lakhs
Investments (At cost):						
12.1 <u>Trade</u>	NIL	NIL	NIL	NIL	NIL	NIL
12.2 <u>Other investments</u>						
12.2.1 Investment in equity instruments - Fully Paid	14.10	416.12	430.22	14.10	3.00	17.10
<b>Total - Other investments (12.2)</b>	14.10	416.12	430.22	14.10	3.00	17.10
Less: Provision for diminution in value of investments			-			-
<b>Total</b>			<b>430.22</b>			<b>17.10</b>
Aggregate amount of quoted investments			14.10			14.10
Aggregate market value of listed and quoted investments			21.62			36.12



Particulars	As at 31 March 2018	As at 31 March 2017
<b>Note 13 Long-term loans and advances</b>		
13.1 Security deposits	-	-
Secured, considered good	-	-
Unsecured, considered good	297.36	331.39
Doubtful	-	-
	297.36	331.39
Less: Provision for doubtful deposits	-	-
	297.36	331.39
13.2 Advance Income Tax	-31.01	39.79
13.3 Mat Credit Available	197.62	378.81
13.4 Balances with government authorities		
Unsecured, considered good		
13.4.1 Advance Sales tax	116.38	116.38
13.4.2 DVS Industries (P) Limited	4,628.36	-
	4,744.74	116.38
<b>Total</b>	<b>5,208.71</b>	<b>487.56</b>
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		
<b>Note 14 Other non-current assets</b>		
14.1 Long Term Inventories		
(At lower of cost and net realisable value)		
14.1.1 Raw materials	192.09	122.76
14.1.2 Work-in-progress - Steel Forgings	41.35	67.16
14.1.3 Stores & Spares	-	-
14.1.4 Consumable Tools	-	-
<b>Total</b>	<b>233.44</b>	<b>189.92</b>
14.2 Other Assets		
14.2.1 Sundry Debtors	501.17	527.64
14.2.2 Advance to Suppliers	51.82	76.82
14.2.3 Insurance claims	-	2.17
<b>Total</b>	<b>786.43</b>	<b>796.55</b>
<b>Note 15 Inventories</b>		
(At lower of cost and net realisable value)		
15.1 Raw materials	4,961.52	1,799.66
15.2 Work-in-progress - Steel Forgings	6,352.87	3,565.77
15.3 Stores and spares	988.87	829.22
15.4 Consumable Tools	550.77	401.20
<b>Total</b>	<b>12,854.03</b>	<b>6,595.85</b>



₹ in Lakhs

**Particulars****As at 31  
March 2018      As at 31  
March 2017****Note 16 Trade receivables**

Trade receivables outstanding for a period exceeding six months from the date they were due for payment #

Secured, considered good	-	-
Unsecured, considered good	5,656.83	1,724.47
Doubtful	-	-
	5,656.83	1,724.47
Less: Provision for doubtful trade receivables	-	-
<b>Total</b>	<b>5,656.83</b>	<b>1,724.47</b>

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	2.03	2.14
17.2 Cheques, drafts on hand	-	-
17.3 Investments in Liquid funds	-	-
17.4 Balances with banks	16,405.44	13,305.06
17.4.1 In current accounts	-28.59	58.27
17.4.2 In deposit accounts (Refer Note below)	19.00	19.00
<b>Total</b>	<b>16,397.88</b>	<b>13,384.47</b>

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 - Cash Flow Statement is ₹ 16,397.88 Lakhs. (As at 31st March 2017 ₹ 13,384.47 Lakhs)

**Note:** Balances with banks include deposits amounting to ₹ 19.00 Lakhs as at 31st March 2018 which have an original maturity of more than 12 months. (As at 31st March 2017- ₹ 19.00 Lakhs)**Note 18 Short-term loans and advances**

18.1 Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	125.52	126.92
Doubtful	-	-
	125.52	126.92
Less: Provision for doubtful loans and advances	-	-
	125.52	126.92
18.2 Prepaid expenses - Unsecured, considered good	69.76	97.81
18.3 Balances with government authorities - Unsecured, considered good		
18.3.1 CENVAT credit receivable	729.94	1,708.41
18.3.2 GST Credit receivable	2,056.86	193.41
18.4 Others -ICD		
Secured, considered good	-	-
Unsecured, considered good	21.37	0.22
Doubtful	-	-
	21.37	0.22
Less: Provision for other doubtful loans and advances	-	-
	21.37	0.22
<b>Total</b>	<b>3,003.45</b>	<b>2,126.77</b>

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



₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Note 19 Other current assets</b>		
19.1 Others	-	-
19.1.1 Insurance claims	7.53	10.96
<b>Total</b>	<b>7.53</b>	<b>10.96</b>

**Note 20 Revenue from operations**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
20.1 Sale of products	60,091.09	46,042.66
20.2 Other operating revenues	1,970.63	1,797.02
<b>Total</b>	<b>62,061.72</b>	<b>47,839.68</b>
20.1.1 Sale of products comprises		
<u>Manufactured goods</u>		
Steel Forgings	60,091.09	46,042.66
<b>Total - Sale of products</b>	<b>60,091.09</b>	<b>46,042.66</b>
20.2.1 Other operating revenues		
Power Generated	1,970.63	1,797.02
<b>Total - Other operating revenues</b>	<b>1,970.63</b>	<b>1,797.02</b>

**Note 21 Other income**

21.1 Interest income from Bank Deposits	103.41	28.52
21.2 Dividend income: from long-term investments	1,060.64	1,080.98
21.3 Miscellaneous Income	48.02	17.02
<b>Total</b>	<b>1,212.07</b>	<b>1,126.52</b>

**Note 22 Cost of materials consumed**

Opening stock	1,922.42	1,639.12
Add: Purchases	31,788.11	19,396.38
	<b>33,710.53</b>	<b>21,035.50</b>
Less: Closing stock	5,153.61	1,922.42
<b>Cost of material consumed</b>	<b>28,556.92</b>	<b>19,113.08</b>

Material consumed comprises: Raw material Steel Billets

**Note 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade**

<u>Inventories at the end of the year:</u>		
Work-in-progress Forgings	6,394.22	3,632.93
<u>Inventories at the beginning of the year:</u>		
Work-in-progress Forgings	3,632.93	4,775.99
<b>Net (increase) / decrease</b>	<b>-2,761.29</b>	<b>1,143.06</b>

**Note 24 Employee benefits expense**

24.1 Salaries and wages	4,758.87	3,914.41
24.2 Managerial Remuneration	885.37	616.65
24.2 Contributions to provident and other funds	298.31	248.43
24.3 Staff Gratuity	17.14	31.30
24.4 Staff welfare expenses	568.48	475.11
<b>Total</b>	<b>6,528.17</b>	<b>5,285.90</b>

