



# Shree Ganesh Forgings Ltd.



Annual Report 2013

**SHREE GANESH FORGINGS LIMITED**  
**40th ANNUAL REPORT**  
**2012-13**

**BOARD OF DIRECTORS**

Deepak Balkrishan Sekhri  
Anita Deepak Sekhri  
Mr. Gain Prakash Singh  
Mr. Pal Uppal

Managing Director  
Executive Director  
Independent Director  
Independent Director (resigned w.e.f 12.3.2013)

**AUDITORS**

**M/s Batliboi & Purohit.**  
Chartered Accountants

**REGISTERED OFFICE**

412, Emca House.  
S.B.S road,  
Fort. Mumbai-400001

**REGISTRAR & SHARE TRANSFER AGENTS**

M/s. Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate,  
Sakivihar road, Saki Naka, Andheri (East)  
Mumbai-400072

**NOTICE TO MEMBERS**

Notice is hereby given that the Fortieth Annual General Meeting of the members of **SHREE GANESH FORGINGS LIMITED** will be held on Wednesday, the 12th day of February, 2014 at 2.30 P.M at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, MCC Path, Fort, Mumbai-400001 to transact the following business as:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date together with the Auditors' Report and the Directors' Report there on.
2. To appoint a Director in place of Mr. Deepak Sekhri retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS:**

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

"RESOLVED THAT subject to the provisions of sections 198,269,309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. Deepak Balkrishan Sekhri by the Board of Directors as Managing Director of the Company for a period of Five years with effect from 01.04.2013 be and is hereby approved on the terms and conditions including remuneration as approved by the Audit Committee of the Board and detailed in the Explanatory Statement annexed hereto.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to alter and vary the terms and conditions of the appointment and/ or remuneration at any time in consultation with the Audit Committee of the Board."

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

"RESOLVED THAT subject to the provisions of sections 198,269,309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mrs. Anita Deepak Sekhri by the Board of Directors as Whole Time Director of the Company with effect from 01.02.2014 be and is hereby approved on the terms and conditions including remuneration as approved by the Audit Committee of the Board and detailed in the Explanatory Statement annexed hereto.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to alter and vary the terms and conditions of the appointment and/ or remuneration at any time in consultation with the Remuneration Committee of the Board."

Date: 06.01.2014  
Place: Mumbai

By order of the Board  
For **Shree Ganesh Forgings Limited**

Registered Office:  
412, Emca House,  
S.B.S. Road, Fort,  
Mumbai – 400 001

Sd/-  
**Deepak B. Sekhri**  
Chairman & Managing Director

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXY FORM IS ENCLOSED HEREWITH. PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The register of members and the share transfer books of the company will remain closed from Saturday, 8th February, 2014 to Wednesday, 12th February, 2014 (both days inclusive).
3. Members are requested to intimate change in their address.
4. The shareholders are requested to send their request for demat of shares to our Registrar and Share Transfer Agent M/s. Big Share Services Private Limited, E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai - 400072 or to the company's registered office to our investors' relations department.
5. Shareholders holding shares in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant share certificates to the company's registrar and transfer agents, M/s Big Share Services Private Limited.
6. Members are requested to bring copies of annual report to the annual general meeting.
7. The member / proxies should bring the attendance slip duly filed in and signed for attending the meeting.
8. Members are requested to quote ledger folio number in their correspondence.
9. Shareholders desiring any information as regards to the Accounts are requested to write to the Company at least Seven days in advance of the Annual General Meeting so that the information, to the extent practicable, can be made available at the Annual General Meeting.
10. At the ensuing Annual General Meeting Mr. Deepak Sekhri, retires by rotation and being eligible offers himself for re-appointment, and Mr. Deepak Sekhri and Mrs. Anita Sekhri was proposed for the reappointment as Managing Director and Whole Time Director respectively. the brief resume of director is as under:



Name	Mr. Deepak Sekhri	Mrs. Anita Sekhri
Age	52	55
Qualification	B.COM	B.A
Expertise in Specific Area	Entrepreneur having more than two decades experience in forging Industries	Entrepreneur having more than two decades experience in Material Management
Date of First Appointment on the Board of the Company	5.1.1981	2.6.1993
Name(s) of the other companies in which Directorship held	Synergy Papers Private Limited	1. Synergy Papers Pvt Ltd 2. Dean Akshatt Exim P Ltd 3. Namha Metal Ltd 4. Mouse Metal Trading Co. Pvt Ltd
Committee Membership	Audit Committee	Audit Committee
Shareholding in the Company	3029089 shares (24.23%)	917499 shares (7.34%)

11. **Green initiative in Corporate Governance:** *The Government Of India, Ministry Of Corporate Affairs (MCA) vide its circular no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a "Green Initiative" and has allowed companies to make service of documents including Annual Report, Audited Financial Statements, Directors' Report, Auditors' Report, etc. to the members through the electronic mode, to the registered email addresses of the members. This is a golden opportunity to contribute to our Nation at large. All you have to do is to register your e-mail address with the company to receive communication through the electronic mode.*



**EXPLANATORY STATEMENT  
PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item no. 4**

Mr. Deepak B Sekhri was reappointed as Managing Director of the Company for a period of three years with effect from and the board proposed his reappointment as Managing director w.e.f. 01.04.2013 for five years and his remuneration is duly approved by the Audit Committee of the Board, as detailed hereinbelow.

**Basic Salary :** Rs.2,20,000 per month (Rupees Two Lacs Twenty Thousand only).

**Commission :** 1% of the net profits of the company subject to a ceiling of 50% of the annual salary.

Perquisites : In addition to salary and commission, the following perquisites as specified in Part A, B and C below are payable subject to the ceiling applicable and mentioned therein :

**Part A**

Free furnished quarter with annual rent subject to a ceiling of Rs.30,000 per month or House Rent Allowance of Rs.30,000 per month;

Medical expenses incurred for self and family to be reimbursed subject to a ceiling of one month's salary per annum or three months' salary over a period of three years;

Leave Travel Concession for self and family, once in a year, subject to a maximum Rs.50,000 per annum;

Personal Accident Insurance, the annual premium of which shall not exceed Rs.5,000.

**Part B**

Company's contribution to Provident Fund, Super-Annuation Fund or Annuity Fund as per the rules of the Company, but not exceeding 12% of the Basic Salary;

Gratuity payable at the rate of half month's salary, subject to a ceiling of Rs. 1.00 lac, for each completed year of service;

**Encashment of leave at the end of tenure.****Part C**

Free car with a driver will be provided for use for Company's business and will not be considered a perquisite. Use of car for private purposes will be billed by the Company.

Free facility of telephone at residence will be provided for the purpose of Company's business and will not be treated as perquisite. Long distance personal calls will be billed by the Company.

Where in any financial year, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Deepak B. Sekhri, the remuneration by way of salary and other allowances not exceeding the limits specified in Section II (1)(B) of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

This resolution is being put up for the approval of the members as per the provisions of Schedule XIII of the Companies Act, 1956.

None of the directors, except Mr. Deepak B Sekhri and Mrs. Anita Sekhri are interested in this resolution.

**Item no. 5**

The Board of Directors proposes to appoint Mrs Anita Deepak Sekhri as Whole Time Director of the Company with effect from

01.02.2014 on the Remuneration, as detailed hereinbelow.

Basic Salary : Rs.2,00,000 per month (Rupees Two Lacs only).

Commission : 1% of the net profits of the company subject to a ceiling of 50% of the annual salary.

Perquisites : In addition to salary and commission, the following perquisites as specified in Part A, B and C below are payable subject to the ceiling applicable and mentioned therein :

**Part A**

Free furnished quarter with annual rent subject to a ceiling of Rs.30,000 per month or House Rent Allowance of Rs.30,000 per month;

Medical expenses incurred for self and family to be reimbursed subject to a ceiling of one month's salary per annum or three months' salary over a period of three years;

Leave Travel Concession for self and family, once in a year, subject to a maximum Rs.50,000 per annum;

Personal Accident Insurance, the annual premium of which shall not exceed Rs.5,000.

**Part B**

Company's contribution to Provident Fund, Super-Annuation Fund or Annuity Fund as per the rules of the Company, but not exceeding 12% of the Basic Salary;

Gratuity payable at the rate of half month's salary, subject to a ceiling of Rs. 1.00 lac, for each completed year of service;

Encashment of leave at the end of tenure.

**Part C**

Free car with a driver will be provided for use for Company's business and will not be considered a perquisite. Use of car for private purposes will be billed by the Company.

Free facility of telephone at residence will be provided for the purpose of Company's business and will not be treated as perquisite. Long distance personal calls will be billed by the Company.

Where in any financial year, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mrs Anita Deepak Sekhri, the remuneration by way of salary and other allowances not exceeding the limits specified in Section II (1)(B) of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

This resolution is being put up for the approval of the members as per the provisions of Schedule XIII of the Companies Act, 1956.

None of the directors, except Mr. Deepak B Sekhri and Mrs. Anita Sekhri are interested in this resolution.

Date: 06.01.2014

Place: Mumbai

By order of the Board

For **Shree Ganesh Forgings Limited**

Registered Office:  
412, Emca House,  
S.B.S. Road, Fort,  
Mumbai – 400 001

Sd/-  
**Deepak B. Sekhri**  
Chairman & Managing Director

**DIRECTORS' REPORT TO THE MEMBERS**

Dear Members,

Your Directors present herewith the 40th Annual Report and the Audited Statement of Accounts of the company for period from 1st April, 2012 to 31st March, 2013.

**Financial Highlights**

	For the period ended 2012-13	(in lacs) 2011-12
Operational Income	214.56	236.32
Other Income	2.33	5.98
Total Expenditure (excluding interest)	2357.15	1332.27
Interest	9.99	1.32
Loss before Tax	(2119.26)	(1089.97)
Tax	79.25	21.10
Loss after tax	( 2040.01)	(999.94)

**Dividend**

The Board does not recommend any dividend for the period under review.

**Operations**

During the period under review, the turnover of the Company was Rs. 214.56 Lac in comparison to Rs. 236.32 Lac of previous year mainly on account of partial closure of the production facilities due to lack of availability of working capital funds and persistent labour problems. The company has been mainly servicing customers whose requirements matched the company's stock of semi-finished and finished goods entirely or partially. In several cases, semi-finished and finished goods have been re-worked to meet the current customers' requirements.

The reworked Corporate Debt Restructuring (CDR) package although sanctioned by the CDR Cell in March 2010 and sanctioned individually by all the lender bankers was not implemented at all though it was expected to be implemented by July 2010. Further, the banks unilaterally decided to exit from the CDR scheme. We have also filed an appeal with the CDR Core Group as per their extant rules in this regard.

Members are aware that the company had filed a reference under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 due to erosion of its net worth. As of 31st March, 2013, the net worth remains negative in view of the accumulated loss .

Meanwhile, our account with the banks were designated as Non- Performing Asset (NPA) by the bankers and in May, 2011 the bankers initiated recovery action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The Company is taking all requisite measures to ensure that the outstanding dues to the bankers is settled and has already given its proposal for one-time settlement with the bankers. State Bank of India, which became our lead bank after the merger of State Bank of Indore with it in August 2010, also sent us a possession notice in October, 2011 against which the company has already filed an application with the Debt Recovery Tribunal. The management is making constant endeavors to move on with discussions with the bankers so as to arrive at a mutually acceptable proposal.

The management is also evaluating various options with respect to raising the funds required for settling the banks' dues, including selling or leasing the land on which the factory is situated and shifting the operations to an alternate site. As of date, the management is seriously considering a couple of proposals, although a structured outcome is yet to emerge.

**Directors**

Mr Deepak B Sekhri and Mrs. Anita D Sekhri are proposed for the reappointed by the Board as Managing Director and Whole time Director respectively, subject to confirmation of the shareholders at the general meeting. The approval of the members for their appointment as Managing Director and Whole Time Director respectively is being sought at the ensuing Annual General Meeting.

In accordance with the provisions of the Articles of Association of the Company, Mr. Deepak Sekhri, retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. The Board recommends his re-appointment.

**Statutory Auditors**

The Auditors M/s Batliboi & Purohit, Chartered Accountants, Mumbai, hold office until the conclusion of the ensuing Annual General Meeting. The Board recommends their reappointment. The Company has received a certificate to the effect that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

**Remarks of Auditors**

The point mentioned in Auditors Report as the Basis of Qualified Report that Accumulated losses is more than 50% of its Net worth is because the Company has been facing lot of operational problems in recent past due to shortage of staff, senior finance head and there is no production and sales in the Company. Also due to shortage of funds, the Company has applied a sick unit. Therefore, Company has applied in the B.I.F.R / A.A.I.F.R for its restructuring.

Point no.iii of Annexure to Auditors Report regarding Loan granted to related parties.

As the Company is a sick company it was unable to comply with provisions of section 295 and obtain approval from Central Government. It is in the process of Complying with the various provisions of the Acts.

**Point no. ix of Annexure to Auditors report in respect of Statutory Dues**

It has been observed that there have been few delays in payment of Statutory Dues. As the Company is a sick company and have accumulated losses it was unable to pay its Statutory dues. The company is in the process of settling all its Statutory dues.

Others remarks of the Auditors are self-explanatory in nature read with respective notes to accounts and need no further clarifications.

**Public Deposits**

The Company has not invited and/ or accepted any deposits within the meaning of Section 58 A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975 made thereunder.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the accounting policies have been selected and applied consistently and all judgments and estimates made are reasonable and prudent, so as to give a fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss for that period;
- c) proper and sufficient care has been taken 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 fraud and other irregularities;
- d) the annual accounts have been prepared on a going-concern basis.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information required in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given as Annexure A to this Report.

**Subsidiary Company**

The statement pursuant to Section 212 of the Companies Act, 1956 in respect of the Company's subsidiary viz. SGFL International BV is attached as Annexure B to this Report. The subsidiary was constrained to sell off its investments in view of the fall in global demand and due to serious operational problems. The consolidated financial statements of the Company and its subsidiary forms part of the Annual Report.

Pursuant to the General Circular no.2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, the Board has

given consent for not attaching the Balance Sheet, the Profit and Loss Account and other documents as set out in section 212 (1) of the Companies Act, 1956, in respect of the subsidiary. However, these documents are available for inspection by any member at the Registered Office of the Company, during working hours upto the date of the Annual General Meeting. Copies of these documents shall also be made available to any member of the company upon request.

