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Independent Limited Review Report

To

Board of Directors
El Forge Ltd

01. We have reviewed the accompanying statement of unaudited financial results ("the statement of accompanied statement") of El Forge Limited ("the company") for the period ended 30th June, 2014. The statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the statement based on our review.
02. We conducted our review of the statement in accordance with the standard on Review Engagements (SRE 2410), Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly we do not express an opinion.
03. The Company's operating results has been materially affected due to various factors during the quarter ended 30th June, 2014 and as per this report, the net worth has become minus Rs.3714.93 Lakhs as on the aforementioned date. Accordingly, the appropriateness of the going concern assumption is dependent on the Company's ability to establish consistent profitable operations as well as raising, obtaining or infusing adequate / required fund to meet its short term and long term obligations. In the aforesaid report, we also stated the Current Liability exceeds the Current Assets by an amount of Rs.6860.50Lakh. In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are not ascertainable. We draw the attention to the Note No.3 of the accompanied statement (which has been prepared based on going concern basis, by the Management) relating to erosion of net worth and current quarter's operating loss.
04. We further draw attention to the Note No.4 of the accompanied statement relating to interest and penalty leviable, if any, for non remittance of statutory dues on account of delay / short remittances of statutory dues which are not ascertainable at present.
05. We further draw attention to the Note No.5 of the accompanied statement relating to change in the method of accounting of interest on the bank borrowings, from mercantile to cash basis with effect from the financial year 2013-14 (01.07.2013 to 31.03.2014), which has resulted in short provisions of Rs.1050.83 Lakh, for the aforesaid period. Had the interest been provided for the financial year 2013-14 the operating loss would have been more by Rs.1050.83 lakhs and the Net Worth would be less by an equal amount. Further during the quarter (namely Apr 2014 to June, 2014) interest amounting to Rs.380.83 Lakhs has not been provided which has resulted the operating loss more by Rs.380.83 lakhs for the current quarter and the net worth would be



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06. Based on our review, nothing has come to our attention, except these items referred in the aforesaid paragraphs 03 through 05, that causes us to believe that the accompanying statement prepared in accordance with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956 (read with general circular 15/2013 dated 13.09.2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013) and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with Stock Exchanges including the manner in which it is to be disclosed, or that it contains any material misstatement.
07. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of aggregate amount of public shareholdings in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Management.

For P.Rajagopalan & Co
Chartered Accountants
Regn No.of the Firm 003408S

K.PRABHAKAR NAIDU
Partner
M.No.15109

Place: Chennai
Date: 11.08.2014

