

INDIA FORGE & DROP STAMPINGS LTD.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the 57th Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2017.

1. COMPANY PERFORMANCE

The Company achieved revenue from operations of ₹13,325 lakhs marginally down by 2.81% relative to the last year. Profit after tax for the current year increased to ₹638 lakhs from ₹410 lakhs in the previous year due to better operational efficiencies.

2. FINANCIAL HIGHLIGHTS

Particulars	(₹ IN LAKHS)	
	31-03-2017	31-03-2016
Revenue from operations	13,325	13,710
EBDITA	1,078	839
Interest	6	39
Depreciation	206	208
Profit/(Loss) before taxation	866	592
Provision for taxation for current year	225	150
Deferred tax expense/(saving)	3	32
Profit/(Loss) after taxation	638	410
Balance brought forward	1,409	999
Profit available for appropriation	2,047	1,409
Surplus carried to Balance Sheet	2,047	1,409

3. DIVIDEND

Due to substantial upgrade in design, some of our platforms of manufacturing need to be addressed very strongly to meet the customers aspirations and keep our business portfolio with them intact. Towards this, over the next 2 years we shall be making substantial investments in plant and machinery and may even look at a second location nearer to the location of our customer. This heavy capital expenditure will take 2 to 3 years to stabilize and therefore we have not been able to recommend any dividend.

4. TRANSFER TO RESERVE

Out of total profit of ₹638 lakhs for the financial year 2016-2017, no amount is proposed to be transferred to any reserve.

5. DEPOSITS

Your Company has not accepted any public deposits during the year within the meaning of section(s) 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 as amended and as such no amount on account of principle or interest on public deposits was outstanding as on the date of Balance Sheet.

6. CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year ended March 31, 2017.

7. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The provisions relating to Corporate Social Responsibility are applicable to the Company for the year.

The report on the Corporate Social Responsibility (CSR) policy and activities of the Company is set out in Annexure-V of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the Company's website.

INDIA FORGE & DROP STAMPINGS LTD.

8. BUSINESS OUTLOOK AND REVIEW

2016-17 has been an eventful year for the auto industry. The early part of the year saw a revival trend in the automobile sales which was then plagued by massive fall in demand in the rural market, which was accentuated by the delayed monsoon. The second half of 2016 started with a more positive sentiment backed by factors such as improved consumer sentiments post the Seventh Pay Commission, normal monsoon after two successive years of deficit rainfall in most regions, lower financing costs (banks base rates declined from 10.75% in December 2011 to 9.65% in December 2016) fuel prices and healthy replacement demand due to diesel car ban. As soon as the industry was about to pick up speed, demonetization was announced by the government in November 2016. This led to de-growth in the auto industry in December 2016.

In the current year 2017-18, the industry is expected to witness a gradual pickup in demand as the effect of demonetization begins to moderate. Also, demand is expected to improve on back of various initiatives taken by the government in the Union Budget 2018. Higher allocation for infrastructure and transportation segment is likely to benefit the commercial vehicles demand during the year. Also, reduction in tax burden for individuals with income below Rs 5 lakhs is likely to have a positive impact on the two-wheelers and small cars demand. The investment required in order to ensure improved emission standards is likely to pose a challenge for the players. Also, apart from demonetization, car manufacturers are also unsure about the uncertainties surrounding the implementation of the GST.

In the light of the above, domestic turnover of your Company during the year declined marginally. Its export turnover during the year grew by approximately 2.79% over the previous year. The Company is working to enhance global presence, acquire new customers and develop new value-added products. The Company has strengthened relationship with the domestic customers acquired in recent years and we are hopeful of reasonable growth in business domestically.

9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and the date of this report.

10. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

11. DIRECTORS

Mrs. Rupa Sood (DIN: 01310946), Director of the Company, retire by rotation from the Board under Article 138 of the Association of the Company at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment.

12. KEY MANAGERIAL PERSONNEL

Shri Dipak Raj Sood (DIN: 01516073), Vice-chairman, Shri Samir Sood (DIN: 02627166), Managing Director and Shri Sesh Subramanian (DIN: 00329246), Executive Director are the Key Managerial Personnel of the Company. During the year under review, there were no changes in the Key Managerial Personnel of the Company.

13. CHANGES IN SHARE CAPITAL

There are no changes in share capital of the Company during the year under review.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

INDIA FORGE & DROP STAMPINGS LTD.

- (i) In the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirement set out under Schedule III to the Act, have been followed and there were no material departures from the same;
- (ii) such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and the profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual financial statements have been prepared on a going concern basis;
- (v) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (vi) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

15. MEETINGS OF THE BOARD

The Board of Directors meets at least once in every quarter and as and when required. During the financial year ended March 31, 2017 seven Board Meetings were held i.e. on 5th April 2016, 5th July 2016, 3rd September 2016, 19th October 2016, 24th October 2016, 24th January 2017 and 13th March 2017.

The names of members of the Board, their attendance at the Board Meetings are as under:

Name of Directors	Number of Meetings attended/Total Meetings held during the year
Varanasi Dwarakanath Reddy	3/7
Dipak Raj Sood	7/7
Rupa Sood	7/7
Amarnath Lulla	4/7
Gopalan Krishnan	4/7
Vadakkencheri Ramanathan Ramakrishnan	4/7
Samir Sood	7/7
Sesh Subramaniam	4/7

16. INTERNAL CONTROLS

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed under section 133 and other applicable provisions, if any, of the Companies Act, 2013 and Generally Accepted Accounting Principles in India.

17. AUDITORS AND AUDITOR'S REPORT

Statutory Auditors

The observations made in the Auditor's Report are self-explanatory and therefore do not call for any further comments.