**Particulars of Employees**

There are no employees drawing remuneration in excess of the limits specified in section 217(2A) of the Companies Act, 1956.

**Industrial Relations**

The company was constrained to lay off few employees in view of partial closure of operations consequent to which they had moved the Industrial Court, Thane for payment of closure compensation.

The company has been taking efforts to ensure peaceful severance of service and amicable settlement of the dues of the employees concerned. In reciprocation, some of the employees have accepted the company's proposal and their dues have been settled. However, the Industrial Court, Thane, has restrained the company from shifting, selling, parting with or creating third party interest in respect of its plant, machinery, land, building or any immovable property.

**Management Discussion & Analysis Report and Report on Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion & Analysis Report, the Report on Corporate Governance and the certificate in respect of compliance of requirements of Corporate Governance are annexed to this Report and form part of this Annual Report.

**Acknowledgement**

Your Directors express their grateful appreciation to the company's valued customers, suppliers, investors and bankers for their continued support, assistance, co-operation and guidance. Your directors also thank all the employees and executives for their contribution and look forward to their continued support in the future too.

Date: 06.01.2014

Place: Mumbai

For and on behalf of the Board of Directors

Sd/-

Deepak B. Sekhri

Chairman & Managing Director



## Annexure A

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, AND RESEARCH AND DEVELOPMENT****A. CONSERVATION OF ENERGY**

The company is continuously exploring various options for reduction in consumption of energy. Total energy consumption and energy consumption per unit of production

as per Form A of the Annexure to the Rules in respect of Industries specified in the schedule thereto:

Particulars	01.04.2012 31.03.2013	01.10.2011 31.03.2012
Power & Fuel Consumption		
1) Electricity purchased (units in lacs)	1.01	0.73
Total Amount (Rs. in lacs)	2.37	2.46
Average Rate per unit (in Rs.)	0.02	0.04
2) Furnace Oil- Quantity (Lacs of litres)	NIL	NIL
Total Amount (Rs. In lacs)	NIL	NIL
Average Rate per Litre (Rs.)	NIL	NIL
3) Light diesel Oil- Qty ( lacs of litres)	NIL	NIL
Total Amount ( Rs. in lacs)	NIL	NIL
Average Rate per Litre(Rs.)	NIL	NIL
4) Diesel – Quantity (lacs of litres)	0.001	0.013
Total Amount ( Rs. In lacs)	0.006	0.59
Average Rate per litre ( Rs.)	50.89	45.38

**B. TECHNOLOGY ABSORPTION****i Research & Development**

Earlier investments include setting up of AUTO-CAD workstations, upgraded CAD-CAM facilities, metal lab 75/80 Laboratory Optical Emission Spectrometer basic instruments consisting of 23 elements for Fe base including N2 analysis system and mobile arm, Vertical Turning Lathe and installation of Ring Rolling Machine, Manipulators with lifting Capacity upto 2000 Kgs, Scrap reducer, CNC – ROBO- operated machining lines and installation of 2500 and 4000 Presses for Forging.

**ii Benefits derived as a result of the above efforts:**

Reduction in lead-time in development of new and complex products, larger product range, more precise chemical analysis, enhanced material efficiency and product quality, easier handling of heavy jobs with savings in time and energy consumption.

The Company also enjoys the status of “Preferred Vendor” at major OEMs.

**iii Future plans of action:**

Include taking the requisite steps to ensure better product-mix and enhancing capacity utilization.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

Earnings	Rs. 36.59 lacs	(Previous year Rs. 42.48 lacs)
Outgo	Rs. NIL	(Previous year NIL)

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 06.01.2014

Sd/-  
**Deepak B. Sekhri**  
Chairman & Managing Director

## Annexure B

**STATEMENT UNDER SEC. 212 OF THE COMPANIES ACT, 1956**

Name of Subsidiary	SGFL International B V
Financial period ended on	March 31, 2013
Extent of interest of company at the end of financial	
Year : Face Value	100 euros
No. of shares held	180
Shareholding %age	100%
Net aggregate amount of loss so far as they concern members of the Company and not dealt with in the company's accounts: For period ended 31.03.2013	3,618,715 Euros
Net aggregate amount of loss so far as they concern members of the Company and dealt with in the Company's Accounts: For period ended 31.03.2013	Nil Nil





## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### I. Industry Structure, Opportunities and Threats:

The forging industry in India traditionally catered to the automotive sector and moved to the infrastructure industries after the growth of infrastructure and related industries picked up. The Indian auto industry which has witnessed substantial growth in the year under review has given a spurt to the forging units catering to that sector. However, forging units catering to the infrastructure industries generally tend to have lower margins in view of customized and specialized end products which can be improved upon only if they can become more cost-efficient.

With the growth in the automotive sector, and the recovery of the developed economies, overall growth in all segments is expected. Of course, the major threat faced by the forging industry being the easy availability of cheap imported forged products in the domestic and the international markets has not receded.

### II. Outlook for the Company:

We, at Shree Ganesh Forgings Ltd have made substantial investments in high tech, state-of-the-art equipment of the highest international standards. Although our products were well established in the international market, the company has been undergoing a long phase of business losses owing to various factors including radiation-related problems, labour issues and our bankers' reluctance to implement the reworked CDR scheme sanctioned by the CDR Cell. The Company has thus been saddled with recovery claims from the bankers on one side and partial closure of operations on the other. Negotiations for settlement are on with the bankers and other options such as sale or lease of land and buildings and shifting operations to another location, or sale of business are being explored actively so as to generate the required funds.

### III. Risks and concerns:

The Board of Directors of the company reviews and assesses the risk factors on a continuous basis. The Chief Executive Officer of the Company is the Chairman and Managing Director, who is also responsible for the overall risk governance in the Company. The Audit Committee also reviews the risk management policy annually.

The prime concern now is to repay the banks outstanding.

### IV. Internal Control Systems and their adequacy:

In the opinion of the management, the Company has adequate internal audit and control systems, to ensure that all business transactions are recorded, approved and reported correctly.

### V. Financial and Operating Performance:

The financial and operating performance has already been discussed in the Directors' Report. The management is actively considering various options to restart operations.

### VI. Human Resources:

The Company has high regard for its human resources and considers it as amongst its most valuable assets. However, operational difficulties and labour problems have forced the company to lay off some of its employees.

### Cautionary Statement

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements may differ from those expressed or implied in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has always been committed to conforming to the guidelines on Corporate Governance by ensuring transparency in all its dealings. The Company has adopted a code of conduct for all its employees including the Managing Director. The Company believes that good Corporate Governance practices enable the attainment of transparency, accountability and integrity in all facets of its operation and its interactions with stakeholders, employees, banks and the Government authorities.

### 2. COMPOSITION OF THE BOARD

The Board comprises of four directors during the period under review. The composition of the Board is in conformity with Clause 49 of the listing agreements with stock exchanges upto 12th March, 2013. One of the Independent director Mr. Pal Uppal have resigned w.e.f. 12th March, 2013 and the company couldn't find any other independent director till date.

While Mr. Deepak B. Sekhri and Mrs. Anita D. Sekhri, Managing Director and Executive Director respectively, are whole-time directors of the Company. Mr. G P Singh is independent director and their offices are liable to retire by rotation as per the provisions of section 255 of the Companies Act, 1956.

None of the Directors are members of more than ten Board level committees nor are they Chairmen of more than five committees in which they are members.

### As for the Independent Directors :

- ❖ apart from receiving sitting fees for attending board meetings, none of them have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management, its subsidiaries and associates which may affect their independence ;
- ❖ none of them is related to promoters or persons occupying management positions at the board level or at one level below the board;
- ❖ none of them has been an executive of the company in the immediately preceding three financial years;
- ❖ none of them is a partner or executive or was a partner or executive during the preceding three years of the statutory audit firm or the internal audit firm that is associated with the company or the legal firms and consulting firms that have a material association with the company ;
- ❖ none of them is a material supplier, service provider or customer or lessor or lessee of the company, which may affect independence of the director;
- ❖ none of them are the shareholders of the Company .

**Number of Board Meetings**

During the period under review, the Board of Directors met 8 (Eight) times on 30.04.2012, 20.7.2012, 21.08.2012, 27.09.2012, 8.10.2012, 11.11.2012, 12.11.2012 and 12.3.2013

Attendance of each Director at the Board meetings & AGM their other Directorship and committee membership

	Designation / Category	Board Meeting Held	Board Meetings Attendance	Last Annual General Meeting Attendance	Other Directorships	Committee membership	Committee chairmanship
Mr. Deepak B. Sekhri	CMD/ promoter-director	8	8	Yes	1	1	Nil
Mrs. Anita D. Sekhri	Exec Dir/ promoter-director	8	8	Yes	3	1	Nil
Mr. Gain Prakash Singh	Independent	8	8	Yes	Nil	2	1
Mr. Pal Uppal*	Independent	8	0	No	3	2	1

\*Mr. Pal uppal has resigned on 12.03.2013

Details of remuneration paid to directors for the period ending 31.03.2013

No.	Name of the Director	Board meeting sitting fees	Committee meeting sitting fees	Salary+Perquisites (Rs. in lacs )	TOTAL (Rs. in lacs )
1.	Mr. Deepak B. Sekhri	Nil	Nil	Nil	Nil
2.	Mrs. Anita D. Sekhri	Nil	Nil	Nil	Nil

The company has not paid any sitting fees for attending Board and Committee level meetings to the Directors

**Code of Conduct**

Shree Ganesh Forgings Limited's Board has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company [www.shreeganeshforgings.com](http://www.shreeganeshforgings.com). All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chairman and Managing Director (CMD) and the Chief Financial Officer (CFO) to this effect is enclosed at the end of this report.

**3. COMMITTEES OF BOARDS****AUDIT COMMITTEE**

The terms of reference to the Audit Committee cover the matters specified under clause 49 of the Listing Agreement. The terms of reference also conform to the requirements of Section 292A of the Companies Act, 1956. The composition of the Audit Committee consists of two Independent Directors, viz. Mr. Gian Prakash Singh (Chairman), Mr. Pal Uppal (Member) and Mr. Deepak B Sekhri (Member).

The Audit Committee held four meetings during the period under review: on 20.7.2012, 27.09.2012, 11.11.2012, and 12.03.2013

The Details of the Audit Committee meeting are given below:

Name of Members	Status	No. of meetings	
		Held	Attended
Mr. G. P. Singh	Chairman	5	5
*Mr. Pal Uppal	Member	5	0
Mr. Deepak B. Sekhri	Member	5	5
#Mrs. Anita Sekri	Member	5	0

\*Mr. Pal Uppal has resigned w.e.f. 12.03.2013

# Appointed as member w.e.f. 12.3.2013

All members of the Audit Committee have accounting and financial management Knowledge.

Audit Committee Report for the period ended March 31, 2013

Majority of the members of the audit committee are independent Directors, and hence, comply with the requirements of Clause 49 of the Listing Agreement with the relevant stock exchanges upto 12th March 2013 as Mr. Pal Uppal has resigned from the post of independent director. The management is responsible for

the Company's internal controls and financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's financial statements in accordance with the Indian GAAP (Generally Accepted Accounting Principles) and for issuing a report thereon. The Committee is also responsible for overseeing the processes related to the financial reporting and information dissemination.

In this regard, the Committee discussed with the Company's internal auditors and independent auditors the overall scope and plan for their respective audits. The Committee also discussed the results of their examinations, their evaluation of the Company's internal controls and the overall quality of financial reporting. The Management presented to the Committee, the company's financial statements and also affirmed that the company's financial statements had been drawn in accordance with the Indian GAAP.

Based on its review and discussions conducted with the management and the independent auditors, the audit committee believes that the Company's financial statements are fairly presented in conformity with Indian GAAP in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the Internal Control Systems of the Company.

The Committee has recommended to the Board the appointment and fees of statutory auditors of the Company.

In conclusion, the Committee is sufficiently satisfied that it has complied with the responsibilities as outlined in the Audit Committee's responsibility statement.



## SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Shareholders/Investors Grievance and Share Transfer Committee consist of 3 Executive Director viz.

Sl. No.	Name	Category of Membership
1.	Mr. Pal Uppal*	Chairman
2.	Mr. Gian Prakash Singh	Member
3.	Mrs. Anita D. Sekhri	Member
4.	Mr. Deepak Sekhri#	Member

\*Mr. Pal Uppal has resigned w.e.f. 12.03.2013

# Appointed as member w.e.f. 12.3.2013

The Committee supervises the mechanism for redressal of investor grievances and ensures cordial investor relations apart from looking into redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of annual reports, non-receipt of dividend and allied matters.

Investor complaints status for the period 1.4.2012 to 31.03.2013.

Pending on 01.4.2012	Nil
Received during the period	2
Resolved during the period	2
Pending as on 31.03.2013	Nil

Requests were received for issue of demand draft in lieu of old dividend warrants which were attended to in the normal course.

In order to provide efficient services to investors and for speedy redressal of the complaints, the Board of Directors has delegated the power of approving transfer and transmission of shares and other matters like split up/subdivision, and consolidation of shares, issue of new certificates on re-materialization, sub-division, consolidation, exchange and duplicate share certificates severally to Registrar and Share Transfer Agent (Bigshare Services Private Limited).

### REMUNERATION COMMITTEE

The remuneration Committee was dissolved in June, 2010. The functions of the remuneration Committee is taken up by the Board, as and when required.

### 4. GENERAL MEETINGS

Location and time of the last three Annual General Meetings.

Financial Year	Category	Place of the Meeting	Date	Time
2009-2010	AGM	Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Orion House, Kala Ghoda, Mumbai -400001	30/07/2010	3:00 p.m.
2010-2011	AGM	Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Orion House, Kala Ghoda, Mumbai -400001	28/12/2011	10.30 a.m.
2011 - 2012	AGM	Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, MCC Path, Fort, Mumbai-400001	12/12/2012	11.30 a.m.