**Note 25 Finance costs**

Interest expense on borrowings	1,265.02	994.56
<b>Total</b>	<b>1,265.02</b>	<b>994.56</b>


**₹ in Lakhs**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
<b>Note 26 Other expenses</b>				
26.1 Consumption of Stores			1,612.99	1,138.68
26.2 Consumption of Tools			1,536.57	961.18
26.3 Outside Labour			920.85	500.89
26.4 Power and fuel			5,887.64	4,435.87
26.5 Repairs and Maintenance				
26.5.1 Buildings	119.53	128.22		
26.5.2 Machinery	896.98	721.94		
26.5.3 Machinery Spares	<u>1,215.05</u>	<u>976.09</u>	2,231.56	1,826.25
26.6 Selling Expenses			818.10	578.89
26.6 Export Expenses				
26.7.1 Packing & Forwarding	761.51	535.80		
26.7.2 Freight	977.27	588.52		
26.7.3 Commission	572.49	364.79		
26.7.4 Warehousing Charges	566.02	874.20		
26.7.5 Others	<u>97.17</u>	<u>64.81</u>	2,974.46	2,428.12
26.8 Loss on fixed assets sold / scrapped / written off			3.51	-
26.9 Miscellaneous expenses			1,308.13	1,152.58
<b>Total</b>			<b>17,293.81</b>	<b>13,022.46</b>
Miscellaneous expenses includes payment to auditors comprising of :				
As auditors - statutory audit			13.63	16.39
For taxation matters			1.35	1.00
Reimbursement of Expenses / Service Tax			2.59	2.47
<b>Total</b>			<b>17.57</b>	<b>19.86</b>

**Note 27 Additional information to the financial statements**
**₹ in Lakhs**

Particulars	As at 31 March 2018	As at 31 March 2017
27.1 <b>Contingent liabilities and commitments (to the extent not provided for)</b>		
27.1.1 Contingent Liabilities - Foreign Bills Discounted with Bank	665.08	562.57

**Note 28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**
**NIL NIL**


**Note 29 Disclosure as per SEBI (LODR)**

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: ₹ 46.28 crores

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
<b>Shri N. Srinivasan</b> Anna Investments Private Ltd  Coromandel Electric Co. Ltd Coromandel Sugars Ltd E.W.Stevens & Co. Private Ltd EWS Finance & Invst Ltd ICL Financial Services Ltd ICL Securities Ltd Prince Holdings (Madras) P Ltd Rupa Holdings P Ltd Thambi Investments Private Ltd The India Cements Limited	Chairman  Chairman Chairman Chairman Chairman Chairman Chairman Chairman Chairman Vice Chairman & Managing Director	The India Cements Ltd.	Stakeholders Relationship Committee	Member
<b>Shri V. Vaidyanathan</b> Medical Research Foundation- Sankara Nethralaya Vision Research Foundation	Board Member Board Member			
<b>Shri A.Gopalakrishnan</b> Directorship in Other Companies	NIL			
<b>Smt Kavitha Vijay</b> CML Media Software Pvt Ltd Wolters Kluwer ELM Solutions (P) Ltd A.V.Thoumas & Co Ltd Unversal Legar	Director Director Director Parter			
<b>Shri Vidyashankar Krishnan</b> Association of Indian Forging Industry  Synmax Consultants & Trading Private Limited Baylife Medicare Private Ltd Unique Technologies Adi Sankara Trust	Managing Committee Director  Director Partner Director			
<b>Shri Venkatramanan Krishnan</b> Synmax Consultants & Trading Private Limited Sivasundar Private Limited Baylife Medicare Private Ltd Unique Technologies	Director  Director Director Partner			

**DETAILS OF PAYMENTS MADE TO RELATED PERSONS:**

Advance to DVS Industries (P) Limited - Subsidiary  
Legal fees paid to Unversal Legal where Smt. Kavitha Vijay, Director is a partner

462836044  
500000





Particulars	As at 31 March 2018	As at 31 March 2017
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)
<b>Receivable/ (Payable) in Foreign Currency</b>	<b>NIL</b>	<b>NIL</b>
	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
29.4 <b>Value of imports calculated on CIF basis</b>		
Raw materials	-	-
Consumable Stores / Tools	51.29	41.19
Machinery Spares	0.62	5.01
Capital goods	1,020.21	953.20
29.5 <b>Expenditure in foreign currency</b>		
Travelling	129.99	98.96
Export Expenses	1,558.36	1,251.84
Staff Training	0.05	21.27
29.6 <b>Details of consumption of imported and indigenous items</b>		
	<b>31st Mar 2018</b>	<b>31st Mar 2017</b>
<u>Imported</u>	<b>₹ in Lakhs</b>	<b>%</b>
Raw materials	-	0.00%
Consumable Stores / Tools	51.29	3.48%
Machinery Spares	0.62	0.09%
	<b>51.91</b>	<b>46.20</b>
<u>Indigenous</u>		
Raw materials	28,556.92	100.00%
Consumable Stores / Tools	3,098.27	98.37%
Machinery Spares	1,214.43	99.95%
	<b>32,869.62</b>	<b>22,142.83</b>
29.7 <b>Earnings in foreign exchange</b>		
Export of goods calculated on CIF basis	34,546.26	28,357.15

**Note 30 Disclosures under Accounting Standards (contd.)**

Particulars	As at 31 March 2018	As at 31 March 2017
30.1 <b>Details of government grants</b>	Nil	Nil
30.2 <b>Details of borrowing costs capitalised</b>		
Borrowing costs capitalised during the year		
- as fixed assets / intangible assets / capital work-in-progress	-	-
- as inventory	-	-

