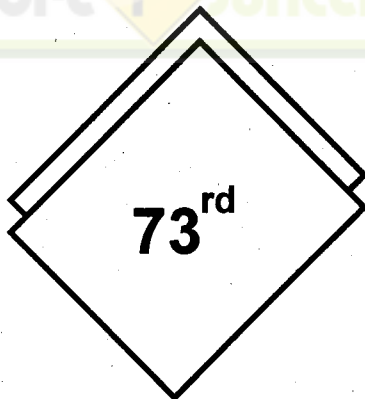




EL FORGE LIMITED

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ANNUAL REPORT

2008 - 2009

(ABRIDGED)

EL FORGE LIMITED

Sri. S.Venkataraman, Chairman Emeritus

BOARD OF DIRECTORS

Sri.V.Srikanth, Chairman

Sri.V.Ramachandran

Sri.P.L.Reddy

Sri.K.J.Ramaswamy

Sri Balraj Vasudevan

Sri.K.V.Ramachandran, Vice Chairman & Managing Director

Sri.Samuel Joseph Jebaraj-Nominee of Export Import Bank of India.

COMPANY SECRETARY

Smt.R.Sowmithri

AUDITORS

P. Rajagopalan & Co.

Chartered Accountants

BANKERS, FINANCIAL INSTITUTIONS AND FACTORS

STATE BANK OF INDIA, Industrial Finance Branch, Chennai 600 002

UNION BANK OF INDIA, Industrial Finance Branch, Chennai 600 034

AXIS BANK LTD. 82, Dr.Radhakrishnan Salai, Mylapore, Chennai 600 004

ABN AMRO BANK LTD, Haddows Road, Chennai 600 006

KOTAK MAHINDRA BANK LTD., Capitale, 555 Anna Salai, Teynampet, Chennai 600 018

EXPORT IMPORT BANK OF INDIA, Rajaji Salai, Chennai 600 001

SBI FACTORS & COMMERCIAL SERVICES PVT. LTD., 84, Rajaji Salai, Chennai 600 001

INDUSIND BANK LTD., G.N. Chetty Street, T.Nagar, Chennai 600 017

INDUSTRIAL DEVELOPMENT BANK OF INDIA., 115, Annasalai, Chennai 600 015

SHARE TRANSFER AGENTS

M/s.INTEGRATED ENTERPRISES (INDIA) LTD.

No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai 17.

REGISTERED OFFICE

338, Ambujammal Street (Off T.T.K.Road), Alwarpet, Chennai 600 018

Phone: (044) 42207800 Fax: (044) 42014708

E-mail:elforgeho@elforge.com

FACTORIES

1A, Sriperumbudur High Road (via) Singaperumal Koil

Appur Village, Kattangulathur Onrium, Kancheepuram Dist., PIN 603 204

Ph (044) 47112500, Fax (044) 42014708

Denkanikotta Road, P.B.No.11, Hosur 635109

Ph: (04344) 222486, Fax :04344-222841

B-67, SIPCOT Industrial Complex, Gummidipoondi 601201.Ph: 27922845

SUBSIDIARY

Shakespeare Forgings Ltd.

Macarthur Road, Cradley Heath, West Midlands B64 5NX, United Kingdom.

EL FORGE LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that 73rd Annual General Meeting of EL FORGE LIMITED will be held at Narada Gana Sabha Trust Mini Hall, 314, T.T.K.Road, Alwarpet, Chennai 600018 on Thursday the 17th September, 2009 at 10.30 am to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2009, the Auditors Report and the Directors Report thereon.
2. To Appoint a Director in place of Mr. P.L.Reddy, who retires by rotation and being eligible offers himself for re-election.
3. To Appoint a Director in place of Mr.Balraj Vasudevan, who retires by rotation and being eligible offers himself for re-election.
4. To Appoint Auditors of the Company and authorise the Board to fix their remuneration.

"Resolved that M/s.P.Rajagopalan & Co, Chartered Accountants, No.32, 2nd Cross Street, West CIT Nagar, Chennai 600 035 be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting of the Company.

"Resolved Further that the power to determine the remuneration of Auditors be and is hereby delegated to the Board of Directors".

SPECIAL BUSINESS

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

"Resolved that pursuant to the provisions of Sections 198, 269 and 309, and other applicable provisions if any of the Companies Act, 1956 and subject to the approvals as may be necessary approval of the members be and is hereby given to the appoint Mr.V.Srikanth as Executive Chairman of the Company for a period of five years from 1.7.2009 on the following terms of remuneration in terms of schedule XIII of the Companies Act, 1956 relating to Managerial Remuneration.

"Resolved Further that above remuneration allowed to the Executive Chairman shall be subject to such limits for the remuneration as laid down by the Government in schedule XIII of the Companies Act, 1956 and / or such changes/variations/substitutions as may be made therein from time to time.

EL FORGE LIMITED

"Resolved Further that notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the Executive Chairman, the Company has no profits or its profits are inadequate, the Company will pay the remuneration by way of salary and perquisites not exceeding the limits indicated in the Explanatory Statement.