In the last three Annual General Meetings, special resolutions were passed for the following items:

Financial Year	Special Resolution passed
2009-2010	<ol style="list-style-type: none"> <li>To consider appointment of Mr. Deepak Balkrishan Sekhri as Managing Director for a period of 3 years w.e.f. 01.04.2010.</li> <li>To consider appointment of Mrs. Anita Deepak Sekhri as Executive Director for a period of 3 years w.e.f. 01.04.2010.</li> <li>To increase the Authorised Share Capital of the Company from Rs. 22,50,00,000/- to Rs. 36,50,00,000/-.</li> <li>To alter the Capital Clause of Articles of Association of the Company.</li> <li>To issue and allot 1,60,00,000 Optionally Convertible Cumulative Redeemable Preference Shares to the bankers of the Company.</li> <li>To issue and allot equity share capital of the Company upto sum of Rs. 6 (Six) Crores to the promoters of the Company on preferential basis</li> </ol>
2010-2011	NIL
2011-2012	NIL

The particulars of Extra-Ordinary General Meetings held during the last three years are as under:

Year	Date and Time	Resolution Passed
2012	15th October, 2012 at 11a.m	Change of Auditor
2011	--N.A.--	--N.A.--
2010	--N.A.--	--N.A.--

### Postal ballot

The Company has no proposal to pass any special resolution by way of postal ballot.

### 5. DISCLOSURES

#### Related Party Transactions

Details of related party transactions have been referred to under Note No. 26(2) of the Notes to Accounts. None of these transactions are in conflict with the interests of the company at large.

#### Compliances by the Company

The Company has complied with all the requirements of regulatory authorities.

No penalties/restrictions were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

#### Accounting Treatment

The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India.

#### Code for prevention of insider trading practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code



of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Shree Ganesh Forgings Limited, and cautioning them of the consequences of violations.

#### Code of Ethics and Conduct

Shree Ganesh Forgings Limited has a well-defined policy framework, which lays down procedures to be followed by employees for ethical professional conduct. The code outlines fundamental ethical considerations as well as specific considerations that need to be maintained for professional conduct. This code has been displayed on the Company's website, www.shreeganeshforgings.com. The CEO, Mr. Deepak B. Sekhri, has affirmed to the Board that this Code of Ethics and Conduct has been complied by the Board and senior management personnel.

#### Whister Blower Policy

Our whistle blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action. The Company's personnel have not been denied access to the Audit Committee.

#### Risk Management

Our risk management procedures ensure that the management control risks through means of a properly defined framework.

#### Management Discussion and Analysis Report

The Management Discussion and Analysis (MDA) giving an overview of the Company's business and its financial etc. are provided separately as part of this Annual Report.

### 6. MEANS OF COMMUNICATION WITH SHAREHOLDERS

The quarterly financial results for the period under review were published in Free Press Journal (English newspaper) and in Navshakti (Hindi newspaper)

### 7. GENERAL SHAREHOLDER INFORMATION

- (a) **Annual General Meeting** Date : 12h February, 2014  
Time : 2.30 p.m  
Venue : Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, MCC Path, Fort, Mumbai-400001
- (b) **Book Closure Date** 8.2.2014 to 12.02.2014 (both days inclusive)
- (c) **Financial Calendar** April 2013 to March 2014

Results for the quarter ending June 30, 2013	Last week of July 2013 (tentative)
Results for the quarter ending September 30, 2013	Last week of October 2013 (tentative)
Results for the quarter ending December 31, 2013	Last week of January 2014 (tentative)
Results for the quarter ending 31st March, 2013	Last week of April 2014 (tentative)
Annual General Meeting for financial year 31st March, 2014	On or before 30th September, 2014

### (d) LISTING

The equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The requisite listing fees for the financial year 2013-14 to the Stock Exchanges have been paid.

#### Stock Exchange Codes

Bombay Stock Exchange Limited	532643
National Stock Exchange of India Limited	SGFL
Demat International Security Identification Number in NSDL and CDSL	INE 883G01018

### e) STOCK MARKET DATA

Month-wise High and Low prices for the period April 2012 to March 2013 at BOMBAY STOCK EXCHANGE and NATIONAL STOCK EXCHANGE

MONTH	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April 2012	3.44	2.75	3.35	2.65
May 2012	3.05	2.65	2.85	2.35
June 2012	2.09	2.26	2.50	2.25
July 2012	3.19	2.04	2.75	2.35
August 2012	3.25	2.83	2.80	2.50
September 2012	3.13	2.36	3.15	2.55
October 2012	3.15	2.31	2.85	2.35
November 2012	2.82	2.31	2.80	2.65
December 2012	3.05	2.86	2.80	2.65
January 2013	2.98	2.09	2.95	2.15
February 2013	2.18	1.58	2.10	2.00
March 2013	1.77	1.03	1.60	1.40

### (f) DISTRIBUTION OF SHAREHOLDINGS

Shareholding pattern by size as on 31st March, 2013

RANGE	NO. OF HOLDERS	% OF TOTAL HOLDERS	TOTAL HOLDINGS	% OF TOTAL CAPITAL
1-5000	3681	74.9237	6586090	5.2687
5001-10000	561	11.4187	4823470	3.8586
10001-20000	304	6.1877	4782700	3.8260
20001-30000	114	2.3204	2943180	2.3545
30001-40000	51	1.0381	1780580	1.4244
40001-50000	44	0.8956	2096840	1.6774
50001-100000	85	1.7301	6244930	4.9958
100001 & ABOVE	73	1.4859	95746950	76.5947
<b>TOTAL</b>	<b>4913</b>	<b>100</b>	<b>125004740</b>	<b>100</b>



Shareholding pattern by ownership as on 31st March, 2013

	Category	No. of shares held	Percentage of shareholding
<b>A</b>	<b>Promoter's holding</b>		
1.	Promoters		
	- Indian Promoters	6915215	55.3196
	- Foreign Promoters	-	-
2.	Persons acting in concert	250125	2.0009
	<b>Sub-Total (A)</b>	<b>71,65,340</b>	<b>57.3205</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
3.	Institutional Investors		
a.	Mutual Funds and UTI	0	0.00
b.	Banks, Financial Institutions, Insurance Companies	0	0.00
	(Central/ State Govt. Institutions/ Non-government Institutions)	0	0.00
c.	FII's	0	0.00
	<b>Sub-Total (B 1)</b>	<b>0</b>	<b>0.00</b>
4.	<b>Others</b>		
a.	Private Corporate Bodies	424248	3.3939
b.	Indian Public	4766940	38.1341
c.	NRIs/OCBs	142746	1.1419
d.	Any other (Shares in Transit)	1200	0.0096
	<b>Sub-Total (B 2)</b>	<b>5335134</b>	<b>42.6795</b>
	<b>GRAND TOTAL (A+B1+B2)</b>	<b>125,00,474</b>	<b>100.00</b>

**(g) Dematerialization of Shares and Liquidity**

To facilitate trading in demat form, Shree Ganesh Forgings Limited has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open their accounts with any of the Depository Participants registered with these depositories.

As on March 31, 2013, 1,11,37,152 shares representing 89.09 per cent of share capital of the Company were held in dematerialized form.

The equity shares of the Company are traded at Bombay Stock Exchange Ltd. and National Stock Exchange.

**(h) OUTSTANDING GDRs /ADRs /WARRANTS/ OPTIONS**

Shree Ganesh Forgings Limited has not issued any GDRs, ADRs, Warrants or Options at any time till date .

**(i) REGISTRAR AND TRANSFER AGENT**

**Big Share Services Pvt. Limited**

Unit - Shree Ganesh Forgings Limited  
E/2, Ansa Industrial Estate,  
Saki Vihar Road, Sakinaka,  
Andheri(E), Mumbai-400072.  
Ph-022-40430200

**(j) SHARE TRANSFER SYSTEM**

All share transfer and other communications regarding share certificates, change of address, dividends, etc. should be addressed to Registrar and Transfer Agents. Shareholders/ Investor Grievance Committee is authorized to approve transfer of shares in the physical segment. All share transfers are completed within statutory time limit from the date of receipt, provided documents meet the stipulated requirement of statutory provisions in all respects.

**(k) COMPANY'S REGISTERED OFFICE ADDRESS:**

412, EMCA HOUSE,  
S.B.S. Road, Fort,  
Mumbai - 400 001  
Ph-022-66311054/55  
Fax- 022-22625217

**(l) CORPORATE OFFICE AND PLANT**

C-3/C, Trans Thane Creek Ind Area  
Pawane, Thane Belapur Road,  
Navi Mumbai-400705  
Ph. 022 27681193/27632024  
Fax – 022-27670267

**INVESTORS' SERVICE CELL**

Secretarial Department  
C-3/C, Trans Thane Creek Ind Area  
Pawane, Thane Belapur Road  
Navi Mumbai-400705  
Ph-022-27681157/27681158  
E-mail: companysecretary@shreeganeshforgings.com  
sgflinvestorgrievance@yahoo.co.in

**DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

This is to confirm that the Company has adopted a Code of Conduct for all Board members and senior management of the Company. This Code has been hosted on the Company's web site.

I confirm that the Board of Directors and the senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the period ended 31st March, 2013.

Place: Mumbai  
Date: 06.01.2014

Sd/-  
Mr. Deepak B. Sekhri  
Chairman and Managing Director.



## CERTIFICATION BY CHAIRMAN AND MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Deepak B. Sekhri, Chairman and Managing Director acting as Chief Executive Officer and Mr. P.K Chakravarthy, Finance Controller of Shree Ganesh Forgings Limited, to the best of our knowledge and belief certify that:

- 1) We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the period from 1st April, 2012 to 31st March, 2013 and all its schedules and notes on accounts, as well as the Cash Flow Statement.
- 2) To the best of our knowledge and information:
  - a) these statements do not contain any materially untrue statement or omit to state any material fact or contain any statement that might be misleading;
  - b) 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.
- 3) We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the company's code of conduct.
- 4) The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
- 5) The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the company's auditors and through them to the audit committee of the Company's Board of Directors:
  - a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
  - b) Significant changes in internal control during the year;
  - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control systems;
  - d) Significant changes in accounting policies during the year.

We further declare that all board members and senior management have affirmed compliance with the code of conduct for the current year.

**MR. DEEPAK B. SEKHRI**  
Chairman and Managing Director  
Shree Ganesh Forgings Limited

**MR. P.K CHAKRAVARTHY**  
Finance Controller  
Shree Ganesh Forgings Limited

Date: 06.01.2014  
Place: Mumbai

## AUDITORS' CERTIFICATE TO THE SHAREHOLDERS ON COMPLIANCE

### WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

We have examined the compliance of conditions of corporate governance by Shree Ganesh Forgings Limited for the period ended March 31, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement except delay in filing quarterly compliances in some cases.

We have to state that as per records maintained by the Company, there were no investor queries/ grievances remaining unattended/ pending for more than one month.

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

For **Batliboi & Purohit**  
Statutory Auditors to the Company

**Raman Hingker**  
Partner  
( M No. 30615.)

Place: Mumbai  
Date: 06.01.2014



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**SHREE GANESH FORGINGS LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of **SHREE GANESH FORGINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss 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 Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

***The company accumulated losses at the end of fiscal is more than 50% of its net worth. Despite accumulated losses and consequent total erosion of equity and inadequate liquidity, accounts have been compiled as on going concern basis. The company has also defaulted in repayment of loans and interest borrowed from banks and financial institutions.***

### Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the impact whereof is unascertainable, the 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date.
- (c) In the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
  - (c) the Balance Sheet and Statement of Profit and Loss and cash flow dealt with by this report with by this Report are in agreement with the books of account.
  - (d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For BATLIBOI & PUROHIT**  
Chartered Accountants

**(R.D. Hangekar)**  
Partner

Place : Mumbai  
Date : 31st July, 2013

Membership No: 30615

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph 1 (Report on Other Legal and Regulatory Requirements) of our report of even date)

- (i)
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified at the close of the year and no discrepancies were noticed.
- (c) A fixed assets (Motor car) theft during the year. Insurance claim received for the same.
- (ii) According to the information and explanations given to us,
- (a) Inventories have been physically verified by management at regular intervals. However the verification exercises have not been observed by us.
- (b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of business.
- (c) In our opinion, the company has maintained adequate records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) (a) **According to the information and explanations given to us, the company has granted interest free loans to related parties of Rs. 16,483,504/- which is a non – compliance of Section 295 of the Companies Act, 1956 as the necessary prior approval from Central Government has not been obtained. The maximum Outstanding During the year and year-end balance of such loan are as follows:**

Name of the Party	Maximum amount outstanding during the year	Year-end balance
Namha metal Ltd.	821,701.00	821,701.00
Akshat Warehousing Corporation	1,445,546.00	111,915.00
Anita Sekhri	2,000.00	2,000.00
Deepak Sekhri	1,42,14,257.00	4,714,257.00

- (b) Since there are no stipulated terms of repayment of interest and principle, hence we are not able to comment on the regularity of receipt of the same.
- (c) According to the information and explanations given to us, in case where overdue amount is more than rupees one lakh, reasonable steps have been taken by the company for the recovery of principal.
- (d) The Company has taken interest free loans of Rs.11,246,734/- secured or unsecured, from related parties. The maximum outstanding during the year and the year-end balance of such loans are as follows:

Name of the Party	Maximum amount outstanding during the year	Year-end balance
Namha metal Ltd.	413,103.00	413,103.00
Akshat Warehousing Corporation	1,333,631.00	111,915.00
Deepak Sekhri	9,500,000.00	4,714,257.00

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets etc. There is no sale of services during the year. During the course of our audit, we have not observed any major weaknesses in internal controls. However, in our opinion the company should strengthen its controls with regard to storage and maintenance of inventory records.
- (v) Based on the audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained u/s 301 have been so entered. In our opinion and according to the information and explanations given to us, the transactions made in the registers maintained under section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public therefore the provisions of clause 4 (vi) of the Order are not applicable to the company.
- (vii) In our opinion, the company has internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 having regard to the nature of the business of the company. As explained to us, the specified records have been maintained to the extent applicable, We have, however not made detailed examination of the records, with a view to determine whether they are accurate.
- (xi) **In respect of Statutory Dues:**
- (a) According to the information given to us, there were certain dues in respect of Income Tax & Cess are outstanding as at March 31st, 2013 for a period of more than six months from the date they become payable due to financial constraints faced by the company. Details are as follows:

<b>T.D.S</b>	<b>121,829.00</b>
<b>NMMC Cess</b>	<b>1,050,184.00</b>
<b>Sales Tax</b>	<b>4,719,511.00</b>
<b>Property Tax</b>	<b>7,448,480.00</b>





- (b) The disputed statutory dues relating to excise duty and misc. aggregating to Rs. 270.68 lakhs that have not been deposited are as under :

<b>Assessment Year</b>	<b>Amount (Rs.)</b>
<b>2000-01</b>	<b>9,450.00</b>
<b>2001-02</b>	<b>350,003.00</b>
<b>2002-03</b>	<b>3,043,843.00</b>
<b>2003-04</b>	<b>2,216,678.00</b>
<b>2004-05</b>	<b>1,331,956.00</b>
<b>2005-06</b>	<b>1,331,956.00</b>
<b>2006-07</b>	<b>21,115,850.00</b>

- (x) As on 31.03.2010 the company had accumulated losses of Rs. 357,639,510/- which completely eroded company's net worth. The company was registered as sick company Under the provisions of Sick Industrial and Companies (special provisions) Act, 1985 with the board for Industrial and Financial Reconstruction (BIFR) on 3rd August, 2010. As on 31st March, 2013 the Company's net worth remains eroded by its accumulated losses of Rs. 762,784,078/-. During the financial year 2012-13 the company had incurred cash losses of Rs. 176,506,322/- and Rs. 84,364,167/- for the immediately preceding previous year i.e. F.Y. 2011-12.
- (xi) According to the information and explanations given to us, The company banker's have been withdrawn from CDR scheme, against which the company has preferred an appeal before the CDR Core Group.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, as such the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable.
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments, as such the provisions of clause 4 (xiv) of the order are not applicable.