**30.3 - Claims against the Company not acknowledged as debts**

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

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

**Note 31 Deferred Tax Liability**

Tax Effect of Items constituting the same:-

on difference between book balance and tax balance of Fixed Assets	1,342.18	1,665.54
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**Cash Flow Statement for the year ended 31st March 2018** (₹ in lakhs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A Cash Flow From Operating Activities</b>		
Net Profit / (Loss) before extraordinary items and tax	8,208.59	5,514.41
<i>Adjustments for:</i>		
Depreciation and amortisation	4,199.80	3,893.01
(Profit) / Loss on sale / write off of assets	(13.70)	(0.25)
Finance costs	1,265.02	994.56
Interest income	(103.41)	(28.52)
Dividend income	(1,060.64)	(1,080.98)
	4,287.07	3,777.82
Operating Profit / (Loss) before working capital changes	12,495.66	9,292.23
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(6,258.18)	735.10
Trade receivables	(3,932.36)	(226.86)
Short-term loans and advances	(876.68)	623.66
Long-term loans and advances	(4,175.73)	111.36
Other current assets	3.43	3.97
Other non-current assets	10.12	(472.42)
<i>Adjustments for increase/(decrease) in operating liabilities</i>		
Trade payables	3,553.25	(105.10)
Other current liabilities	(28.18)	1,767.34
Other long-term liabilities	(305.46)	293.50
	(12,009.79)	2,730.55
Cash generated from operations	485.87	12,022.78
Net income tax (paid) / refunds	1,847.80	1,297.56
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(1,361.93)</b>	<b>10,725.22</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(10,089.98)	(8,056.52)
Proceeds from sale of fixed assets	21.26	0.25
Long Term Investments	(413.12)	0.00
Interest received	103.41	28.52
Dividend received	1,060.64	1,080.98
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(9,317.79)</b>	<b>(6,946.77)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings( Net)	5,985.71	991.22
Repayment of long-term borrowings(Net)		
Net increase / (decrease) in working capital borrowings	9,814.15	(1,768.94)
Repayment of other short-term borrowings		
Finance cost	(1,265.02)	(994.56)
Interim Dividend / Tax on Dividend	(701.43)	(701.43)
Dividends paid	(120.70)	0.00
Tax on dividend	(19.58)	0.00
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>13,693.13</b>	<b>(2,473.71)</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>	<b>3,013.41</b>	<b>1,304.74</b>
Cash and cash equivalents at the beginning of the year	13,384.47	12,079.73
Cash and cash equivalents at the end of the year	16,397.89	13,384.47
In terms of our Report of even date	<b>3,013.41</b>	<b>1,304.74</b>

**For GRNK & Co.**  
Chartered Accountants  
FRN 016847S

**N. Srinivasan**  
Chairman  
(DIN : 00116726)

**Vidyashankar Krishnan**  
Vice Chairman and  
Managing Director (DIN : 00081441)

**V.Vaidyanathan**  
Director  
(DIN : 00081792)

**G R Naresh Kumar**  
Proprietor  
Membership no. 215577

**A. Gopalakrishnan**  
Director  
(DIN : 06414546)

**Kavitha Vijay**  
Director  
(DIN : 01047261)

Place : Chennai  
Date : 28 May 2018

**J.Sumathi**  
Company Secretary

**R.Venkatakrishnan**  
Chief Financial Officer



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## Consolidated Financial Statement 2017-18

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The Subsidiary Company M/s. DVS Industries Private Limited was acquired on 5 Feb 2018 and the said unit as become a Subsidiary Company of M/s. M M Forgings Limited for the first time (2017-18).

Hence, the previous Consolidated Financial Statement is not reported for 2016-17.



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the IND AS Consolidated Financial Statements**

We have audited the accompanying Consolidated Ind AS Financial statements of M/S. M.M. Forgings Limited (hereinafter referred to as The Holding Company) and its subsidiary (The holding Company and its Subsidiary together referred to as "the Group"), which comprises the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income) the consolidated statement of changes in equity and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of The Companies Act, 2013 (The Act) with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income and consolidated cash flows and changes in equity of the Group in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of The Act, read with relevant rules issued thereunder.

The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind As financial statements. The Board of Directors of the respective companies in The Group are responsible for maintenance of adequate adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design and implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind As financial statements by the Directors of the Holding Company.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

In conducting our Audit, We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Auditor's report under the provisions of the Act and rules made there under and the Order issued under Section 143 (11) of The Act.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by The Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the Audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the over all presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

- 1) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the company as at 31<sup>st</sup> March 2018 and its **PROFIT** and cash flows for the year ended on that date.

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

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in



terms of sub-section 11 of section 143 of the Act , we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the said Order.

- 2) As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with relevant rule issued thereunder.
  - e) On the basis of written representations received from the Directors as on March 31 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018, from being appointed as a Director in terms of section 164(2) of the Act.
  - f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the Operating effectiveness of such controls, refer to our separate Report in Annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's Internal Financial Controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of The Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us :
    - i) The Company does not have any pending litigation which would impact its financial position.
    - ii) The Company does not have any long term contract including derivative contract for which there were any material foreseeable losses.
    - iii) There has been no delay in transferring the amounts, required to be transferred, to the investor education and protection fund.

For G R N K & Co  
Chartered Accountants  
FRN: 016847S

G R Naresh Kumar  
Proprietor  
Membership No. 215577

Place : Tiruchirapalli  
Date : 28 May 2018

**ANNEXURE A TO THE AUDITOR'S REPORT**

The Annexure referred to in Independent Auditor's Report to the members of the Company on the Financial Statements for the Year Ended 31.03.2018:

We report that

- I a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) As explained to us, all the assets have not been physically verified by the management during the year but there is a regular program of verification to cover all the items of Fixed Assets in a phased manner, which, in our opinion, is reasonable, considering the size and the verification having regard to the size of the company and the nature of its assets. Pursuant to the program, certain Fixed Assets were physically verified by the Management during the year. No material discrepancies have been noticed on such physical verification.
- c) According to the information and explanations furnished to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that the Title Deeds, comprising of all the immoveable properties of the Land Buildings which are Freehold, are held in the name of the company as at the Balance Sheet date. Based on the above, we also report that all the assets of the Company are Freehold and the Company has not acquired any Asset on Lease. Also, all the assets are held for the use of the Company only and none of the assets are held for use by others.
- II a) 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. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- III According to the information and explanations furnished to us, the Company has neither granted nor taken any loans to and from companies, firms or other parties covered in the Register, maintained under Section 189 of the Companies Act, 2013, except the Loan of ₹ 4628.36 Lakhs to M/S. DVS Industries Private Limited, subsidiary of the Company in respect of which,
- a) The Terms and conditions of the grant of such loan is, in our opinion, not prejudicial to the interest of the Company;
- b) The repayment of the said loan is yet to commence as per the schedule stipulated for the repayment;
- c) There is no overdue amount remaining outstanding as on the date of the Balance Sheet.
- IV In our opinion and according to the information and explanations furnished to us, the Company has complied with the Provisions of Sections 185 and 186 of The Act in respect of Grant of Loans and making investments. The Company has not given any Guarantees and securities falling under section 185 / 186 of The Companies Act 2013.
- V During the year, the Company has not accepted any Deposits from the Public or from the members. The Company does not have any Deposits on the date of the Balance Sheet. The Company does not have any Unclaimed Deposits on the date of the Balance Sheet. Therefore, the provisions of Clause 3 (v) of the Order are not applicable to the Company. cable to the Company.
- VI The maintenance of Cost Records under section 148 (1) of The Act has not been specified by The Central Government for the Business activities carried on by the Company. Thus, reporting under Clause 3 (vi) of the Order is not applicable to the Company.
- VII a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, GST, Sales Tax, Value Added Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.
- b) There were no undisputed amounts payable in respect of any of the above statutory dues.
- c) The following taxes under Tamil Nadu VAT Act are under dispute and appeals are pending before various forums. The company has already paid a sum of Rs 116.38 Lakhs against the disputed TN VAT.
- | Nature Of the Statute | Nature of Dues | Amount in Rs in Lakhs | Period to which it relates | Forum where Appeal is Pending |
|-----------------------|----------------|-----------------------|----------------------------|-------------------------------|
| TN VAT Act            | Vat            | 196.64                | Various Years              | DC- AppealsVIII               |