"Resolved Further that the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/or the rules and regulations made there under and/or such guidelines as may be announced by the Central Government from time to time".

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

"Resolved that pursuant to the provisions of Sections 198, 269 and 309, and other applicable provisions if any of the Companies Act, 1956 and subject to the approvals as may be necessary approval of members be and is hereby given to the re-appoint Mr.K.V.Ramachandran as Vice Chairman & Managing Director of the Company for a period of five years from 1.4.2009 with retrospective effect on the following terms of remuneration in terms of schedule XIII of the Companies Act, 1956 relating to Managerial Remuneration.

"Resolved Further that above remuneration allowed to the Vice Chairman & Managing Director shall be subject to such limits for the remuneration as laid down by the Government in schedule XIII of the Companies Act, 1956 and / or such changes/variations/substitutions as may be made therein from time to time.

"Resolved Further that notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the Vice Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the remuneration by way of salary and perquisites not exceeding the limits indicated in the Explanatory Statement.

"Resolved Further that the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/or the rules and regulations made there under and/or such guidelines as may be announced by the Central Government from time to time".

By Order of the Board

Place : Chennai
Date : 29.06.2009

R.SOWMITHRI
COMPANY SECRETARY

EL FORGE LIMITED

Notes :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy so appointed need not be a member of the Company.
2. The instrument appointing Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.
4. The Register of Members will be closed from 7th September, 2009 to 17th September 2009 both days inclusive.
5. As a result of the amendments introduced in Sections 205A to 205C of the Companies Act, 1956, unclaimed dividend for a period of 7 years has been transferred by the company to "Investor Education and Protection Fund" of Central Government.
6. Members are requested to communicate the change of address, if any, quoting their respective folios to the Share Transfer Agents of the Company.
7. As per the provision for nomination in the Companies Act, 1956. Shareholders may nominate persons who shall become entitled to the Shares upon the death of such holders.

The nomination has to be made in the form prescribed without any cost to the shareholders. Shareholders interested, are requested to contact the "Shares Department" El Forge Limited, No.338, Ambujammal Street, Off.T.T.K.Road, Alwarpet, Chennai 600 018.

8. Members, who are holding shares in identical order of names in more than one account, are requested to intimate to the Share Transfer Agents the ledger folio of such accounts together with the share certificates to enable the Company to consolidate all the holdings into one account. The share certificates will be returned to the members after making necessary endorsement in due course.

Demat Details– The Company's shares have been dematerialised with Central Depository Services Limited and National Securities Depository Ltd. The ISIN No. of the Company is INE 158F01017.

9. The dividend declared during 2004-05, 2005-06, 2006-07 and 2007-08 unclaimed as of date is in the unpaid dividend account. The shareholders who have not encashed their warrants may lodge the claim along with the warrant to the share department of the Company.

EL FORGE LIMITED

10. Website – Quarterly information on results and other developments are posted on the Company's Website: <http://www.elforge.com>
11. Appointment / Re-appointment of Directors
Pursuant to Clause 49 of the Listing Agreement with Stock Exchange following information are furnished about the Directors proposed to be appointed / re-appointed vide Items No.2, 3 & 5 of the notice dated 29.06.2009.

Name	Mr.V.Srikanth	Mr.K.V.Ramachandran	Mr.P.L.Reddy	Mr.Balraj Vasudevan
Age	55	53	82	48 Years
Qualification	ACA, MBA (University of Newyork)	MBA (XLRI)	Engineer	B.A
Experience	1. Fellow of Institution of Chartered Accountant 2. Has been involved in Forging Business for over 29 Years. 3. He was the President of the All India Forging Association. 4. He led the Indian Forging Delegation to the Forging Congress held in China in the year 1999.	Has been associated with the Forgings Industry for over 27 years.	1. Fellow of Institution of Engineer 2. Did financial control Course in Indian Institute of Management, Kolkatta 3. Executive Development course in Administrative staff College, Hyderabad.	Has been associated with the Auto Industry for over 2 decades and has held important positions in various companies
Other Directorships	The Vellore Electric Corporation Ltd. Wesco Engineers Ltd Pary Agro Industries Ltd.	Wesco Engineers Ltd Coromandel Steels Ltd	Nil	Autopumps & Bearings Co.P Ltd Regaalia Realty Limited TVS-CJC Ltd Banyan
Committee Membership	Shareholders Grievance Committee	—	Audit Committee Remuneration Committee Shareholders Grievance Committee	Audit Committee Remuneration Committee Shareholders Grievance Committee
Shareholding	123420 shares	17573 shares	1000 Shares	Nil

EL FORGE LIMITED

The information pertaining to the Directors are provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange(s).

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

Item No.5

Mr.V.Srikanth has been the non executive chairman from 1.9.2006 onwards. With the change in the Industrial scenario and the need for greater managerial guidance in view of the need to strategise the operation in a difficult environment, the board feels it necessary to co opt Mr.V.Srikanth as Executive Chairman with effect from 1.7.2009 on the terms and conditions set below.

Salary

A Salary of Rs.1,02,500/- (Rupees One lakh two thousand five hundred only) per month in the grade of Rs.102500-7500-132500. and a special allowance of Rs.15000/- (Rupees fifteen thousand only) per month.

