

EL FORGE LIMITED

BOARD OF DIRECTORS

Sri.V.Srikanth, Executive 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
ROYAL BANK OF SCOTLAND, 1, Harrington Road, Chennai 600 031
KOTAK MAHINDRA BANK LTD., Capitale, 555 Anna Salai, Teynampet, Chennai 600 018
EXPORT IMPORT BANK OF INDIA, Rajaji Salai, Chennai 600 001
SBI GLOBAL FACTORS LTD., 634, Anna Salai, Chennai 600 035
INDUSIND BANK LTD., G.N. Chetty Road, 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) 4711 2523

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

EL FORGE LIMITED
NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that 74th Annual General Meeting of EL FORGE LIMITED will be held at Narada Gana Sabha Trust Mini Hall, No.314, T.T.K.Road, Alwarpet, Chennai 600 018 on 19th August, 2010 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, 2010, the Auditors Report and the Directors Report thereon.
2. To appoint a Director in place of Mr.V.Ramachandran, who retires by rotation and being eligible offers himself for re-election.
3. To Appoint a Director in place of Mr.K.J.Ramaswamy, 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, to pass with or without modification, the following resolution as a Special Resolution.

“Resolved that the approval of the shareholders is hereby given to the Company to List the equity shares of the Company having distinctive numbers 8529525 to 8629524 – one lakh shares allotted on conversion of equity warrants @ Rs.132/- per warrant allotted on 17.06.2006 and converted in to equity shares of Rs.10/- each at premium of Rs.122/- per share and share allotment made on 02.01.2008”.

6. ***Increase in Authorised Capital***

To consider and if thought, to pass with or without modification, the following resolution as a Special Resolution.

“Resolved that the existing Clause 5 relating to Share Capital in the Memorandum of Association of the Company be altered by the following in place of the existing Clause :

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The Share Capital of the Company is Rs.38,00,00,000/- (Rupees Thirty eight crores only) divided into

- (a) 3,50,00,000 equity shares of Rs.10/- each (Rupees ten only)
- (b) 3,00,000 Redeemable Preference Shares of Rs.100/- each (Rupees hundred only)

with power to increase or reduce the capital and to divide the share for the time being into several classes and attach thereto respectively such Preferential, qualified or special rights and privileges as may be determined in accordance with the provisions of the Companies Act, 1956, and any amendments made thereto to the Act.

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

“Resolved that the existing Article 2A of the Articles of Association of the Company be and is hereby deleted and the following be substituted therefor.

2A The Share Capital of the Company is Rs.38 00,00,000/- (Rupees Thirty eight Crores only) divided into

- a) 3,50,00,000 (three fifty lakhs) equity shares of Rs.10/- each (Rupees ten only)
- b) 3,00,000 (Three lakhs) Redeemable Preference Shares of Rs.100/- each (Rupees hundred only)

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

“Resolved that subject to the approval of the members of the Company and in accordance with the provisions of Section 81(1) and other applicable provisions, if any, of the Companies Act, 1956 and any other law for the time being in force and the provisions in the Memorandum and Articles of Association of the Company, the guidelines issued by the Securities and Exchange Board of India (SEBI), the Listing Agreements entered into by the Company with the Stock Exchanges and subject to the approval, permissions and sanctions of the lenders of the Company, SEBI, Stock Exchanges, Reserve Bank of India (RBI), the Foreign Investment Promotion Board (FIPB), Government of India and other concerned authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof) the consent of the shareholders be and is hereby accorded to create, offer and issue to the equity shareholders of the Company as on the record date (to be fixed for the purpose) equity shares of Rs.10/- of the Company for a sum upto Rs.26 Crores (Rupees Twenty six crores) or such sum as may be determined by the Board of Directors in this regard, in the ratio to be determined by the Board (the “Rights Issue”) and on such other terms and conditions as may be mentioned in the draft letter of offer to be issued by the Company in respect of the Rights Issue”.

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“Resolved Further that such of these equity shares to be issued, if are not subscribed by the existing shareholders may be disposed of by the Board thereof in its absolute discretion, in such manner and/or on such terms as it may deem fit, including by offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Fund/ Corporates / High Networth Individuals or otherwise as the Board thereof may in its absolute discretion deem fit and proper.