Based on our audit procedure and on the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of its dues to Financial Institutions, Banks and debenture holders.



- IX The Company has not raised any money by way of initial public offer or other public offer. The Company has availed the following term loans / Working Capital facilities from Banks:

Net Long Term Borrowings Rs. 7979.04 Lakhs

Net Short Term Borrowings Rs. 9814.15 Lakhs

Based on our audit, we report that the proceeds of the Term Loan / Working Capital have been utilized for the purpose for which they were borrowed – namely creation of Fixed Assets of the Company. The total investment in Fixed Assets / Current Assets for the year is at Rs. 10812.98 Lakhs as against Term Loan availed of Rs. 7979.04 Lakhs.

Further, as against Working Capital Borrowings of Rs. 9814.15 Lakhs during the Year, the application for Short Term uses is at Rs. 12556.42 Lakhs.

- X To the best of our knowledge and based on the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- XI Based on the audit procedures performed and information and explanations given by the management, we report that the Company has paid / provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to The Act.
- XII The Company is Not a Nidhi Company. Accordingly, para 3 (xii) of The Order is not applicable to the Company.
- XIII Based on the audit procedures performed and information and explanations given by the management, all the transactions with the related parties are in compliance with Sections 177 / 188 of the Companies Act 2013 were applicable and details of such transactions are duly reported in the consolidated Financial Statements as required by the applicable Accounting Standards.
- XIV During the Year, The Company has not made any preferential allotment or Private placement of shares or fully / partly convertible debentures during the year. Hence, reporting under Clause 3 (xiv) of the Order is not applicable to the Company.
- XV Based on the audit procedures performed and information and explanations given by the management The Company has not entered in to any Non Cash Transactions with Directors or persons connected with him and hence, the provisions of section 192 of The Companies Act 2013 are not applicable to the Company.
- XVI. No registration is required under Section 45 IA of The Reserve Bank of India Act.

For G R N K & Co  
Chartered Accountants  
FRN: 016847S

G R Naresh Kumar  
Proprietor  
Membership No. 215577

Place : Tiruchirapalli  
Date : 28 May 2018



**Annexure B to the Auditors' Report**

Report on the Internal Financial Controls under Clause (i) of Sub – section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of M.M Forgings Ltd ('the Company') as of 31 March 2018 in conjunction with our audit of the Consolidated Ind AS financial statements of the company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

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

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018,



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**M M FORGINGS LIMITED**

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based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For G R N K & Co  
Chartered Accountants  
FRN: 016847S

G R Naresh Kumar  
Proprietor  
Membership No. 215577

Place : Tiruchirapalli  
Date : 28 May 2018

**Consolidated Balance Sheet as at 31st March, 2018**

(₹ in lakhs)

	Note No.	As at March 2018
<b>A EQUITY AND LIABILITIES</b>		
1 <b>Shareholders' funds</b>		
1.1 Share capital	3	1,207.04
1.2 Reserves and surplus	4	35,053.05
		36,260.09
2 <b>Non-current liabilities</b>		
2.1 Long-term borrowings	5	16,864.10
2.2 Deferred tax liabilities (net)		1,342.18
2.3 Other long-term liabilities	6	28.08
		18,234.36
3 <b>Current liabilities</b>		
3.1 Short-term borrowings	7	17,589.73
3.2 Trade payables	8	6,885.24
3.3 Other current liabilities	9	2,087.27
3.4 Short-term provisions	10	701.43
		27,263.67
<b>TOTAL</b>		<b>83,758.98</b>
<b>B ASSETS</b>		
1 <b>Non-current Assets</b>		
1.1 Fixed Assets		
1.1.1 Tangible Assets	11	40,585.06
1.1.2 Capital work-in-progress		2,736.65
		43,321.71
1.2 Non-current investments	12	270.92
1.3 Long-term loans and advances	13	661.18
1.4 Other non-current assets	14	786.43
		1,718.53
2 <b>Current Assets</b>		
2.1 Inventories	15	13,020.40
2.2 Trade receivables	16	6,256.62
2.3 Cash and cash equivalents	17	16,429.49
2.4 Short-term loans and advances	18	3,004.70
2.5 Other current assets	19	7.53
		38,718.74
		<b>83,758.98</b>