- (xv) As per the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions, as such the provisions of clause 4 (xv) of the order are not applicable.
- (xvi) According to the information and explanations given to us, no term loan was taken during the year. Accordingly provisions of clause 4 (xvi) of the order are not applicable.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xix) According to the information and explanations given to us, the company has not issued debentures during the year. Therefore, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) According to the information and explanations given to us, the company has not raised money by way of public issue during the year. Therefore, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- (xviii) According to the information and explanations given to us, during the year the company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(xviii) of the Order are not applicable.

**For BATLIBOI & PUROHIT  
Chartered Accountants  
Firm Reg.No. 101048W**

Place : Mumbai  
Date : 31st July, 2013

**(R.D. Hangekar)  
Partner  
Membership No: 30615**



## SHRI GANESH FORGINGS LIMITED

### Notes to the Financial Statements for the period ended March 31,2013

#### NOTE 1:COMPANY OVERVIEW

Shree Ganesh Forgings Limited was incorporated on September, 18, 1972. The company is involved in manufacturing of steel flanges. Company was a leading company in forging industry for nearly 15 to 20 years .But during the last 5 years company is on the decline due to financial problems.

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

##### a) Accounting Convention

The financial statements are prepared under the historical cost convention, on accrual basis in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the applicable Accounting standards notified under Section 211(3c) of the Companies Act, 1956.

##### b) Fixed Asset

- (i) Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned asset.
- (ii) Depreciation on Fixed Assets is being charged on straight-line method at the rate prescribed under schedule XIV to the Companies Act,1956.
- (iii) Leased land value is not amortised in view of the long tenure of unexpired

##### c) Inventories :

- (i) Raw Material : At cost on FIFO
- (ii) Finished Goods : Lower of estimated cost or realizable value (Estimated Cost comprises of material cost and direct overheads)
- (iii) Semi Finished Goods: At estimated cost (Estimated cost comprises of : Cost and related direct overhead
- (iv) Scrap : At net realizable value
- (v) Sundry Materials : At cost on FIFO basis

##### d) Asset Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rate.

##### e) Investments

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than

that of a temporary nature. The fair value of a long-term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investments. Current investments are carried at lower of cost and fair value.

##### f) Provisions And Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

##### g) Revenue Recognition

Sales are recognized when bills are raised and recorded net of discounts, sales Taxes Income from dispatch of goods is recorded net of returns after trade discounts.

Dividend income is recognized when the right to receive the same is established.

®Interest income is recognized on a time proportion basis.

##### h) Employee Benefits

Obligations pertaining to short term employee benefits are recognized as cost in the period in which the employee renders the related service.

The cost of non accumulating compensated absences is recognized in the period in which such absences occur. The cost of accumulating compensated absences is recognized in the period in which such absences occur. The cost of accumulating compensated absences is recognized in the period in which the employee renders the service that increases his entitlement to future compensated absences.

The amount of contribution payable toward defined contribution plan in exchange for service rendered by an employee is recognized as a cost, in the period in which such service was rendered. However if the said contribution falls due 12 months after the period in which the employee has rendered the related service, the amount of contribution to be recognized as above is discounted at appropriate rate. In case of defined benefit plans actuarial techniques are used to make a reliable estimate of the amount of benefits that the employees has earned in return for the services in the current and past period. These estimates are based on certain actuarial assumption about demographic and financial variable, which influence the cost of benefits. The rate used to discount post employment benefit obligation are determined by reference to market yield at balance sheet date on government bond of appropriate currency and term.



**i) Taxed on Income**

Provision for current tax is ascertained on the basis of the taxable income for the year determined in accordance with the provision of Income Tax Act, 1961. Deferred tax is recognized on timing differences; being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more accounting periods. Deferred tax assets subject to the consideration of prudence are recognized and carried forward only to the extent that there is reasonable certainty that sufficient difference at the year end and based on the tax rate and laws enacted on substantially enacted on the balance sheet date.

**j) Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary Assets and Liabilities denominated in foreign currency are translated at the period end exchange rates. Exchange gain/losses are recognized in the profit and loss account except for exchange differences related to fixed assets, which are adjusted in the cost of the assets. Non Monetary foreign currency items like investments in foreign subsidiaries are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of making the original investment.

**k) Export Benefits /Incentives**

Export benefits/Incentives on export are accounted on accrual basis taking into Account the present realisable value of DEPB License.

**l) Turnover:**

Turnover includes Sale of goods, Scrap, Service Charges, and excludes Export Incentives And Excise Duties, Sales Tax, Value Added Tax, Discounts.

**j) Miscellaneous Expenditure:**

Share issue expenses are amortised equally over a period of Ten years

**2) Secured Loans:**

During the period under review, interest accrued on secured loans has not been Accounted in the books since interest by the lender banks has not been charged in the Account consequent to the amount being declared as non-performing assets.

The company is presently under negotiation with the consortium for settling the outstanding dues.

**3) Contingent Liabilities:**

i) Interest on secured loans for the period under review has not been debited by the banks and accordingly, not provided for, amount is not ascertainable as of date.

ii) The sales tax department has raised demand on the company which has been contested. In the opinion of the management, this amount will not be payable, therefore not Provided for.

- 4) The Income Tax Assessments of the company have been completed upto assessment Year ended 31st March, 2007.
- 5) Sales Tax Assessment has been completed upto the year ended 31st March, 2006.
- 6) The balances of Sundry debtors, Sundry creditors, advances and deposits are subject to Reconciliation, confirmation and acceptance from the parties.
- 7) The Sundry Creditors are subject to confirmation reconciliation and rectification as on 31st March, 2013. They consist of amounts as under:-

	<b>Rs.</b>
Disputed Dues	1,20,22,895.00
Dues Under Lawsuits	57,31,515.00

**BALANCE SHEET AS AT 31ST MARCH, 2013**

PARTICULARS	NOTE	AS AT 31.03.13 Rs.	AS AT 31.03.12 Rs.
<b>A. EQUITY AND LIABILITIES</b>			
1. Shareholders' Funds			
a. Share Capital	3	125,004,740.00	125,004,740.00
b. Reserves & Surplus	4	(614,785,204.61)	(410,784,423.64)
		<b>(489,780,464.61)</b>	<b>(285,779,683.64)</b>
<b>2. Share Application Money Pending Allotment</b>		60,000,000.00	60,000,000.00
<b>3. Non-Current Liabilities</b>			
a. Long Term Borrowings	5	1,065,687,374.99	1,064,936,983.99
b. Deferred Tax Liability(net)			
c. Other Long Term Liabilities			
d. Long Term Provisions	6	2,577,553.00	2,728,182.00
		<b>1,068,264,927.99</b>	<b>1,067,665,165.99</b>
<b>4. Current Liabilities</b>			
a. Short Term Borrowings	7	321,356,214.35	321,369,814.35
b. Trade Payables	8	72,397,997.25	72,761,436.95
c. Other Current Liabilities	9	18,861,161.81	16,773,094.29
d. Short Term Provisions	10	22,076,425.00	22,013,423.00
		434,691,798.41	432,917,768.59
<b>TOTAL</b>		<b>1,073,176,261.79</b>	<b>1,274,803,250.94</b>
<b>B. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
i. Tangible Assets	11A	408,434,997.21	444,189,905.54
ii. Intangible Assets			
(b) Non-Current Investments	12	88,780,284.06	88,780,284.06
Deferred Tax Asset		269,441,769.40	261,516,981.00
(c) Long Term Loans and Advances	13	7,013,798.50	2,115,340.50
(d) Other Non-Current Assets	14	72,142,725.17	72,142,725.17
<b>2. Current Assets</b>			
a. Current Investments			
b. Inventories	15	54,107,445.59	233,633,029.52
c. Trade Receivables	16	82,502,684.01	81,240,907.04
d. Cash & Bank Balances	17	20,700,862.13	19,848,843.42
e. Short-Term Loans and Advances	18	14,193,450.88	14,556,970.31
f. Other Current Assets	19	55,858,244.84	56,778,264.38
		227,362,687.45	406,058,014.67
<b>TOTAL</b>		<b>1,073,176,261.79</b>	<b>1,274,803,250.94</b>

The schedules referred to above, form an integral part of the Balance Sheet.

In Terms of Our Report Attached  
For and on behalf of the BoardFor Batliboi & Purohit  
Chartered AccountantsDeepak Sekhri  
(Chairman & Managing Director)Anita D Sekhri  
(Executive Director)

Raman Hangekar Partner

Membership No. 30615, Firm No.001056N, Mumbai, dated :31/07/2013



## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st March 2013

	PARTICULARS	Note No.	FOR THE YEAR ENDED 31st March,2013 Rs.	FOR THE PERIOD ENDED 31st, March,2012 Rs.
A.	CONTINUING OPERATIONS			
1	Revenue from operations	20	21,455,927.39	23,631,500.75
2	Other Income		2,333,216.96	598,493.99
	<b>Total Revenue</b>		<b>23,789,144.35</b>	<b>24,229,994.74</b>
3	Expenses:			
	Cost of Material Consumed	21	13,394,891.04	2,372,981.95
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	166,130,692.89	95,635,344.50
	Employee benefits expense	23	6,792,688.00	7,444,214.40
	Finance costs	24	1,060,548.10	141,901.72
	Depreciation and amortization expense		35,419,247.33	17,739,170.97
	Other expenses	25	12,916,646.36	9,893,236.21
	<b>Total expenses</b>		<b>235,714,713.72</b>	<b>133,226,849.75</b>
4	<b>Profit before exceptional and extraordinary items and tax</b>		(211,925,569.37)	(108,996,855.01)
5	Exceptional items			(6,893,516.37)
6	Profit before extraordinary items and tax		(211,925,569.37)	(102,103,338.64)
7	Extraordinary Items		-	-
8	<b>Profit before tax</b>		(211,925,569.37)	(102,103,338.64)
	(a) Current tax expense for current year		-	-
	(b) (Less): MAT credit (where applicable)		-	-
	(c) Current tax expense relating to prior years		-	-
	(d) Net current tax expense		-	-
	(e) Deferred tax		(7,924,788.40)	(2,109,736.00)
9	<b>Profit (Loss) for the period from continuing operations</b>		(204,000,780.97)	(99,993,602.64)
10	Profit/(loss) from discontinuing operations		-	-
11	Tax expense of discontinuing operations		-	-
12	<b>Profit/(loss) from Discontinuing operations (after tax)</b>		-	-
13	<b>Profit/ (Loss) for the period</b>		(204,000,780.97)	(99,993,602.64)
14	Earnings per equity share:			
	(1) Basic		(16.32)	(8.00)
	(2) Diluted		-	-

The note referred to above, form an integral part of the Profit & Loss Account.  
As per our report of even date

**Batliboi & Purohit**  
Chartered Accountants

**Deepak Sekhri**  
(Chairman & Managing Director)

**Anita D Sekhri**  
(Executive Director)

( Raman Hangekar ) Membership No. 30615, Firm No.001056N, Mumbai, dated :31/07/2013 Partner



## Note 3 Share capital

Ref. No.	Particulars	As at 31 March, 2013		As at 31st March, 2012	
		Number of shares	RS	Number of shares	RS
	<b>(a) Authorised</b>				
	Equity shares of 205,00,000 each with voting rights Rs.10/-Each	20,500,000	205,000,000.00	20,500,000	205,000,000.00
	20,00,000 Compulsorily convertible Preference Shares of Rs.10/-each	2,000,000	20,000,000.00	2,000,000	20,000,000.00
		<u>22,500,000.00</u>	<u>225,000,000.00</u>	<u>22,500,000.00</u>	<u>225,000,000.00</u>
	<b>(b) Issued</b>				
	Equity shares of 1,25,00,474 of Rs.10/ each fully paid.	12,500,474.00	125,004,740.00	12,500,474.00	125,004,740.00
	<b>(c) Subscribed and fully paid up</b>				
	Equity shares of 1,25,00,474 of Rs. 10/-each.	12,500,474.00	125,004,740.00	12,500,474.00	125,004,740.00
		<u>12,500,474.00</u>	<u>125,004,740.00</u>	<u>12,500,474.00</u>	<u>125,004,740.00</u>
	<b>Total</b>	<b>12,500,474.00</b>	<b>125,004,740.00</b>	<b>12,500,474.00</b>	<b>125,004,740.00</b>

## Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2013		As at 31st March, 2012.	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	12,500,474	125,004,740.00	12,500,474	1,250,047,400.00
Shares Issued during the year			-	-
Shares bought back during the year			-	-
Shares outstanding at the end of the year	12,500,474	125,004,740.00	12,500,474	1,250,047,400.00

## Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at 31st March, 2013		As at 31st March, 2012.	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Deepak B.Sekhri	3029089	24.23	3029089	24.23
Deepak Sekhri H.U.F.	1112500	8.9%	1112500	8.9%
Akshat Deepak Sekhri	1015779	8.1%	1015779	8.1%
Namha Sekhri	840348	6.7%	840348	6.7%
Anita Deepak Sekhri	917499	7.34%	917499	7.34%
<b>TOTAL</b>	<b>6466495</b>		<b>6466495</b>	

## Note:

The company has one uniform class of Equity Shares having par value of Rs.10 each. Each shareholder is eligible for one vote per share held and to receive dividend as proposed by the Board of Directors, subject to approval of the shareholders in the annual general meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.



## NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31st March, 2013.

### NOTE 4-RESERVES AND SURPLUS

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
<b>a. General Reserves</b>		
Opening Balance	8,159,000.00	8,159,000.00
(+) Current Year Transfer		
(-) Written Back in Current Year	-	-
Closing Balance	<b>8,159,000.00</b>	<b>8,159,000.00</b>
<b>b. Deficit In Statement of Profit &amp; Loss A/C</b>		
Opening Balance	(558,783,297.64)	(458,789,695.00)
Add:(Loss) for the year	(204,000,780.97)	(99,993,602.64)
	<b>(762,784,078.61)</b>	<b>(558,783,297.64)</b>
<b>b. Share Premium</b>	100,009,480.00	100,009,480.00
<b>c Revaluation Reserve</b>	39,830,394.00	39,830,394.00
Closing Balance	<b>139,839,874.00</b>	<b>139,839,874.00</b>
<b>Total</b>	<b>(614,785,204.61)</b>	<b>(410,784,423.64)</b>

### NOTE 5-RESERVES AND SURPLUS

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
<b>(a) Term Loans</b>		
From Banks		
Secured	845,816,609.73	845,816,609.73
Unsecured	-	-
<b>(b) Loans &amp; Advances From Related Parties</b>	138,879.26	138,879.26
<b>(c) Other Loans &amp; Advances</b>		
Secured	219,731,886.00	218,981,495.00
Unsecured	-	-
<b>Total</b>	<b>1,065,687,374.99</b>	<b>1,064,936,983.99</b>

**Note:**

The consortium bankers viz.State Bank of India,State Bank of Patiala,State Bank of Hyderabad and Bank of Maharashtra hold pari passu charge over the entire fixed assets and current assets of the company in respect of the various facilities granted to the company.Also,secured by personal security of Directors.The loans received by the company from related parties as above and are on an interest free basiswith no covenant in respect of the tenure thereof.

(i) The Company has defaulted in repayment of loans and interest in respect of the following:

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Period of default	₹	Period of default	₹
Term loans from banks				
Principal	N.P.A. FOR 4 YEARS	740,400,000	N.P.A. FOR 3 YEARS	740,400,000
Interest	N.P.A. FOR 4 YEARS	318,022,074	N.P.A. FOR 3 YEARS	318,022,074
Term loans from other parties				
Principal	4 YEARS	9,489,469	3 YEARS	9,489,469
Interest	4 YEARS	20,561	3 YEARS	20,561

**NOTE 6-LONG TERM PROVISIONS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Provision for employee benefits:		
(i) Provision for compensated absences	1,609,709.00	1,609,709.00
(ii) Provision for gratuity (net)	967,844.00	1,118,473.00
<b>Total</b>	<b>2,577,553.00</b>	<b>2,728,182.00</b>

**NOTE 7- SHORT TERM BORROWINGS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
(a) Loans Repayable On Demand		
From Banks		
Secured-Cash Credit	315,259,036.85	315,259,036.85
Unsecured		
(c) Deposits		
Secured	2,963,177.50	2,976,777.50
Unsecured		
(d) Other Loans & Advances		
Secured	3,134,000.00	3,134,000.00
Unsecured		
<b>Total</b>	<b>321,356,214.35</b>	<b>321,369,814.35</b>

**NOTE 8-TRADE PAYBLES**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
(a) <b>Trade Paybles</b>		
Acceptances	72,397,997.25	72,761,436.95
Other than Acceptances		
<b>Total</b>	<b>72,397,997.25</b>	<b>72,761,436.95</b>

**NOTE 9-OTHER CURRENT LIABILITIES**

PARTICULARS	As at 31.3.2013 Rs.	As at 1.03.2012 Rs.
(a) Unclaimed dividends	183 957,60	183 957,60
"(b) Application money received for allotment of securities and due for refund and interest accrued thereon #"	154 786,00	154 786,00
(c) Unpaid matured deposits and interest accrued thereon		
(d) Unpaid matured debentures and interest accrued thereon		
(e) Other payables		
"(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax etc.) Excise Duty, VAT, Service Tax, etc.) "	12 392 171,22	9 893 944,51
(ii) Payables on purchase of fixed assets	-	-
(iii) Contractually reimbursable expenses	1 123 110,81	1 451 212,00
(iv) Interest accrued on trade payables		
(v) Interest accrued on others		
(vi) Trade / security deposits received	1 361 682,00	1 361 682,00
(vii) Advances from customers	2 595 270,18	2 622 076,18
(viii) Others (specify nature)-NMMC CESS	1 050 184,00	1 105 436,00
<b>Total</b>	<b>18 861 161,81</b>	<b>16 773 094,29</b>



**NOTE 10- SHORT TERM PROVISIONS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
(a) Provision for employee benefits:		
(i) Provision for bonus	823,766.00	823,766.00
(ii) Provision for other employee benefits	446,900.00	383,898.00
(b) Provision - Others:		
(i) Provision for tax (As at 31 March, 2013 )	20,805,759.00	20,805,759.00
<b>Total</b>	<b>22,076,425.00</b>	<b>22,013,423.00</b>

**NOTE 12-NON CURRENT INVESTMENTS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
Investments( At cost)		
<b>A. Trade</b>		
(a) Investments in Equity Instruments of joint venture companies		
(i) SGFL-Geldbach(UK) Ltd.	20,821,300.00	20,821,300.00
(ii) SGFL-International B.V.	63,232,390.00	63,232,390.00
(iiii) SGFL-Geldbach(UK) Ltd.-Interest on Investments	4,726,594.06	4,726,594.06
<b>Total</b>	<b>88,780,284.06</b>	<b>88,780,284.06</b>

**NOTE 13- LONG TERM LOANS & ADVANCES**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
“(a) Loans and advances to related parties		
Secured, considered good	6,159,897.00	1,443,640.00
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful loans and advances		
(b) Advance income tax -net of provisions - Unsecured, considered good	853,901.50	671,700.50
<b>Total</b>	<b>7,013,798.50</b>	<b>2,115,340.50</b>

**NOTE 14-OTHER NON-CURRENT ASSETS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
(a) Long-term trade receivables (including trade receivables on deferred credit terms)		
Secured, considered good	72,142,725.17	72,142,725.17
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful trade receivables		
<b>Total</b>	<b>72,142,725.17</b>	<b>72,142,725.17</b>

**NOTE 15-INVENTORIES**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
(a) Raw Material	-	13,394,891.04
(b) Semi-Finished Goods	6,873,991.32	31,551,685.21
(c) Finished Goods	20,954,557.69	67,713,551.55
(d) Stores and Spares	8,010,952.96	8,309,885.72
(e) Loose Tools	18,267,943.62	112,663,016.00
(f) Others	-	-
<b>Total</b>	<b>54,107,445.59</b>	<b>233,633,029.52</b>

**NOTE 16-TRADE RECEIVABLES**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	78,598,052.01	76,936,668.04
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful trade receivables		
	78,598,052.01	76,936,668.04
Other Trade receivables		
Secured, considered good	3,904,632.00	4,304,239.00
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful trade receivables		
	3,904,632.00	4,304,239.00
<b>Total</b>	<b>82,502,684.01</b>	<b>81,240,907.04</b>

**NOTE-17-Cash & Cash Equivalents**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
(a) Cash on hand	306,948.29	162,704.99
(b) Cheques, drafts on hand		
(c) Balances with banks		
(i) In current accounts	2,298,605.62	2,381,665.21
(ii) In EEFC accounts		
(iii) In deposit accounts		
(iv) In earmarked accounts		
- Unpaid dividend accounts	183,956.60	183,956.60
- Unpaid matured deposits		
- Unpaid matured debentures		
- Share application money received for allotment of securities and due for refund	154,786.00	154,786.00
- Balances held as margin money or security against borrowings, guarantees and other commitments	17,756,565.62	16,965,730.62
- Other earmarked accounts (specify)		
<b>Total</b>	<b>20,700,862.13</b>	<b>19,848,843.42</b>



**11A. STATEMENT OF FIXED ASSETS**

PARTICULARS	RATE	COST AS AT 1/04/2012	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
			ADDITION	DELETIONS	TOTAL COST AS AT 31.03.13	UP TO 1/04/2012	FOR THE YEAR	DEDUCTION	UP TO 31.03.13 Rs.	AS ON 31/03/2012 Rs.	
Lease Hold Land		45,480,656.00		-	45,480,656.00		-		-	45,480,656.00	45,480,656.00
Factory Building	3.34%	107,656,975.16		-	107,656,975.16	24,074,797.66	3,595,742.97		27,670,540.63	79,986,434.53	83,582,177.50
Plant & Machinery	4.75%	653,183,587.79		-	653,183,587.79	343,494,773.44	31,026,220.42		374,520,993.86	278,662,593.93	309,688,814.35
Furniture & Fixtures	6.33%	5,225,854.27		-	5,225,854.27	2,533,748.74	330,796.58		2,864,545.32	2,361,308.95	2,692,105.53
Office Equipments	4.75%	1,466,906.30	38,421.00	-	1,505,327.30	651,485.06	70,598.29		722,083.35	783,243.95	815,421.24
Computer & Software	16.21%	12,565,023.57		-	12,565,023.57	12,557,663.86	-		12,557,663.86	7,359.71	7,359.71
Other Assets	5.28%	1,148,876.32		-	1,148,876.32	774,752.39	60,660.67		835,413.06	313,463.26	374,123.93
Vehicles	9.50%	4,191,385.00		662,665.00	3,528,720.00	2,642,137.72	335,228.40		2,688,783.12	839,936.88	1,549,247.28
<b>TOTAL</b>		<b>830,919,264.41</b>	<b>38,421.00</b>	<b>662,665.00</b>	<b>830,295,020.41</b>	<b>386,729,358.87</b>	<b>35,419,247.33</b>	<b>288,583.00</b>	<b>421,860,023.20</b>	<b>408,434,997.21</b>	<b>444,189,905.54</b>
PREVIOUS YEAR		830,850,002.41	69,262.00	-	830,919,264.41	368,990,187.90	82,086,766.00	-	451,076,953.90	444,189,905.54	461,859,814.00

Note: Depreciation has been provided on the Straight Line Method, at the rates specified in Schedule XIV to the Companies Act, 1956.

**NOTE-18 - Short Term Loans & Advances**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
(a) Security deposits		
Secured, considered good	9,336,166.10	9,216,855.10
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful deposits		
(b) Loans and advances to employees		
Secured, considered good	135,896.00	135,091.00
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful loans and advances		
(c) Prepaid expenses - Unsecured, considered good	50,135.00	90,223.00
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	2,840,393.15	3,621,319.15
(ii) VAT credit receivable	5,469.00	5,469.00
(iii) Service Tax credit receivable	1,825,391.63	1,488,013.06
<b>Total</b>	<b>14,193,450.88</b>	<b>14,556,970.31</b>

**NOTE-19 - Other Current Assets**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.03.2012 Rs.
(a) Unamortised expenses		
(i) Ancillary borrowing costs		
(ii) Share issue expenses (where applicable)	374,112.88	1,291,293.88
(iii) Discount on shares (where applicable)		
(b) Others		
(i) Insurance claims	-	-
(ii) Receivables on sale of fixed assets		
(iii) Contractually reimbursable expenses		
(iv) Others-Advances to Creditors	55,484,131.96	55,486,970.50
<b>Total</b>	<b>55,858,244.84</b>	<b>56,778,264.38</b>

**NOTE 20-REVENUE FROM OPERATIONS**

PARTICULARS	2012-13 Rs	2011-12 Rs
Sale of Goods	21,455,927.39	23,631,500.75
<b>Total</b>	<b>21,455,927.39</b>	<b>23,631,500.75</b>

**NOTE 21-Cost of Material Consumed**

PARTICULARS	2012-13 Rs	2011-12 Rs
Opening Stock-Raw Materials	13,394,891.04	15,767,872.99
Purchases	-	-
Less: Closing Stock-Raw Materials	-	13,394,891.04
<b>Total</b>	<b>13,394,891.04</b>	<b>2,372,981.95</b>

**NOTE 22-Changes in Inventories of Finished Goods,Work in Progress and stock-in-trade**

PARTICULARS	2012-13 Rs	2011-12 Rs
<b>Inventories at the End of the Year</b>		
Finished Goods	20,954,557.69	67,713,551.55
Semi-finished Goods	6,873,991.32	31,551,685.21
Stock-in-trade	26,278,896.58	120,972,901.72
<b>Inventories at the Begining of the Year</b>		
Finished Goods	67,713,551.55	97,200,889.98
Semi-finished Goods	31,551,685.21	99,683,716.00
Stock-in-trade	120,972,901.72	118,988,877.00
<b>Total</b>	<b>166,130,692.89</b>	<b>95,635,344.50</b>

**NOTE 23-EMPLOYEE BENEFITS EXPENSES**

PARTICULARS	2012-13 Rs	2011-12 Rs
(a) Salaries and incentives	3,998,566.00	4,798,023.00
(b) Contribution to Provident & Other Funds	83,818.00	112,525.00
(c) Staff Training		
(c) Staff welfare expenses	481,792.00	420,508.00
(e) Labour Charges Paid	2,228,512.00	2,113,158.40
<b>Total</b>	<b>6,792,688.00</b>	<b>7,444,214.40</b>

**NOTE 24-FINANCE COST**

PARTICULARS	2012-13 Rs	2011-12 Rs
(a) Interest Expenses	9,99,004.03	131,652.00
(b) Bank Charges	10,714.07	4,476.70
(c) Interest On Delayed Payment	623.00	5,773.00
(d) Share & R & T Charges	50,207.00	-
<b>Total</b>	<b>10,60,548.10</b>	<b>1,41,901.72</b>



## NOTE 25-OTHER EXPENSES

PARTICULARS	2012-13 Rs	2011-12 Rs
Advertisement Expenses	52,920.00	112,475.00
Accounting & Data Entry Expenses	-	120,000.00
Stores Consumed	115,821.00	44,146.00
Consumption of Packing Material	260,420.00	116,943.00
Power & Fuel & Water	530,662.00	680,024.00
Rent Rates & Taxes	3,068,140.00	2,315,935.00
Repairs and maintenance	169,796.00	77,053.00
Repairs to Machinery	16,200.00	214,320.00
Repairs to Building	30,692.00	30,942.00
Motor Car Expenses	695,015.06	557,499.00
Insurance	62,627.00	16,013.00
Gas & Welding	-	1,050.00
Oil & Lubricants	1,383.00	-
Other Manufacturing Expenses	709,304.00	776,275.68
Communication		
(a) Telephone Expenses	391,433.48	252,895.00
(b) Internet Expenses	-	2,978.00
(c) Postage & Courier	34,809.00	74,530.00
Travelling and conveyance	1,171,375.92	1,307,659.00
Office Expenses	195,397.00	25,415.00
Printing and stationery	86,215.00	70,753.00
Freight & Forwarding	15,044.00	237,096.00
Misc Exp. Written Off	917,181.00	458,591.00
Business promotion	195,637.00	221,414.04
Selling & Distribution Exp.	9,029.00	188,033.73
Membership & Subscription	210,033.00	154,102.00
Legal and professional	2,862,068.00	13,82,114.00
Payments to auditors		
(a) Statutory Audit Fees	100,000.00	100,000.00
(b) Out of Pocket Expenses	8,105.00	-
Bad trade and other receivables, loans and advances written off	(4,950.10)	-
Net Loss on Foreign Currency	503,570.00	77,744.26
Prior period items (net)	192,962.00	(166,745.00)
Miscellaneous expenses	315,757.00	4,43,980.50
Fines & Penalties		
<b>Total</b>	<b>12,916,646.36</b>	<b>9,893,236.21</b>



**NOTE-26 NOTES FORMING PART OF THE ACCOUNTS**

**(1) Auditor's Remuneration**

	2011-12 Rs. In Lakhs	2012-13 Rs. In Lakhs
i) For Audit	1,00,000	1,00,000

**(2) Related Party Disclosures-As per Accounting Standard AS-18**

Related Party and their Relationship

**(i) Subsidiary:**

SGFL International B.V.