“Resolved Further that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue/allotment and utilisation of the proceeds of issue of the Securities towards the Company's projects/other corporate needs and finalise such documents for creating mortgages/charges as it may deem fit”.

By Order of the Board

Place : Chennai
Date : 15.07.2010

R.SOWMITHRI
COMPANY SECRETARY

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Notes :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself 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 16th August, 2010 to 19th August, 2010 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.
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

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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 of the notice dated

Name	Mr.V.Ramachandran	Mr.K.J.Ramaswamy
Age	62 Years	64 Years
Qualification	B.E	B.Sc
Experience	Professional exposure of 3 decades in the Auto Component Industry	4 Decades in Shipping and Customs House Agent
Other Directorships	Kar Mobiles Ltd VST Tillers Tractors Ltd The Vellore Electric Corporation Limited	Siddship Pvt Ltd D.A.Logistics & Farming Pvt Ltd
Committee Membership	Audit Committee Remuneration Committee	Audit Committee Remuneration Committee Shareholders Grievance Committee
Shareholding	112688	5000

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

Earlier in the Extra Ordinary General Meeting held on 3rd June, 2006 the shareholders approved in the equity warrants on a Preferential basis to the Promoters at Rs.132/- per warrant to be converted into equity shares within 18 months from the date of allotment of warrants. Advance of Rs.39.60 lakhs representing 10% of the warrant value was paid by the Promoter. The Promoters could however be able to subscribed for 1 lakh warrants only at the end of the period and hence only one lakh warrants were converted into equity shares. Balance of Rs.26,40,000/- forfeited. The shares were allotted on 2nd January, 2008 which is 16 days beyond the warrants period and hence shareholders approval is necessary for listing the resolution is placed for your approval.

Mr.V.Srikanth, and Mr.K.V.Ramachandran, who are the Promoters may be deemed to be interested in the resolution.

The Board of Directors of your Company recommend this resolution for your approval.

Item No. 6 & 7

The present authorised capital of the Company is Rs.13 Crores consisting of 1,00,00,000 equity shares of Rs.10 each and 3,00,000 Redeemable Preference Shares of Rs.100/- each. To enable the Company to raise Capital, it is proposed to increase the Authorised Capital from the present Rs.13 Crores to Rs.38 Crores by the creation of 2,50,00,000 (Two Crores fifty lakhs) equity shares of Rs.10/- each aggregating to Rs.25

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Crores (Twenty five Crores). The increase in Authorised Capital of the Company requires consequential amendments to the Capital Clauses of Memorandum and Articles of Association of the Company.

The proposal requires the approval of the Shareholders.

None of the Directors of your Company is interested in this resolution.

The Board of Directors of your Company recommend this resolution for your approval.

Item No.8

The auto industry in India has a healthy growth with the turnover of all the automakers reaching new heights in the year that went by and is expected to grow steeply in the coming year. Customers of your Company have also increased their orders with your Company and scope for growth in turnover is very significant. In order to take advantage of the favourable market, we need to augment our resources and therefore the Board decided to make a "Rights Issue of equity shares" to raise upto Rs.26 Crores. Subject to the provisions of Companies Act, 1956 and the approvals from various statutory authorities including SEBI the term of the offer will be finalized and a letter of offer will be sent to the shareholders of the Company"

The proposal requires the approval of the Shareholders.

None of the Directors of your Company are interested in the proposed resolution except to the extent they are members of the Company.

The Board of Directors of your Company recommend this resolution for your approval.

By Order of the Board

Place : Chennai
Date : 15.07.2010

R.SOWMITHRI
COMPANY SECRETARY

EL FORGE LIMITED
REPORT OF THE DIRECTORS

The Directors have pleasure in presenting the 74th Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2010.

	Year ended 31.03.2010	Year ended 31.03.2009
	(RS.IN LAKHS)	
Sales & Other Income (Gross)	8374.77	9862.88
Profit/(Loss) before Depreciation	424.93	(1220.28)
Profit/(Loss) after Depreciation	(269.22)	(1790.38)
Net Profit/(Loss) after tax	(274.65)	(1805.38)

Year in Retrospect

The year under review saw strain in the operations of the Company due to the difficult situation on cash flow front.