**See accompanying notes forming part of the financial statements**

In terms of our Report of even date

**For GRNK & Co.**  
Chartered Accountants  
FRN 016847S

**N. Srinivasan**  
Chairman  
(DIN : 00116726)

**Vidyashankar Krishnan**  
Vice Chairman and  
Managing Director (DIN : 00081441)

**V.Vaidyanathan**  
Director  
(DIN : 00081792)

**G R Naresh Kumar**  
Proprietor  
Membership no. 215577

**A. Gopalakrishnan**  
Director  
(DIN : 06414546)

**Kavitha Vijay**  
Director  
(DIN : 01047261)

Place : Chennai  
Date : 28 May 2018

**J.Sumathi**  
Company Secretary

**R.Venkatakrishnan**  
Chief Financial Officer

**Consolidated Profit and Loss account for the year ended 31st March, 2018** (₹ in lakhs)

	Note No.	For the year ended 31 March 2018
<b>A CONTINUING OPERATIONS</b>		
1 Revenue from operations Net of Excise Duty	20	63,865.83
2 Other income	21	1,214.45
3 <b>Total revenue (1+2)</b>		65,080.28
4 <b>Expenses</b>		
4.1 Cost of materials consumed	22	28,725.34
4.2 Changes in inventories of Finished Goods / Work-In-Process	23	-2,634.96
4.3 Employee benefits expense	24	6,682.27
4.4 Finance costs	25	1,349.25
4.5 Depreciation and amortisation Expenses	11.3	4,643.97
4.6 Other expenses	26	18,094.74
<b>Total expenses</b>		<b>56,860.61</b>
5 <b>Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		8,219.67
6 <b>Exceptional items</b>		-819.42
<b>Profit on Sale of Business Asset</b>		-
Profit on Sale of Other Assets		17.21
7 <b>Profit / (Loss) before extraordinary items and tax (5 ± 6)</b>		7,417.46
8 <b>Extraordinary items</b>		
9 <b>Profit / (Loss) before tax (7 ± 8)</b>		7,417.46
10 <b>Tax expense:</b>		
10.1 Current tax expense for current year		1,500.00
10.2 Tax expense relating to prior years		-
10.3 Net current tax expense		1,500.00
10.4 Mat Credit entitlement		181.19
10.5 Deferred tax Liability /(Asset)		-323.35
		1,357.84
11 <b>Profit / (Loss) from continuing operations (9 ± 10)</b>		6,059.62
<b>B DISCONTINUING OPERATIONS</b>		
12 <b>Profit / (Loss) from discontinuing operations</b>		-
<b>C TOTAL OPERATIONS</b>		6,059.62
13 <b>Profit / (Loss) for the year (11 ± 12)</b>		6,059.62
14 <b>Earnings per share (of Rs. 10 /- each):</b>		
14.1 Basic		
14.1.1 Continuing operations		50.20
14.1.2 Total operations		50.20
14.2 Diluted		
14.2.1 Continuing operations		50.20
14.2.2 Total operations		50.20

**See accompanying notes forming part of the financial statements**

In terms of our Report of even date

**For GRNK & Co.**  
Chartered Accountants  
FRN 016847S

**N. Srinivasan**  
Chairman  
(DIN : 00116726)

**Vidyashankar Krishnan**  
Vice Chairman and  
Managing Director (DIN : 00081441)

**V.Vaidyanathan**  
Director  
(DIN : 00081792)

**G R Naresh Kumar**  
Proprietor  
Membership no. 215577

**A. Gopalakrishnan**  
Director  
(DIN : 06414546)

**Kavitha Vijay**  
Director  
(DIN : 01047261)

Place : Chennai  
Date : 28 May 2018

**J.Sumathi**  
Company Secretary

**R.Venkatakrishnan**  
Chief Financial Officer

**Notes forming part of the consolidated 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, Viralmalai-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, Kallapalayam, Paladam, Coimbatore District. The company has its Solar site at Bommakkotai, Virudhunagar District. The Subsidiary Company DVS Industries Private Limited is located at Pant Nagar, Rudrapur, Uttarkhand

**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, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. Sales does not include Excise Duty.

**2.2 Use of estimates**

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

**2.3 Inventories**

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

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

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

**2.5 Cash flow statement**

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

**2.6 Depreciation and amortisation**

Depreciation has been provided on straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 2013 and accelerated depreciation is provided, wherever necessary.

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful life and the residual value of the assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The expected life is based on historic experience with similar assets as well as anticipation of future events, which may impact their life such as changes in technology.

Property, Plant And Equipment are stated at Cost Less accumulated Depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the Property, Plant and Equipment are put to use. The Company depreciates Property, Plant and Equipment over their estimated useful life using Straight Line Method. The estimated useful life of assets are as follows:

Building	: 30 Years
Plant And Machinery	: 15 Years
Office Equipment	: 5 Years
Computer Equipments	: 5 Years
Furniture And Fittings	: 10 Years
Vehicles	: 5 Years

Based on technical evaluation, the Management believes that the useful life as given above represents the period over which the Management expects to use these assets. Hence, the useful life for these assets is different from the useful life as prescribed under Part C of Schedule II to The Companies Act, 2013. Depreciation method, useful life and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of Property, Plant and Equipment outstanding at each Balance Sheet Date is classified as Capital Advances under Other Non Current assets and the cost of assets not put to use before such date are disclosed under Capital Work in Progress. Subsequent expenditures relating to Property, Plant And Equipment are capitalised only when it is possible that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and Maintenance Costs are recognised in Net Profit in the Statement of Profit And Loss when

**Notes forming part of the consolidated financial statements**

incurred. The cost and related accumulated Depreciation are eliminated from the Financial Statements upon sale or retirement of the Asset and the resultant Gains or Losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**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.

Capital work-in-progress:

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

**2.10 Foreign currency transactions and translations**Initial recognition

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

Measurement of foreign currency monetary items at the Balance Sheet date

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

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. The amount capitalised in the current year is at ₹ 26426648 (Last Year ₹ 16109811).

Accounting of forward contracts

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

**2.11 Investments**

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

**2.12 Employee benefits**

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

Defined contribution plans

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

Defined benefit plans

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

Short-term employee benefits

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

**2.13 Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign

**Notes forming part of the consolidated financial statements**

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. .

**2.14 Segment reporting**

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

**2.15 Earnings per share**

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

**2.16 Taxes on income**

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

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

**2.18 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 / GST input credit**

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




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

	Particulars	As at 31 March 2018 Number of shares	₹ in Lakhs
3.1	Authorised		
	Equity shares of ₹ 10 each with voting rights	15,000,000	1,500.00
3.2	Issued		
	Equity shares of ₹ 10 each with voting rights	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
(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, 2018				
	- Number of shares	12,070,400	-	-	12,070,400
	- Amount ₹ in lakhs	1,207.04	-	-	1,207.04
	Year ended 31 March, 2017				
	- Number of shares	12,070,400	-	-	12,070,400
	- Amount ₹ in lakhs	1,207.04	-	-	1,207.04

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

Class of Shares	As at 31 March 2018 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
Vidyashankar Krishnan	1,360,120	11.27
Venkatramanan Krishnan	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 2018
Equity shares with voting rights	12,070,400
Fully paid up by way of bonus shares	-

- (4) Details of shares pledged : NIL

**Notes forming part of the consolidated financial statements****Note 4 Reserves and surplus**

₹ in Lakhs

	Particulars	As at 31 March 2018
4.1	Capital reserve	
	Opening balance	4.60
	Add: Additions during the year	
	Less: Utilised / transferred during the year	-
	Closing balance	4.60
4.2	Securities premium account	
	Opening balance	324.40
	Closing balance	324.40
4.3	General reserve	
	Opening balance	30,199.09
	Add: Transferred from surplus in Statement of Profit and Loss	5,400.00
	Less: Utilised / transferred during the year for:	
	Loss on Subsidiary Merger	-
	Closing balance	35,599.09
4.4	Surplus / (Deficit) in Statement of Profit and Loss	
	Opening balance	-131.84
	Add: Profit for the year	6,850.73
	Less: Interim dividend	701.43
	Less: Interim dividend / Dividend Tax	0.00
	Dividends proposed to be distributed to equity shareholders ₹ 1 per share)	603.52
	Tax on dividend	97.91
	Transferred to: General Reserve	5,400.00
	Closing balance	-875.04
	<b>Total</b>	<b>35,053.05</b>