**(ii) Enterprises under common control with whom transactions have taken place:**

Name of the Enterprises	Loans Received Rs.	Loans Given Rs.	Payment Agst Bills Rs.	Rent Paid Rs.	Goods Sold Rs.	Goods Purchased Rs.
Namha Metals Ltd.	5,247	-	3,41,325	-	8,16,454	71,778
Namha Euro Enterprises				54,000		
Akshat Warehousing Corpn	13,33,631	14,45,546				

**(iii) Transactions With Key Personnel**

Key Personnel	Opening Balance Rs.	Loan Given Rs.	Loan Received Rs.	Balance O/S Rs.
Mr. Deepak Sekhri	9,90,570(Dr.)	1,42,14,257	95,00,000	57,04,827(Dr.)
Mrs. Anita Sekhri	4,53,070/-(Dr.)	2,000		4,55,070/-(Dr.)

**(iii) Transactions With Key Personnel**

	For the year Ended 31.03.2013 Rs. in Lacs	For the year Ended 31.03.2012 Rs. in Lacs
Salaries	Nil	Nil
Providend Fnd	Nil	Nil

**(iv) Managerial Remuneration Paid**

	For the year Ended 31.03.2013 Rs. in Lacs	For the year Ended 31.03.2012 Rs. in Lacs
Salaries	Nil	Nil
Providend Fnd	Nil	Nil

**(v) Earnings In Foreign Currency**

	For the year Ended 31.03.2013 Rs. in Lacs	For the year Ended 31.03.2012 Rs. in Lacs
FOB Value of Exports	42,48,449	48,24,791
Freifht, Insurance & Commission on Export	20,044	1,64,938

**(v) Expenditure In Foreign Currency**

	For the year Ended 31.03.2013 Rs.	For the year Ended 31.03.2012 Rs.
	NIL	NIL



## Note 27-Consumption Of Raw Material, Production

## (1) Capacity &amp; Production

	For the year Ended 31.03.2013 Rs.	For the year Ended 31.03.2012 Rs.
Licensed Capacity	22,000	22,000
Installed Capacity	23,500	23,500
Actual Production	-	-

## (2) Raw Material Consumed

Particulars	Units	Quantity	Amount(Rs.)
Steel	M.T.	-	-
(Previous Year)		-	-

## (3) Actual Production, Opening Stock,&amp; Turnover

Class of Goods	Units	Opening Stock	Actual Production	Closing Stock	Turnover Qty.
Steel Flanges	M.T.	379.96	NIL	379.96	-
(Previous Year)		(379.96)	NIL	(379.96)	(170.81)

## Note 28-Earning Per Share

	For the year Ended 31.03.2013 Rs.	For the year Ended 31.03.2012 Rs.
Net Profit After Tax/(Loss)	(20,40,00,781)	(9,99,93,603)
No. Of Shares	1,25,00,474	1,25,00,474
Earning Per Share	(16.32)	(8.00)

## Note 29:Deferred Tax Liability:

	For the year Ended 31.03.2013 Rs.	For the year Ended 31.03.2012 Rs.
Deferred Tax Liability		
(a) Depreciation(Timing Difference)	(79,24,788)	(21,09,736)





## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March,2013.

PARTICULARS	For the period ended 31.03.2013 Rs.	For the year ended 31.03.2012 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) Before Tax & Extra ordinary items	(211,925,569)	(108,996,855)
Adjustment for		
Depreciation	35,130,664	17,739,171
Interest & Financial Expense	1,060,548	141,902
Miscellaneous Expenditure Written Off	-	-
Interest Income	(1,618,413)	(120,287)
Profit on Sale of Investments	79,723	-
Operating profit before Working Capital Changes (a)	(177,273,047)	(91,236,069)
Adjustment for (increase)/Decrease in Working Capital		
Inventories	179,525,584	98,008,326
Sundry Debtors	(1,261,777)	(4,291,222)
Loans and Advances	(5,325,773)	13,651,755
Other Current Assets	920,020	-
Current Liabilities and Provisions	1,774,030	(20,178,101)
Prior Year Adjustments (b)	175,632,083	87,190,759
Net Cash From/(used in) Operating Activities (a)+(b)+(c)	(1,640,964)	2,848,206
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/Pre-Operative Expenses	624,244	-69,262
(Purchase)/Sale of Investments (Net)	-79,723	0
Interest Income	1,618,413	120,287
Net Cash Form Investing Activities (d)	2,162,934	51,025
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Loans Availed/(Paid) (Net)	599,762	(1,580,913)
Share Application Money (Pending Allotment)	-	-
Interest Paid	(1,060,548)	(141,902)
Net cash from/(used in) Financing Activities (e)	(460,786)	(1,722,815)
<b>NET INCREASE / ( DECREASE ) IN CASH &amp; CASH EQUVT.</b>	61,184	1,176,416
<b>Cash &amp; Cash equivalents at the commencement of the year</b>	2,883,113	1,706,696
<b>Cash &amp; Cash equivalents at the end of the year</b>	2,944,297	2,883,113

As per our report of even date

For & on Behalf of the Board of Directors  
for **Batliboi & Purohit**  
(Chartered Accountants)

(CA Raman Hangekar)  
(M. No. 30615)

Deepak B Sekhri  
(Chairman & Managing Director)

Anita D Sekhri  
(Executive Director)

Place : Mumbai

G P Singh  
(Director)

P. K. Chakravarty  
(Finance Controller)



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
SHREE GANESH FORGINGS LIMITED  
Report on the Financial Statements

We have audited the accompanying financial statements of SHREE GANESH FORGINGS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss 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 Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Qualified Opinion**

The company accumulated losses at the end of fiscal is more than 50% of its net worth.

Despite accumulated losses and consequent total erosion of equity and inadequate liquidity, accounts have been complied as on going concern basis.

The company has also defaulted in repayment of loans and interest borrowed from banks and financial institutions.

### **Qualified opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph,

the impact whereof is unascertainable, the 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date.
- (c) In the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books .;
  - (c) the Balance Sheet and Statement of Profit and Loss and cash flow dealt with by this report with by this Report are in agreement with the books of account.
  - (d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **BATLIBOI & PUROHIT**  
Chartered Accountants

Place : Mumbai  
Date : 31st July, 2013

**(R.D. Hangekar)**  
Partner  
Membership No: 30615



## Notes to the Consolidated Financial Statements for the period ended March 31, 2013

### NOTE 1: COMPANY OVERVIEW

Shree Ganesh Forgings Limited was incorporated on September, 18, 1972. The company is involved in manufacturing of steel flanges. Company was a leading company in forging industry for nearly 15 to 20 years. But during the last 5 years company is on the decline due to financial problems.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

#### a) Accounting Convention

The financial statements are prepared under the historical cost convention, on accrual basis in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the applicable Accounting standards notified under Section 211(3c) of the Companies Act, 1956.

#### b) Fixed Asset

- (i) Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned asset.
- (ii) Depreciation on Fixed Assets is being charged on straight-line method at the rate prescribed under schedule XIV to the Companies Act, 1956.
- (iii) Leased land value is not amortised in view of the long tenure of unexpired lease period.

#### c) Inventories :

- (i) Raw Material : At cost on FIFO
- (ii) Finished Goods : Lower of estimated cost or realizable value (Estimated Cost comprises of material cost and direct overheads)
- (iii) Semi Finished Goods : At estimated cost (Estimated cost comprises of material : Cost and related direct overhead
- (iv) Scrap : At net realizable value
- (v) Sundry Materials : At cost on FIFO basis

#### d) Asset Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rate.

#### e) Investments

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than

that of a temporary nature. The fair value of a long-term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investments. Current investments are carried at lower of cost and fair value.

#### f) Provisions And Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

#### g) Revenue Recognition

⊗ Sales are recognized when bills are raised and recorded net of discounts, sales Taxes ⊗ Income from dispatch of goods is recorded net of returns after trade discounts.

⊗ Dividend income is recognized when the right to receive the same is established.

⊗ Interest income is recognized on a time proportion basis.

#### h) Employee Benefits

Obligations pertaining to short term employee benefits are recognized as cost in the period in which the employee renders the related service.

The cost of non accumulating compensated absences is recognized in the period in which such absences occur. The cost of accumulating compensated absences is recognized in the period in which such absences occur. The cost of accumulating compensated absences is recognized in the period in which the employee renders the service that increases his entitlement to future compensated absences.

The amount of contribution payable toward defined contribution plan in exchange for service rendered by an employee is recognized as a cost, in the period in which such service was rendered. However if the said contribution falls due 12 months after the period in which the employee has rendered the related service, the amount of contribution to be recognized as above is discounted at appropriate rate. In case of defined benefit plans actuarial techniques are used to make a reliable estimate of the amount of benefits that the employees has earned in return for the services in the current and past period. These estimates are based on certain actuarial assumption about demographic and financial variable, which influence the cost of benefits. The rate used to discount post employment benefit obligation are determined by reference to market yield at balance sheet date on government bond of appropriate currency and term.



**i) Taxed on Income**

Provision for current tax is ascertained on the basis of the taxable income for the year determined in accordance with the provision of Income Tax Act, 1961. Deferred tax is recognized on timing differences; being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more accounting periods. Deferred tax assets subject to the consideration of prudence are recognized and carried forward only to the extent that there is reasonable certainty that sufficient difference at the year end and based on the tax rate and laws enacted on substantially enacted on the balance sheet date.

**j) Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary Assets and Liabilities denominated in foreign currency are translated at the period end exchange rates. Exchange gain/losses are recognized in the profit and loss account except for exchange differences related to fixed assets, which are adjusted in the cost of the assets. Non Monetary foreign currency items like investments in foreign subsidiaries are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of making the original investment.

**k) Export Benefits /Incentives**

Export benefits/Incentives on export are accounted on accrual basis taking into Account the presentrealisable value of DEPB License.

**l) Turnover:**

Turnover includes Sale of goods, Scrap, Service Charges, and excludes Export Incentives And Excise Duties, Sales Tax, Value Added Tax, Discounts.

**m) Miscellaneous Expenditure:**

Share issue expenses are amortised equally over a period of Ten years

**n)** The Consolidated Financial Statements relate to Shree Ganeshy Forgings Limited and it's Wholly-owned subsidiary, SGFL International BV incorporated in the Netherlands

**o)** Notes to theses Consolidated Financial Statements are intended to serve as a means of Informative disclosure and a guide to better understanding of the consolidated position of The companies. Inview of this, the company has disclosed only such notes from the Individual financial statements, which fairly present the needed disclosures.

**p)** Consolidated Capital Commitments are same as capital commitments (stand-alone) Shree Ganesh Forgings Ltd.

**q)** Consolidated related party transactions are same as related party transactions of (Stand-alone) Shree Ganesh Forgings Ltd.

**r** Accounts of SGFL International BV are not required to be audited in its country of Incorporation as the company qualifies for exemption as "small company" exempt from Audit under the Dutch Civil Code.

**s)** Accounts of SFGL International BV are prepared in EURO Currency .Figures in the Consolidated accounts have been taken at the prevailing rupee rate as on 31-03-2013.

**t)** Previous year figures have been reworked/regrouped/ rearranged and/or reclassified Wherever necessary as per new schedules of accounts prepared according to the Amendments in Companies Act.