The auto market improved substantially after September of 2009, but the Company could not keep pace with the auto growth due to the above mentioned reason.

Steel, which constitutes a major input of our Company's production, increased in value from November of last year and rose substantially till April of this year, and in keeping with the price increase, they have reduced the credit terms thus making a dual impact on the cash flows.

The banking consortium took up our request for enhancing the credit limit for the purchasing of steel by instating letters of credit. We trust that this facility will go a long way in addition to the performance of the Company.

The power problem in Tamilnadu, however has not had any respite. The environment prevailing is the same for the long established industries of Tamilnadu. We are however, managing to circumvent the problem by adjusting our working hours and ensuring maximum productivity in the available time frame.

The sales was consequently lower by 15% and the net loss for the year was Rs.274.64 lakhs after adjusting the income from sale of property.

The market situation has drastically changed from April of this year and trust we can grow from the Quarter of October this year having addressed the factors that constrain the operations.

We are highly confident that the worst is behind us and the future can only be highly beneficial for us and the auto industry.

Subsidiary Company

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Shakespeare Forgings Ltd's operations in UK has been affected by the global meltdown and volumes during the period from April 2009 to March 2010 were only at GBP 3.295 Million as against GBP 4.648 Million of previous year.

Your Company has applied to the Company Law Board under Section 212(8) of the Companies Act, 1956 seeking exemption from attaching a copy of the Balance Sheet, Profit and Loss Account Report of the Board of Directors and the Report of the Auditors of the subsidiary company along with the financial statements of your company. These documents can be requested for by any member, investor of the company. Further, in line with the Listing Agreement and in accordance with the Accounting Standard 21 (AS 21), Consolidated Financial Statements, prepared by the Company include financial information of its subsidiary.

Issue of Shares

The Board has decided to issue equity shares of Rs.10/- each to the existing shareholders on a 'Rights Basis' aggregating to Rs.26 Crores. The terms of the issue is being finalized and shall be submitted for the approval of SEBI. The letter of offer shall then be circulated to the shareholders. A Special Resolution u/s 81 is being placed at the Annual General Meeting for granting approval to the Rights Issue.

In order to facilitate the issue the Authorised Capital and changes in the Clauses to the Memorandum & Articles of Association is proposed.

Research & Development

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

Industrial Relations

Employees at all levels have contributed to the performance of your Company. Your directors place on record the co-operation of employees during the year under report.

Fixed Deposits

The Company has as on 31st March, 2010 deposits amounting to Rs.68.93 lakhs. The provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit Rules) 1975 have been complied with in respect of the acceptance of deposits and all deposits that have matured and claimed during the year were paid on the due dates.

Statement pursuant to Section 217(2A) of the Companies Act, 1956

None of the employees come within the purview of Section 217(2A) of the Companies Act, 1956.

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Information as per Section 217(1)(e) of the Companies Act, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988

In terms of the above rules, your Board is pleased to give the particulars of the Conservation of energy, Technology absorption and the Foreign Exchange earnings and outgo as prescribed therein, in the Annexure which forms part of the Directors Report.

Listing of Shares

Your Company's shares are listed on the following Stock Exchanges namely,

1. Madras Stock Exchange Limited (As per MSE / NSE agreement, your Company's shares are allowed for trading in NSE Platform.
2. Bombay Stock Exchange Limited
3. Ahmedabad Stock Exchange Limited

Corporate Governance

Your Directors are pleased to report that your Company is fully compliant as on March 31, 2010 with the SEBI Guidelines on Corporate Governance as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange.

A detailed report on this subject forms part of this report.

Directors

Mr.V.Ramachandran and Mr.K.J.Ramaswamy, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

Directors' Responsibility Statement under Section 217(2AA) of the Companies Act, 1956

The Directors state that

- a) In the preparation of Annual Accounts the applicable accounting standards had been followed.
- b) The Directors had 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 31st March, 2010 and of the Profit or Loss of the Company for that period.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the Annual accounts on a going concern basis.

Auditors

M/s P.Rajagopalan & Co.,Chartered Accountants, Chennai, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.