**Note 5 Long-term borrowings**

Term Loans From Banks	
Secured	16,836.50
Unsecured	37.60
<b>Total</b>	<b>16,864.10</b>

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

	₹ in Lakhs	
	As at 31 March 2018	
	Secured	Unsecured
<u>Term loans from banks:</u>		
Bank Citi Bank	2,279.90	
DBS - Loan	841.40	
SBI (Formerly SBT)	5,144.07	
SBI	2,605.60	
HDFC	10,000.00	
Others		37.60
Total - Term loans from banks	20,870.97	37.60
Less: Amounts due within 12 Months	4,044.47	-
Total - Term loans from banks	16,836.50	37.60

## 5.2 Terms of Security / Repayment

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

**Notes forming part of the consolidated financial statements**

Particulars		₹ in Lakhs			
		As at 31 March 2018			
		Secured	Unsecured		
5.3	Rate of Interest				
	Citi Bank	3.62%			
	DBS	4.87%			
	SBI	4.12%			
	HDFC	2.66%			
5.4	Instalments Payable	Citi Bank	DBS	HDFC	SBI
	2018 - 2019	1,209.74	841.40	-	1,993.33
	2019 - 2020	1,070.16	-	1,000.00	1,993.33
	2020 - 2021	-	-	1,500.00	1,993.33
	2021 - 2022	-	-	1,500.00	1,769.68
	2022 - 2023	-	-	2,000.00	-
	2023 - 2024	-	-	2,000.00	-
	2024 - 2025	-	-	2,000.00	-
	Total	2,279.90	841.40	10,000.00	7,749.67

\* 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.

\* There is No default in the servicing / repayment of the loans.

**Note 6 Other long-term liabilities**

	As at 31 March 2018
6.1 Trade Payables	-
6.2 Others	
Payables on Purchase of Fixed Assets	-
Advance from Customers	28.08
<b>Total</b>	<b>28.08</b>

**Note 7 Short-term borrowings**

7.1 Loans repayable on demand from Banks	
Secured	17,589.73
Unsecured	-
<b>Total</b>	<b>17,589.73</b>

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

	Nature of Security	
Loans repayable on demand from Banks	Hypothecation of Inventory/ Book Debts	17,589.73
Total - from banks	Rate of Interest 5.5%	<b>17,589.73</b>
No Default in the Servicing of the facility availed.		

**Note 8 Trade payables**

Trade Payables - Other than Acceptances	6,885.24
<b>Total</b>	<b>6,885.24</b>

**Note 9 Other current liabilities**

9.1 Current maturities of long-term debt - Secured	4,044.47
9.2 Unpaid dividends	43.66
<b>Total</b>	<b>4,088.13</b>

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

	₹ in Lakhs
<b>Note 10 Short Term Provisions</b>	
10.1 Provision for tax (net of advance tax )	-
(As At 31 March 2018 ₹ 1,50,000,000)	
(As at 31 March, 2017 ₹ 1,17,686,000)	
10.2 Provision for proposed equity dividend	603.52
10.3 Provision for tax on proposed dividend	97.91
<b>Total</b>	<b>701.43</b>


**Notes forming part of the consolidated financial statements**
**Note 11 Fixed Assets**

11.1 Tangible Assets	Gross block						
	Balance as at 1 April, 2017	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2018
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.1.1 Land	3807.69	75.66	2.32	0.00	0.00	0.00	3881.03
11.1.2 Buildings	9877.82	1338.75	692.06	0.00	0.00	0.00	10524.51
11.1.3 Plant and Equipment	58928.21	7005.59	229.72	204.56	0.00	0.00	65908.64
11.1.4 Furniture and Fixtures	237.02	18.49	0.00	0.00	0.00	0.00	255.51
11.1.5 Vehicles	663.17	53.69	18.77	0.00	0.00	0.00	698.09
11.1.6 Office equipment	1407.88	211.81	0.00	0.00	0.00	0.00	1619.69
<b>Total</b>	<b>74921.79</b>	<b>8703.99</b>	<b>942.87</b>	<b>204.56</b>	<b>0.00</b>	<b>0.00</b>	<b>82887.47</b>
<b>Previous year</b>	<b>57157.74</b>	<b>9953.13</b>	<b>11.49</b>	<b>-307.97</b>	<b>0.00</b>	<b>0.00</b>	<b>66791.41</b>

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, 2017	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Other adjustment	Balance as at 31 March, 2018	Balance as at 31 March, 2018	Balance as at 31 March, 2017
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.2.1 Land	0.00	0.00	0.00	0.00	0.00	3881.03	3807.69
11.2.2 Buildings	1606.52	311.55	0.00	0.00	1918.07	8606.44	8271.30
11.2.3 Plant and Equipment	34205.90	4106.17	14.48	0.00	38297.59	27611.05	24722.31
11.2.4 Furniture and Fixtures	192.65	26.31	0.00	0.00	218.96	36.55	44.37
11.2.5 Vehicles	429.94	88.06	13.53	0.00	504.47	193.62	233.23
11.2.6 Office equipment	1251.44	111.88	0.00	0.00	1363.32	256.37	156.44
<b>Total</b>	<b>37686.45</b>	<b>4643.97</b>	<b>28.01</b>	<b>0.00</b>	<b>42302.41</b>	<b>40585.06</b>	<b>37235.34</b>
<b>Previous year</b>	<b>30916.04</b>	<b>3893.01</b>	<b>11.49</b>	<b>0.00</b>	<b>34797.56</b>	<b>31993.85</b>	<b>35875.37</b>

**Notes forming part of the consolidated financial statements****11.3 Depreciation and amortisation relating to continuing operations:**

<b>Particulars</b>	<b>For the year ended 31 March, 2018 ₹ in Lakhs</b>
Depreciation and amortisation for the year on tangible assets as per Note 12 A	4,643.97
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	4,643.97