	<b>Rs.</b>
Disputed Dues	1,20,22,895.00
Dues Under Lawsuits	57,31,515.00



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	NOTE	AS AT 31.03.13 Rs	AS AT 31.03.12 Rs.
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	3	125,004,740.00	125,004,740.00
b. Reserves & Surplus	4	(656,926,039.15)	(452,213,843.98)
		<u>(531,921,299.15)</u>	<u>(327,209,103.98)</u>
<b>2. Share Application Money Pending Allotment</b>		<b>60,000,000.00</b>	<b>60,000,000.00</b>
<b>3. Non-Current Liabilities</b>			
a. Long Term Borrowings	5	1,065,687,374.99	1,064,936,983.99
b. Deferred Tax Liability(net)			
c. Other Long Term Liabilities			
d. Long Term Provisions	6	2,577,553.00	2,728,182.00
		<u>1,068,264,927.99</u>	<u>1,067,665,165.99</u>
<b>4. Current Liabilities</b>			
a. Short Term Borrowings	7	321,356,214.35	321,369,814.35
b. Trade Payables	8	72,397,997.25	72,761,436.95
c. Other Current Liabilities	9	19,511,650.50	17,366,560.48
d. Short Term Provisions	10	22,076,425.00	22,013,423.00
		<u>435,342,287.10</u>	<u>433,511,234.78</u>
<b>TOTAL</b>		<u><u>1,031,685,915.94</u></u>	<u><u>1,233,967,296.79</u></u>
<b>B. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
i. Tangible Assets	11A	408,434,997.21	444,189,905.54
ii. Intangible Assets	11B		
iii. Capital Work-in-Progress			
iv. Intangible Assets under Development			
(b) Non-Current Investments	12	25,547,894.06	25,547,894.06
Deferred Tax Asset		269,441,769.40	261,516,981.00
(c) Long Term Loans and Advances	13	10,383,688.21	5,509,840.50
(d) Other Non-Current Assets	14	86,905,949.16	86,842,743.28
<b>2. Current Assets</b>			
a. Current Investments			
b. Inventories	15	54,107,445.59	233,633,029.52
c. Trade Receivables	16	82,502,684.01	81,240,907.04
d. Cash & Bank Balances	17	24,309,792.58	24,150,761.16
e. Short-Term Loans and Advances	18	14,193,450.88	14,556,970.31
f. Other Current Assets	19	55,858,244.84	56,778,264.38
		<u>230,971,617.90</u>	<u>410,359,932.41</u>
<b>TOTAL</b>		<u><u>1,031,685,915.94</u></u>	<u><u>1,233,967,296.79</u></u>

The note referred to above, form an integral part of the Balance Sheet Account.  
As per our report of even date

**Batliboi & Purohit**  
Chartered Accountants

**Deepak Sekhri**  
(Chairman & Managing Director)

**Anita D Sekhri**  
(Executive Director)

**(Raman Hangekar )** Membership No. 30615, Firm No.001056N, Mumbai, dated :31/07/2013  
Partner

**CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st March 2013**

PARTICULARS	Note No.	FOR THE YEAR ENDED 31st March,2013 Rs.	FOR THE PERIOD ENDED 31st March,2012 Rs.
<b>A. CONTINUING OPERATIONS</b>			
1 <b>Revenue from operations</b>	20	21,455,927.39	23,631,500.75
2 Other Income		2,333,216.96	598,765.55
<b>Total Revenue</b>		<b><u>23,789,144.35</u></b>	<b><u>24,230,266.30</u></b>
3 Expenses:			
Cost of Material Consumed	21	13,394,891.04	2,372,981.95
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	166,130,692.89	95,635,344.50
Employee benefits expense	23	6,792,688.00	7,444,214.40
Finance costs	24	1,079,621.24	175,439.38
Depreciation and amortization expense			
Other expenses	25	13,608,987.42	10,322,029.45
<b>Total expenses</b>		<b><u>236,426,127.92</u></b>	<b><u>133,689,180.65</u></b>
4 <b>Profit before exceptional and extraordinary items and tax</b>		(212,636,983.57)	(109,458,914.35)
5 Exceptional items			(6,893,516.37)
6 Profit before extraordinary items and tax		<u>(212,636,983.57)</u>	<u>(102,565,397.98)</u>
7 Extraordinary Items		-	-
8 Profit before tax		(212,636,983.57)	(102,565,397.98)
(a) Current tax expense for current year			-
(b) (Less): MAT credit (where applicable)			
(c) Current tax expense relating to prior years			-
(d) Net current tax expense			
(e) Deferred tax			
		(7,924,788.40)	(2,109,736.00)
9 Profit (Loss) for the period from continuing operations		(204,712,195.17)	(100,455,661.98)
10 Profit/(loss) from discontinuing operations		-	-
11 Tax expense of discontinuing operations		-	-
12 Profit/(loss) from Discontinuing operations (after tax)		-	-
13 Profit/ (Loss) for the period		<u>(204,712,195.17)</u>	<u>(100,455,661.98)</u>
14 <b>Earnings per equity share:</b>			
(1) Basic		(17.01)	(8.20)
(2) Diluted		-	-

The note referred to above, form an integral part of the Profit & Loss Account.  
As per our report of even date

**Batliboi & Purohit**  
Chartered Accountants

**Deepak Sekhri**  
(Chairman & Managing Director)

**Anita D Sekhri**  
(Executive Director)

( **Raman Hangekar** ) Membership No. 30615, Firm No.001056N, Mumbai, dated :31/07/2013  
Partner



## Note 3 Share capital

Ref. No.	Particulars	As at 31st March, 2013		As at 31st March, 2012	
		Number of shares	RS	Number of shares	RS
	<b>(a) Authorised</b>				
	Equity shares of 205,00,000 each with voting rights Rs.10/-Each	20,500,000	205,000,000.00	20,500,000	205,000,000.00
	20,00,000 Compulsorily convertible Preference Shares of Rs.10/-each	2,000,000	20,000,000.00	2,000,000	20,000,000.00
		<b><u>22,500,000.00</u></b>	<b><u>225,000,000.00</u></b>	<b><u>22,500,000.00</u></b>	<b><u>225,000,000.00</u></b>
	<b>(b) Issued</b>				
	Equity shares of 1,25,00,474 of Rs.10/ each fully paid.	12,500,474.00	125,004,740.00	12,500,474.00	125,004,740.00
	<b>(c) Subscribed and fully paid up</b>				
	Equity shares of 1,25,00,474 of Rs. 10/-each.	<u>12,500,474.00</u>	<u>125,004,740.00</u>	<u>12,500,474.00</u>	<u>125,004,740.00</u>
		12,500,474.00	125,004,740.00	12,500,474.00	125,004,740.00
	<b>Total</b>	<b>12,500,474.00</b>	<b>125,004,740.00</b>	<b>12,500,474.00</b>	<b>125,004,740.00</b>

## Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	12,500,474	125,004,740.00	12,500,474	1,250,047,400.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	12,500,474	125,004,740.00	12,500,474	1,250,047,400.00

## Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Deepak B.Sekhri	2680369	21.4%	2680369	21.4%
Deepak Sekhri H.U.F.	1112500	8.9%	1112500	8.9%
Akshat Deepak Sekhri	1015779	8.1%	1015779	8.1%
Namha Sekhri	840348	6.7%	840348	6.7%
Anita Deepak Sekhri	817499	6.5%	817499	6.5%
<b>TOTAL</b>	<b>6466495</b>		<b>6466495</b>	

## Note:

The company has one uniform class of Equity Shares having par value of Rs.10 each. Each shareholder is eligible for one vote per share held and to receive dividend as proposed by the Board of Directors, subject to approval of the shareholders in the annual general meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31st March, 2013.****NOTE 4-RESERVES AND SURPLUS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
a. General Reserves		
Opening Balance	8,159,000.00	8,159,000.00
(+) Current Year Transfer		
(-) Written Back in Current Year	-	-
Closing Balance	<b>8,159,000.00</b>	<b>8,159,000.00</b>
b. Deficit In Statement of Profit & Loss A/C		
Opening Balance	(952,765,803.98)	(852,310,142.00)
Add:(Loss) for the year	(204,712,195.17)	(100,455,661.98)
	(1,157,477,999.15)	(952,765,803.98)
c Share Premium	100,009,480.00	100,009,480.00
d Revaluation Reserve	39,830,394.00	39,830,394.00
e Capital Reserve	33,001,000.00	33,001,000.00
f Minority Interest	319,552,086.00	319,552,086.00
g Closing Balance	492,392,960.00	492,392,960.00
<b>Total</b>	<b>(656,926,039.15)</b>	<b>(452,213,843.98)</b>

**NOTE 5-LONG TERM BORROWINGS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Term Loans		
From Banks		
Secured	845,816,609.73	845,816,609.73
Unsecured		
(b) Loans & Advances From Related Parties	138,879.26	138,879.26
(c) Other Loans & Advances		
Secured	218,981,495.00	218,981,495.00
Unsecured		
<b>Total</b>	<b>1,064,936,983.99</b>	<b>1,064,936,983.99</b>

**Note:**

The loans received by the company from related parties as above and are on an interest free basis with no covenant in respect of the tenure thereof.

**NOTE 6-LONG TERM PROVISIONS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Provision for employee benefits:		
(i) Provision for compensated absences	1,609,709.00	1,609,709.00
(ii) Provision for gratuity (net)	967,844.00	1,118,473.00
<b>Total</b>	<b>2,577,553.00</b>	<b>2,728,182.00</b>



**NOTE 7-SHORT TERM BORROWING**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Loans Repayable On Demand		
From Banks		
Secured-Cash Credit	315,259,036.85	315,259,036.85
Unsecured		
(c) Deposits		
Secured	2,963,177.50	2,976,777.50
Unsecured		
(d) Other Loans & Advances(specify Nature)		
Secured	3,134,000.00	3,134,000.00
Unsecured		
<b>Total</b>	<b>321,356,214.35</b>	<b>321,369,814.35</b>

**NOTE 8-TRADE PAYBLES**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Trade Paybles		
Acceptances	72,397,997.25	72,761,436.95
Other than Acceptances		
<b>Total</b>	<b>72,397,997.25</b>	<b>72,761,436.95</b>

**Note:**

There are no delays in payments to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified, on the basis of information available with the company.

**NOTE 9-OTHER CURRENT LIABILITIES**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Unclaimed dividends	183,957.60	183,957.60
"(b) Application money received for allotment of securities and due for refund and interest accrued thereon #"	154,786.00	154,786.00
(c) Unpaid matured deposits and interest accrued thereon		
(d) Unpaid matured debentures and interest accrued thereon		
(e) Other payables		
"(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax etc.) Excise Duty, VAT, Service Tax, etc.) "	12,392,171.22	9,893,944.51
(ii) Payables on purchase of fixed assets		
(iii) Contractually reimbursable expenses	1,691,541.50	2,044,678.19
(iv) Interest accrued on trade payables		
(v) Interest accrued on others		
(vi) Trade / security deposits received	1,361,682.00	1,361,682.00
(vii) Advances from customers	2,622,076.18	2,622,076.18
(viii) Others (specify nature)-NMMC CESS	1,105,436.00	1,105,436.00
<b>Total</b>	<b>19,511,650.50</b>	<b>17,366,560.48</b>

**NOTE 10- SHORT TERM PROVISIONS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Provision for employee benefits:		
(i) Provision for bonus	823,766.00	823,766.00
(ii) Provision for compensated absences		
(iii) Provision for gratuity (net)		
(iv) Provision for post-employment medical benefits (Refer Note 30.4.b)		
(v) Provision for other defined benefit plans (net) (give details) (Refer Note 30.4.b)		
(vi) Provision for other employee benefits (give details)	446,900.00	383,898.00
(b) Provision - Others:		
(i) Provision for tax (As at 31 March, 2013 )	20,805,759.00	20,805,759.00
<b>Total</b>	<b>22,076,425.00</b>	<b>22,013,423.00</b>

**NOTE 12-NON CURRENT INVESTMENTS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
Investments( At cost)		
<b>A.Trade</b>		
(a) Investments in Equity Instruments		
(iii) of joint venture companies		
SGFL-Geldbach(UK) Ltd.	20,821,300.00	20,821,300.00
SGFL-Geldbach(UK) Ltd.-Interest On Investment	4,726,594.06	4,726,594.06
<b>Total</b>	<b>25,547,894.06</b>	<b>25,547,894.06</b>

**NOTE 13- LONG TERM LOANS & ADVANCES**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
"(a) Loans and advances to related parties "		
Secured, considered good	9,529,786.71	4,838,140.00
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful loans and advances		
"(b) Advance income tax -net of provisions(As at 31 March, 2013) - Unsecured, considered good"	853,901.50	671,700.50
	<b>10,383,688.21</b>	<b>5,509,840.50</b>

**NOTE 14-OTHER NON-CURRENT ASSETS**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Long-term trade receivables (including trade receivables on deferred credit terms) (Refer Note below)		
Secured, considered good	86,905,949.16	86,842,743.28
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful trade receivables		
<b>Total</b>	<b>86,905,949.16</b>	<b>86,842,743.28</b>



**11A. STATEMENT OF FIXED ASSETS**

PARTICULARS	RATE	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK AS ON 3/31/2012 Rs.	
		COST AS AT 4/1/2012	ADDITION	DELETIONS	TOTAL COST AS AT 31.03.13	UP TO 4/1/2012	FOR THE YEAR		DEDUCTION
Lease Hold Land		45,480,656.00	-	-	45,480,656.00			-	45,480,656.00
Factory Building	3.34%	107,656,975.16	-	-	107,656,975.16	24,074,797.66	3,595,742.97	-	27,670,540.63
Plant & Machinery	4.75%	653,183,587.79	-	-	653,183,587.79	343,494,773.44	31,026,220.42	-	374,520,993.86
Furniture & Fixtures	6.33%	5,225,854.27	-	-	5,225,854.27	2,533,748.74	330,796.58	-	2,864,545.32
Office Equipments	4.75%	1,466,906.30	38,421.00	-	1,505,327.30	651,485.06	70,598.29	-	722,083.35
Computer & Software	16.21%	12,565,023.57	-	-	12,565,023.57	12,557,663.86	-	-	12,557,663.86
Other Assets	5.28%	1,148,876.32	-	-	1,148,876.32	774,752.39	60,660.67	-	835,413.06
Vehicles	9.50%	4,191,385.00	-	662,665.00	3,528,720.00	2,642,137.72	335,228.40	288,583.00	2,688,783.12
<b>TOTAL</b>		830,919,264.41	38,421.00	662,665.00	830,295,020.41	386,729,358.87	35,419,247.33	288,583.00	421,860,023.20
<b>PREVIOUS YEAR</b>		830,850,002.41	69,262.00	-	830,919,264.41	368,990,187.90	82,086,766.00	-	451,076,953.90

Note: Depreciation has been provided on the Straight Line Method, at the rates specified in Schedule XIV to the Companies Act, 1956.