Commission

Commission based on Net Profits of the Company in a particular year, which put together with Salary and perquisites shall be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956 shall be paid.

Perquisites

Perquisites are classified into three categories "A, B and C as follows :

Category A

This will comprise Residential Accommodation, House Rent Allowance, Leave Travel Concession, Medical Reimbursement, Fees of Clubs and Personal Accident Insurance. These may be provided as under:

Residence

Residential accommodation or in lieu thereof House Rent Allowance at 60% of salary per month

Gas, Electricity and Water shall be valued as per the Income Tax Rules 1962. This shall however be subject to a ceiling of 10% of the Salary.

Medical Reimbursement

Expenses incurred by self and family subject to a ceiling of one month's salary in one year or three months salary over a period of three years including premium for medical insurance.

Leave Travel Concession

For Executive Chairman and his family in accordance with the Rules of the Company once in a year.

Explanation

For the purpose of category A, Family means the Spouse, the dependent children and dependent parents of the Executive Chairman.

EL FORGE LIMITED

Club Fees

Fees to Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Premium not to exceed Rs.5000/- per annum.

Hard and Soft Furnishing

Reimbursement upto Rs.30,000/- per annum towards hard furnishing. Reimbursement upto Rs.20,000/- per annum towards soft furnishing.

Category B

- Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- Gratuity in accordance with the rules of the Company as applicable to Senior Executives of the Company but not exceeding one-half months salary for each completed year of service.
- Encashment of Leave at the end of the tenure.
- Retirement and other benefits as per rules of the Company.

Category C

- Provisions of Car for use on Company's Business and Telephone at Residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Chairman.
- Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Executive Chairman, the Company has no profits or its profits are inadequate. The Company will pay him Remuneration by way of Salary and perquisites specified above.

Mr.V.Srikanth is interested in the resolution as it concerns his appointment. Mr.V.Ramachandran is indirectly concerned or interested in the resolution as he is the brother of Mr.V.Srikanth.

The above may be regarded as an 'Abstract of the Terms of Appointment and Memorandum of Interest' under Section 302 of the Companies Act, 1956.

Item No.6

Mr.K.V.Ramachandran was re-appointed as the Vice Chairman & Managing Director of the Company with effect from 1.4.2009. Taking into account the significant contribution made by Mr.K.V.Ramachandran and in order to continue to avail of the benefits of his vast experience and expertise the Board of Directors pursuant to the resolution adopted on 29th June, 2009 reappointed Mr.K.V.Ramachandran, as Vice Chairman & Managing Director for a period 5 years from 1.4.2009 to 31.03.2014.

EL FORGE LIMITED

Salary

A Salary of Rs.97,500/- (Rupees Ninety Seven thousand five hundred only) per month in the grade of Rs.97500-7500-127500 and a special allowance of Rs.15000/- (Rupees fifteen thousand only) per month.

Commission

Commission based on Net Profits of the Company in a particular year as decided by the Board, which put together with Salary and perquisites shall be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956 shall be paid.

Perquisites

Perquisites are classified into three categories "A, B and C as follows:

Category A

This will comprise Residential Accommodation, House Rent Allowance, Leave Travel Concession, Medical Reimbursement, Fees of Clubs and Personal Accident Insurance. These may be provided as under :

Residence

Residential accommodation or in lieu thereof House Rent Allowance at 60% of salary per month.

Gas, Electricity and Water shall be valued as per the Income Tax Rules 1962. This shall however be subject to a ceiling of 10% of the Salary

Medical Reimbursement

Expenses incurred by self and family subject to a ceiling of one month's salary in one year or three months salary over a period of three years including premium for medical insurance.

Leave Travel Concession

For Vice Chairman & Managing Director and his family in accordance with the Rules of the Company once in a year.

Explanation

For the purpose of category A, Family means the Spouse, the dependent children and dependent parents of the Vice Chairman & Managing Director.

Club Fees

Fees to Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Premium not to exceed Rs.5000/- per annum.

Hard and Soft Furnishing

Reimbursement upto Rs.30,000/- per annum towards hard furnishing. Reimbursement upto Rs.20,000/- per annum towards soft furnishing.

EL FORGE LIMITED

Category B

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity in accordance with the rules of the Company as applicable to Senior Executives of the Company but not exceeding one-half months salary for each completed year of service.

Encashment of Leave at the end of the tenure.

Retirement and other benefits as per rules of the Company.

Category C

Provisions of Car for use on Company's Business and Telephone at Residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Vice Chairman & Managing Director

Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Vice Chairman & Managing Director the Company has no profits or its profits are inadequate. The Company will pay him Remuneration by way of Salary and perquisites specified above.

Mr.K.V.Ramachandran is interested in the resolution as it concerns his appointment.

The above may be regarded as an 'Abstract of the Terms of Appointment and Memorandum of Interest' under Section 302 of the Companies Act, 1956.

By Order of the Board

Place : Chennai
Date : 29.06.2009

R.SOWMITHRI
COMPANY SECRETARY