**Note 12 Non-current investments**

<b>Particulars</b>	<b>As at 31 March, 2018</b>		
	<b>Quoted # ₹ in Lakhs</b>	<b>Unquoted # ₹ in Lakhs</b>	<b>Total ₹ in Lakhs</b>
Investments (At cost):			
12.1 <u>Trade</u>	NIL	NIL	NIL
12.2 <u>Other investments</u>			
12.2.1 Investment in equity instruments - Fully Paid	14.10	2.50	16.60
<b>Total - Other investments (12.2)</b>	14.10	2.50	16.60
Less: Provision for diminution in value of investments			-
<b>Total</b>			<b>16.60</b>
Aggregate amount of quoted investments			14.10
Aggregate market value of listed and quoted investments			21.62

**Notes forming part of the consolidated financial statements**

₹ in Lakhs

Particulars	As at 31 March 2018
<b>Note 13 Long-term loans and advances</b>	
13.1 Security deposits	-
Secured, considered good	-
Unsecured, considered good	323.75
Doubtful	-
	323.75
Less: Provision for doubtful deposits	-
	323.75
13.2 Advance Income Tax	3.53
13.3 Mat Credit Available	217.52
13.4 Balances with government authorities	
Unsecured, considered good	
13.4.1 Advance Sales tax	116.38
	116.38
<b>Total</b>	<b>661.18</b>
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	
<b>Note 14 Other non-current assets</b>	
14.1 Long Term Inventories (At lower of cost and net realisable value)	
14.1.1 Raw materials	192.09
14.1.2 Work-in-progress - Steel Forgings	41.35
14.1.3 Stores & Spares	-
14.1.4 Consumable Tools	-
<b>Total</b>	<b>233.44</b>
14.2 Other Assets	
14.2.1 Sundry Debtors	501.17
14.2.2 Advance to Suppliers	51.82
14.2.3 Insurance claims	-
<b>Total</b>	<b>786.43</b>
<b>Note 15 Inventories</b> (At lower of cost and net realisable value)	
15.1 Raw materials	4,961.52
15.2 Work-in-progress - Steel Forgings	6,519.22
15.3 Stores and spares	988.87
15.4 Consumable Tools	550.77
<b>Total</b>	<b>13,020.38</b>

**Notes forming part of the consolidated financial statements**

₹ in Lakhs

Particulars	As at 31 March 2018
-------------	------------------------

**Note 16 Trade receivables**

Trade receivables outstanding for a period exceeding six months from the date they were due for payment #

Secured, considered good	-
Unsecured, considered good	6,256.62
Doubtful	-
	6,256.62
Less: Provision for doubtful trade receivables	-
<b>Total</b>	<b>6,256.62</b>

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	33.64
17.2 Cheques, drafts on hand	-
17.3 Investments in Liquid funds	-
17.4 Balances with banks	16,405.44
17.4.1 In current accounts	-28.59
17.4.2 In deposit accounts (Refer Note below)	19.00
<b>Total</b>	<b>16,429.49</b>

**Note 18 Short-term loans and advances**

18.1 Loans and advances to employees	
Secured, considered good	
Unsecured, considered good	125.52
Doubtful	-
	125.52
Less: Provision for doubtful loans and advances	-
	125.52
18.2 Prepaid expenses - Unsecured, considered good	69.76
18.3 Balances with government authorities - Unsecured, considered good	
18.3.1 CENVAT credit receivable	730.82
18.3.2 VAT credit receivable	2,056.86
18.4 Others -ICD	
Secured, considered good	
Unsecured, considered good	21.74
Doubtful	-
	21.74
Less: Provision for other doubtful loans and advances	-
	21.74
<b>Total</b>	<b>3,004.70</b>

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



**Notes forming part of the consolidated financial statements**

₹ in Lakhs

Particulars	As at 31 March 2018
<b>Note 19 Other current assets</b>	
19.1 Others	-
19.1.1 Insurance claims	7.53
<b>Total</b>	<b>7.53</b>

**Note 20 Revenue from operations**

Particulars	As at 31 March 2018
20.1 Sale of products	61,895.20
20.2 Other operating revenues	1,970.63
<b>Total</b>	<b>63,865.83</b>
20.1.1 Sale of products comprises	
<u>Manufactured goods</u>	
Steel Forgings and Crank shafts	61,895.20
<b>Total - Sale of products</b>	<b>61,895.20</b>
20.2.1 Other operating revenues	
Power Generated	1,970.63
<b>Total - Other operating revenues</b>	<b>1,970.63</b>

**Note 21 Other income**

21.1 Interest income from Bank Deposits	105.17
21.2 Dividend income: from long-term investments	1,060.64
21.3 Miscellaneous Income	48.64
<b>Total</b>	<b>1,214.45</b>

**Note 22 Cost of materials consumed**

Opening stock	2,007.41
Add: Purchases	31,871.54
	<b>33,878.95</b>
Less: Closing stock	5,153.61
<b>Cost of material consumed</b>	<b>28,725.34</b>

Material consumed comprises: Raw material Steel Billets

**Note 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade**

<u>Inventories at the end of the year:</u>	
Work-in-progress Forgings	6,560.57
<u>Inventories at the beginning of the year:</u>	
Work-in-progress Forgings	3,925.61
<b>Net (increase) / decrease</b>	<b>-2,634.96</b>

**Note 24 Employee benefits expense**

24.1 Salaries and wages	4,898.92
24.2 Managerial Remuneration	885.37
24.2 Contributions to provident and other funds	303.15
24.3 Staff Gratuity	17.14
24.4 Staff welfare expenses	577.69
<b>Total</b>	<b>6,682.27</b>

**Note 25 Finance costs**

Interest expense on borrowings	1,349.25
<b>Total</b>	<b>1,349.25</b>

**Notes forming part of the consolidated financial statements**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2018
<b>Note 26 Other expenses</b>		
26.1 Consumption of Stores		1,775.92
26.2 Consumption of Tools		1,578.74
26.3 Outside Labour		1,087.42
26.4 Power and fuel		6,032.06
26.5 Repairs and Maintenance		
26.5.1 Buildings	153.98	
26.5.2 Machinery	952.51	
26.5.3 Machinery Spares	<u>1,228.79</u>	2,335.28
26.6 Selling Expenses		847.36
26.6 Export Expenses		
26.7.1 Packing & Forwarding	761.51	
26.7.2 Freight	977.27	
26.7.3 Commission	572.49	
26.7.4 Warehousing Charges	566.02	
26.7.5 Others	<u>97.17</u>	2,974.46
26.8 Loss on fixed assets sold / scrapped / written off		3.51
26.9 Miscellaneous expenses		1,459.99
<b>Total</b>		<b>18,094.74</b>
Miscellaneous expenses includes payment to auditors comprising of :		
As auditors - statutory audit		13.63
For taxation matters		1.35
Reimbursement of Expenses / Service Tax		2.59
<b>Total</b>		<b>17.57</b>