**NOTE 15-INVENTORIES**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Raw Material	-	13,394,891.04
(b) Semi-Finished Goods	6,873,991.32	31,551,685.21
(c) Finished Goods	20,954,557.69	67,713,551.55
(d) Stock-in-Trade(acquired for trading)	-	-
(e) Stores and Spares	8,010,952.96	8,309,885.72
(f) Loose Tools	18,267,943.62	112,663,016.00
(g) Others	-	-
<b>Total</b>	<b>54,107,445.59</b>	<b>233,633,029.52</b>

**NOTE 16-TRADE RECEIVABLES**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	78,598,052.01	76,936,668.04
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful trade receivables		
	78,598,052.01	76,936,668.04
Other Trade receivables		
Secured, considered good	3,904,632.00	4,304,239.00
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful trade receivables		
	3,904,632.00	4,304,239.00
<b>Total</b>	<b>82,502,684.01</b>	<b>81,240,907.04</b>

**NOTE-17-Cash & Cash Equivalents**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Cash on hand	306,948.29	162,704.99
(b) Cheques, drafts on hand		
(c) Balances with banks		
(i) In current accounts	5,907,536.07	6,683,582.95
(ii) In EEFC accounts		
(iii) In deposit accounts		
(iv) In earmarked accounts		
- Unpaid dividend accounts	183,956.60	183,956.60
- Unpaid matured deposits		
- Unpaid matured debentures		
- Share application money received for allotment of securities and due for refund	154,786.00	154,786.00
- Balances held as margin money or security against borrowings, guarantees and other commitments	17,756,565.62	16,965,730.62
- Other earmarked accounts (specify)		
<b>TOTAL</b>	<b>24,309,792.58</b>	<b>24,150,761.16</b>



**NOTE-18 Short Term Loans & Advances**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Security deposits		
Secured, considered good	9,336,166.10	9,216,855.10
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful deposits		
(b) Loans and advances to employees		
Secured, considered good	135,896.00	135,091.00
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful loans and advances		
(c) Prepaid expenses - Unsecured, considered good	50,135.00	90,223.00
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	2,840,393.15	3,621,319.15
(ii) VAT credit receivable	5,469.00	5,469.00
(iii) Service Tax credit receivable	1,825,391.63	1,488,013.06
(e) Inter-corporate deposits		
Secured, considered good		
Unsecured, considered good		
Doubtful		
Less: Provision for doubtful inter-corporate deposits		
	<b>14,193,450.88</b>	<b>14,556,970.31</b>

**NOTE-19 Other Current Assets**

PARTICULARS	As at 31.3.2013 Rs.	As at 31.3.2012 Rs.
(a) Unamortised expenses		
(i) Ancillary borrowing costs		
(ii) Share issue expenses (where applicable)	374,112.88	1,291,293.88
(iii) Discount on shares (where applicable)		
(b) Others		
(i) Insurance claims	-	-
(ii) Receivables on sale of fixed assets		
(iii) Contractually reimbursable expenses		
(iv) Others-Advances to Creditors	55,484,131.96	55,486,970.50
	<b>55,858,244.84</b>	<b>56,778,264.38</b>

**Note 20-Revenue From Operations**

PARTICULARS	2012-13 Rs	2011-12 Rs
Sale of Goods	21,455,927.39	23,631,500.75
<b>Total</b>	<b>21,455,927.39</b>	<b>23,631,500.75</b>

**NOTE 21-Cost of Material Consumed**

PARTICULARS	2012-13 Rs	2011-12 Rs
Opening Stock-Raw Materials	13,394,891.04	15,767,872.99
Purchases	-	-
Less:Closing Stock-Raw Materials	-	13,394,891.04
<b>Total</b>	<b>13,394,891.04</b>	<b>2,372,981.95</b>

**NOTE 22-Changes in Inventories of Finished Goods,Work in Progress and stock-in-trade**

PARTICULARS	2012-13 Rs	2011-12 Rs
Inventories at the End of the Year		
Finished Goods	20,954,557.69	67,713,551.55
Semi-finished Goods	6,873,991.32	31,551,685.21
Stock-in-trade	26,278,896.58	120,972,901.72
	54,107,445.59	220,238,138.48
Inventories at the Beginning of the Year		
Finished Goods	67,713,551.55	97,200,889.98
Semi-finished Goods	31,551,685.21	99,683,716.00
Stock-in-trade	120,972,901.72	118,988,877.00
<b>Total</b>	<b>166,130,692.89</b>	<b>95,635,344.50</b>

**NOTE 23-EMPLOYEE BENEFITS EXPENSES**

PARTICULARS	2012-13 Rs	2011-12 Rs
(a) Salaries and incentives	3,998,566.00	4,798,023.00
(b) Contribution to Provident & Other Funds	83,818.00	112,525.00
(c) Staff Training		
(d) Staff welfare expenses	481,792.00	420,508.00
(e) Labour Charges Paid	2,228,512.00	2,113,158.40
<b>Total</b>	<b>6,792,688.00</b>	<b>7,444,214.40</b>

**NOTE 24-FINANCE COST**

PARTICULARS	2012-13 Rs	2011-12 Rs
(a) Interest Expenses	999,004.03	131,652.00
(b) Bank Charges	29,787.21	38,014.38
(c) Interest On Delayed Payment	623.00	5,773.00
(d) Share & R & T Charges	50,207.00	-
<b>Total</b>	<b>1,079,621.24</b>	<b>175,439.38</b>



## NOTE 25-OTHER EXPENSES

PARTICULARS	2012-13 Rs	2011-12 Rs
Advertisement Expenses	52,920.00	112,475.00
Accounting & Data Entry Expenses	250,596.00	232,765.29
Stores Consumed	115,821.00	44,146.00
Consumption of Packing Material	260,420.00	116,943.00
Power & Fuel & Water	530,662.00	680,024.00
Rent Rates & Taxes	3,068,140.00	2,315,935.00
Repairs and maintenance	169,796.00	77,053.00
Repairs to Machinery	16,200.00	214,320.00
Repairs to Building	30,692.00	30,942.00
Motor Car Expenses	695,015.06	557,499.00
Insurance	62,627.00	16,013.00
Gas & Welding	-	1,050.00
Oil & Lubricants	1,383.00	-
Other Manufacturing Expenses	709,304.00	776,275.68
Communication		
(a) Telephone Expenses	391,433.48	252,895.00
(b) Internet Expenses	-	2,978.00
(c) Postage & Courier	34,809.00	74,530.00
Travelling and conveyance	1,171,375.92	1,307,659.00
Office Expenses	195,397.00	25,415.00
Printing and stationery	86,215.00	70,753.00
Freight & Forwarding	15,044.00	237,096.00
Misc Exp. Written Off	917,181.00	458,591.00
Business promotion	195,637.00	221,414.04
Selling & Distribution Exp.	9,029.00	188,033.73
Membership & Subscription	210,033.00	154,102.00
Legal and professional	3,259,610.71	1,676,145.59
Payments to auditors		
(a) Statutory Audit Fees	100,000.00	100,000.00
(b) Out of Pocket Expenses	8,105.00	-
Bad trade and other receivables, loans and advances written off	(4,950.10)	-
Net Loss on Foreign Currency	503,570.00	77,744.26
Prior period items (net)	192,962.00	(166,745.00)
Miscellaneous expenses	359,959.35	465,976.86
Fines & Penalties		
<b>Total</b>	<b>13,608,987.42</b>	<b>10,322,029.45</b>



## NOTE-26 NOTES FORMING PART OF THE ACCOUNTS

## (1) Auditor's Remuneration

	2011-12 Rs. In Lakhs	2012-13 Rs. In Lakhs
i) For Audit	1,00,000	1,00,000

## (2) Related Party Disclosures-As per Accounting Standard AS-18

## Related Party and their Relationship:

## (i) Subsidiary:

SGFL International B.V.

## (ii) Enterprises under common control with whom transactions have taken place :

Name of the Enterprises	Loans Received	Loans Given	Payment Agst Bills	Rent Paid	Goods Sold	Goods Purchased
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Namha Metals Ltd.	5,247		3,41,325		8,16,454	71,778
Namha Euro Enterprises				54,000		
Akshat Warehousing Corpn	13,33,631	14,45,546				

## (iii) Transactions With Key Personnel

Key Personnel	Opening Balance	Loan Given	Loan Received	Balance O/S
	Rs	Rs	Rs	Rs
Mr. Deepak Sekhri	9,90,570(Dr.)	1,42,14,257	95,00,000	57,04,827(Dr.)
Mrs. Anita Sekhri	4,53,070/(Dr.)	2,000		4,55,070/(Dr.)

## (iv) Managerial Remuneration Paid

	For the year Ended 31.03.2013 Rs. in Lacs	For the year Ended 31.03.2012 Rs. in Lacs
Salaries	Nil	Nil
Providend Fnd	Nil	Nil

## (v) Earnings In Foreign Currency

	For the year Ended 31.03.2013 Rs.	For the year Ended 31.03.2012 Rs.
FOB Value of Exports	42,48,449	48,24,791
Freifht, Insurance & Commission on Export	20,044	1,64,938

## (vi) Expenditure In Foreign Currency

	For the year Ended 31.03.2013 Rs.	For the year Ended 31.03.2012 Rs.
	NIL	NIL




**Note 27-Consumption Of Raw Material, Production**
**(1) Capacity & Production**

	For the year Ended 31.03.2013	For the year Ended 31.03.2012
Licensed Capacity	22,000	22,000
Installed Capacity	23,500	23,500
Actual Production	-	-

**(2) Raw Material Consumed**

Particulars	Units	Quantity	Amount(Rs.)
Steel	M.T.	-	-
(Previous Year)			

**(3) Actual Production, Opening Stock,& Turnover**

Class of Goods	Units	Opening Stock	Actual Production	Closing Stock	Turnover Qty.
Steel Flanges	M.T.	379.96	NIL	379.96	-
(Previous Year)		(379.96)	NIL	(379.96)	(170.81)

**Note 28: Earning Per Share**

	For the year Ended 31.03.2013 Rs.	For the year Ended 31.03.2012 Rs.
Net Profit After Tax/(Loss)	(20,47,12,195.17)	(10,04,55,661.98)
No. Of Shares	1,25,00,474	1,25,00,474
Earning Per Share	(17.01)	(8.20)

**Note 29: Deferred Tax Liability**

	For the year Ended 31.03.2013 Rs.	For the year Ended 31.03.2012 Rs.
Deferred Tax Liability		
(a) Depreciation(Timing Difference)	(79,24,788.40)	(21,09,736)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March,2013.

PARTICULARS		For the period ended 31.03.2012 Rs.	For the period ended 31.03.2012 Rs.
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit / (Loss) Before Tax & Extra ordinary items	(212,636,984)	(109,458,914)
	Adjustment for		
	Depreciation	35,130,664	17,739,171
	Interest & Financial Expense	1,079,621	175,439
	Miscellaneous Expenditure Written Off	-	-
	Interest Income	(1,612,413)	(120,559)
	Profit on Sale of Investments	79,723	-
	<b>Operating profit before Working Capital Changes</b>	<u>(177,959,388)</u>	<u>(91,664,863)</u>
	Adjustment for (increase)/Decrease in Working Capital		
	Inventories	179,525,584	98,008,326
	<b>Sundry Debtors</b>	(1,261,777)	(4,291,222)
	Loans and Advances	(5,301,164)	10,257,255
	Other Non-Current Assets	856,814	8,005,340
	Current Liabilities and Provisions	<u>1,831,052</u>	<u>(20,524,473)</u>
	Prior Year Adjustments	175,650,510	91,455,227
	Net Cash From/(used in) Operating Activities	<u>(2,308,878)</u>	<u>6,683,880</u>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets/Pre-Operative Expenses	624,244	(69,262)
	(Purchase)/Sale of Investments (Net)	(79,723)	0
	Interest Income	1,612,413	120,559
	Net Cash Form Investing Activities	<u>2,156,934</u>	<u>51,297</u>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Long Term Loans Availed/(Paid) (Net)	599,762	(1,580,913)
	Share Application Money (Pending Allotment)	-	-
	<b>Interest Paid</b>	(1,079,621)	(175,439)
	Net cash from/(used in) Financing Activities	<u>(479,859)</u>	<u>(1,756,352)</u>
	<b>NET INCREASE / ( DECREASE ) IN CASH &amp; CASH EQUVT.</b>	<u>(631,804)</u>	<u>4,978,825</u>
	<b>Cash &amp; Cash equivalents at the commencement of the year</b>	<u>7,185,031</u>	<u>2,206,206</u>
	Cash & Cash equivalents at the end of the year	6,553,227	7,185,031
	Cash & Cash equivalents Comprises:		
	Cash & Cheques on Hand	306,948	162,705
	Balances with Scheduled Banks in		
	Current Accounts	5,907,536	6,683,583
	Unpaid Dividend Accounts	183,957	183,957
	Unclaimed share application money	154,786	154,786
	Cash & Cash Equivalents as at the end of the year	6,553,227	7,185,031

**Batliboi & Purohit**  
Chartered Accountants

**Deepak Sekhri**  
(Chairman & Managing Director)

**Anita D Sekhri**  
(Executive Director)

**(CA Raman Hangekar)**  
Partner

**G P Singh**  
(Director)

**P.K.Chakravarthy**  
(Finance Controller)



## SHREE GANESH FORGINGS LTD

**Factory: C-3/C, TTC Industrial Area, Thane Belapur Road, Pawne, Navi Mumbai 400 705**  
**Registered Office: 412, EMCA HOUSE, S.B.S.Road, Fort, Mumbai 400 001.**

### ATTENDANCE SLIP

I / We hereby record my / our presence at the FORTIETH ANNUAL GENERAL MEETING of the Company held at 412, Emca House, S.B.S road, fort, Mumbai-400001 on Wednesday, the 12th day of February, 2014 at 2:30 p.m.

Full Name of member \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Client ID No. \_\_\_\_\_ D. P. ID No. \_\_\_\_\_

Full Name of Proxy \_\_\_\_\_

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

**Note:** A Shareholder / Proxy wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly filled and signed.

----- TEAR HEAR -----

## SHREE GANESH FORGINGS LTD

**Factory: C-3/C, TTC Industrial Area, Thane Belapur Road, Pawne, Navi Mumbai 400 705**  
**Registered Office: 412, EMCA HOUSE, S.B.S.Road, Fort, Mumbai 400 001.**

DP ID

Registered Folio No.

Client ID

### PROXY FORM

I / We \_\_\_\_\_ of \_\_\_\_\_  
 in the district of \_\_\_\_\_ being a Member / Members of the above named Company, hereby appoint  
 Shri. / Smt. \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_  
 as my / our Proxy to attend and vote for me / us and on my / our behalf at the **FORTIETH ANNUAL GENERAL MEETING** of the Company  
 to be held on Wednesday, 12th day of February, 2014 at 2.30 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Applicable for investors holding shares in physical form

Affix Rs. 1/-  
 Revenue  
 Stamp  
 Signature

**NOTE :**

The Proxy must be deposited at the Registered Office at 412, Emca House, S.B.S road, fort, Mumbai-400001, Maharashtra, not less than FORTY EIGHT HOURS before the time fixed for holding this Meeting.

# BOOK - POST



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E-2, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Mumbai - 400 072.