**Note 27 Additional information to the financial statements**

Particulars	As at 31 March 2018
<b>27.1 Contingent liabilities and commitments (to the extent not provided for)</b>	
27.1.1 Contingent Liabilities - Foreign Bills Discounted with Bank	665.08

**Note 28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006****NIL****Note 29.1 and 29.2 refer standalone**


**Notes forming part of the consolidated financial statements**

Particulars	As at 31 March 2018
29.3 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:	Receivable/ (Payable)
<b>Receivable/ (Payable) in Foreign Currency</b>	<b>NIL</b>
	<b>For the year ended 31 March 2018</b>
29.4 <b>Value of imports calculated on CIF basis</b>	
Raw materials	-
Consumable Stores / Tools	51.29
Machinery Spares	0.62
Capital goods	1,020.21
29.5 <b>Expenditure in foreign currency</b>	
Travelling	129.99
Export Expenses	1,558.36
Staff Training	0.05
29.6 <b>Details of consumption of imported and indigenous items</b>	
	<b>31st Mar 2018</b>
<u>Imported</u>	<b>₹ in Lakhs</b>
Raw materials	-
Consumable Stores / Tools	51.29
Machinery Spares	0.62
	<b>51.91</b>
<u>Indigenous</u>	
Raw materials	28,725.34
Consumable Stores / Tools	3,303.37
Machinery Spares	1,228.17
	<b>33,256.88</b>
29.7 <b>Earnings in foreign exchange</b>	
Export of goods calculated on CIF basis	34,546.26

**Note 30 Disclosures under Accounting Standards (contd.)**

Particulars	As at 31 March 2018
30.1 <b>Details of government grants</b>	Nil
30.2 <b>Details of borrowing costs capitalised</b>	
Borrowing costs capitalised during the year	
- as fixed assets / intangible assets / capital work-in-progress	-
- as inventory	-
30.3 <b>- Claims against the Company not acknowledged as debts</b>	
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 <u>deleted</u> 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	1,342.18

**Consolidated Cash Flow Statement for the year ended 31st March 2018**

(₹ in lakhs)

For the year ended  
31 March 2018

<b>A Cash Flow From Operating Activities</b>		
Net Profit / (Loss) before extraordinary items and tax		7,417.48
<i>Adjustments for:</i>		
Depreciation and amortisation	4,643.97	
(Profit) / Loss on sale / write off of assets	(13.70)	
Finance costs	1,349.25	
Interest income	(105.17)	
Dividend income	(1,060.64)	
		4,813.71
Operating Profit / (Loss) before working capital changes		12,231.19
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(5,754.68)	
Trade receivables	(4,204.68)	
Short-term loans and advances	(837.09)	
Long-term loans and advances	551.16	
Other current assets	3.43	
Other non-current assets	21.71	
<i>Adjustments for increase/(decrease) in operating liabilities</i>		
Trade payables	3,451.67	
Other current liabilities	(2,829.05)	
Other long-term liabilities	(303.83)	
		(9,901.36)
Cash generated from operations		2,329.83
Net income tax (paid) / refunds		1,902.24
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>427.59</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances		(10,259.38)
Proceeds from sale of fixed assets		928.56
Long Term Investments		(413.12)
Interest received		105.17
Dividend received		1,060.64
Bank Deposit having original maturity over three months		0.00
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(8,578.13)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings( Net)		6,472.05
Repayment of long-term borrowings(Net)		0.00
Net increase / (decrease) in working capital borrowings		8,888.77
Repayment of other short-term borrowings		0.00
Finance cost		(1,349.25)
Interim Dividend / Tax on Dividend		(701.43)
Dividends paid		(120.70)
Tax on dividend		(19.58)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>11,176.53</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>		<b>3,025.99</b>
Cash and cash equivalents at the beginning of the year		13,403.50
Cash and cash equivalents at the end of the year		16,429.50
In terms of our Report of even date		<b>3,025.99</b>

**For GRNK & Co.**  
Chartered Accountants  
FRN 016847S

**N. Srinivasan**  
Chairman  
(DIN : 00116726)

**Vidyashankar Krishnan**  
Vice Chairman and  
Managing Director (DIN : 00081441)

**V.Vaidyanathan**  
Director  
(DIN : 00081792)

**G R Naresh Kumar**  
Proprietor  
Membership no. 215577

**A. Gopalakrishnan**  
Director  
(DIN : 06414546)

**Kavitha Vijay**  
Director  
(DIN : 01047261)

Place : Chennai  
Date : 28 May 2018

**J.Sumathi**  
Company Secretary

**R.Venkatakrishnan**  
Chief Financial Officer



**Annexure****FormAOC-1****Statement containing salient features of the financial statement of Subsidiary****Part “A”: Subsidiary**

(₹ in lakhs)

1	Sl.No	1
2	Name of the subsidiary	D V S INDUSTRIES PRIVATE LIMITED
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N.A.
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.
5	Share capital	159.30
6	Reserves and surplus	-647.54
7	Total assets	4952.75
8	Total Liabilities	5440.99
9	Investments	NIL
10	Turnover	1804.11
11	Profit before taxation	-791.11
12	Provision for taxation	NIL
13	Profit after taxation	-791.11
14	Proposed Dividend	NIL
15	% of Shareholding	91.91%

**Note**

1. Names of subsidiaries which are yet to commence operations: NIL
2. Names of subsidiaries which have been liquidated or sold during the year: NIL

**Part B Associates and Joint Ventures**

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures – **NOT APPLICABLE**

Name of Associates or Joint Ventures	Name1	Name2	Name3
1. Latest audited Balance Sheet Date			
2. Date on which the Associate or Joint Venture was associate or acquired			
3. Shares of Associate or Joint Ventures held by the company on the year end No. Amount of Investment in Associates or Joint Venture Extent of Holding (in percentage)			
4. Description of how there is significant influence			
5. Reason why the associate/joint venture is not consolidated			
6. Net worth attributable to shareholding as per latest audited Balance Sheet			
7. Profit or Loss for the year			
i. Considered in Consolidation			
ii. Not Considered in Consolidation			

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

In terms of our Report of even date

**For GRNK & Co.**  
Chartered Accountants  
FRN 016847S

**N. Srinivasan**  
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Place : Chennai  
Date : 28 May 2018

**J.Sumathi**  
Company Secretary

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Chief Financial Officer





**Quality Forgings**