M/s Chachan & Lath, Chartered Accountants bearing ICAI Registration No. 015012N have been appointed Statutory Auditors of the Company for a period of five years in the 56th Annual General Meeting (AGM) held on September 30, 2016 subject to ratification of their appointment by the members at every Annual General Meeting. Accordingly, the shareholders at the ensuing Annual General Meeting will consider ratification of appointment of the Statutory Auditors.

Further, M/s Chachan & Lath have, under section 139(1) of the Act and the Rules framed there under furnished a certificate of their eligibility and consent for appointment.

INDIA FORGE & DROP STAMPINGS LTD.

The report of the Statutory Auditors along with notes to Financial Statements is enclosed to this report.

Internal Auditor

The Company is not required to appoint internal auditors as required under section 138 of Companies Act, 2013 and rule 13 of the Companies (Accounts) Rules, 2014 as amended.

Secretarial Auditor

The Company is not required to appoint secretarial auditors as required under section 204 of Companies Act, 2013.

18. ADVERSE REMARKS BY AUDITORS

The Auditor's Report does not contain any qualification, reservation or adverse remark.

19. SUBSIDIARY COMPANY

In view of section 129(3) of the Companies Act, 2013, a statement containing the salient feature of the financial statements of India Forge Auto Products Pvt. Ltd., 100% subsidiary of the Company have been annexed in Form AOC-1 as Annexure-I and forming part of this report.

20. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 and Accounting Standard (AS)-21 "Consolidated Financial Statements", the audited Consolidated Financial Statements form part of Annual Report of the Company. The Financial Statements of subsidiary company have been prepared in the same form and manner as that of the holding company.

21. RISK MANAGEMENT POLICY

The Board has established a Risk Management Policy which formalizes the Company's approach to overview and manage material business risks. The policy is implemented through top down and bottom up approach identifying, assessing, monitoring and managing key risks across the Company's business units.

Risks and effectiveness of their management are internally reviewed and reported regularly to the Board. The management has reported to the Board that the Company's risk management and internal compliances and control systems are operating efficiently and effectively in all material respect.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Board also reviews reports by members of the management team and recommends suitable action.

22. INDUSTRIAL RELATION AND SAFETY

Industrial relations remained cordial throughout the year. Your Directors recognize and appreciate the sincere and hard work, loyalty, dedicated efforts and contribution of all the employees in the growth and performance of the Company during the year.

The Company continues to accord a very high priority to both industrial safety and environmental protection and these are ongoing processes at the Company's plants and facilities to maintain high awareness levels. The Company is conscious of the importance of environmentally clean and safe operations to ensure safety of all concerned and compliance of applicable environmental regulations. The Company as a policy re-evaluates safety standards and practices from time to time to raise the bar of safety standards for its people as well as users and customers.

23. RECOGNITION

The Company's manufacturing facilities continue to remain certified by independent and reputed external agencies as being compliant as well as aligned with external standards for Quality Systems IS/ISO 9001:2008, ISO TS 16949:2009, Environmental Management Standards IS/ISO 14001:2004 and Indian Boilers Registration. During the years, the audits for these certificates have established continuous improvement in performance against these standards.

24. DECLARATION BY THE INDEPENDENT DIRECTORS

INDIA FORGE & DROP STAMPINGS LTD.

Independent Directors of your Company viz. Shri Amarnath Lulla (DIN: 00007490) and Shri V.R. Ramakrishnan (DIN: 02482162) have individually given a declaration pursuant to section 149(7) of the Companies Act, 2013 affirming compliance to the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013. Based on the declaration(s) of Independent Directors, the Board of Directors recorded its opinion that Shri Amarnath Lulla (DIN: 00007490) and Shri V.R. Ramakrishnan (DIN: 02482162) are independent of the Management and have fulfilled the conditions as specified in the Companies Act, 2013, rules made there under.

25. NOMINATION AND REMUNERATION POLICY

The Board of Directors in consonance with the recommendation of Nomination and Remuneration Committee (NRC) deals with the manner of selection of Directors of the Company. The NRC recommends appointment or re-appointment of Directors, Whole-time Directors and Managing Director based on their qualifications, expertise, positive attributes and independence in accordance with prescribed provisions of the Companies Act, 2013 and rules framed there under. The NRC in addition to ensuring diversity of race and gender also considers the impact the appointee would have on Board's balance of professional experience, background, viewpoints, skills and areas of expertise.

The Board of Directors in consonance with the recommendation of Nomination and Remuneration Committee has also adopted the Remuneration Policy for the members of the Board and Executive Management. The said policy earmarks the principle of remuneration and ensures a well-balanced and performance related compensation package taking in to account shareholders' interest, industry practices and relevant corporate regulations in India.

26. DISCLOSURES

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of the requirements of section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 as amended are given in Annexure-II to this report.

ANNUAL RETURN

Extract of Annual Return in terms of the requirement of section 134(3)(a) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 as amended in the prescribed form is given as Annexure-III to this report.

PARTICULARS OF EMPLOYEES

A statement containing the Information of top ten employees in terms of remuneration drawn and particulars of every employee of the Company, who was in receipt of remuneration not less than the limits specified under Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subsequent amendments thereto, is annexed to this Board's Report and marked as Annexure IV.

DETAILS OF LOANS / GUARANTEES / INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There are no Loans and Guarantees given by Company which are covered under section 186(4) of the Companies Act, 2013. Investments made are given under Note 10 & Note 12 of the Notes on Financial Statements.

DETAILS OF RELATED PARTY TRANSACTIONS UNDER SECTION 188 OF THE COMPANIES ACT, 2013

All transactions entered with Related Parties during the financial year were on arm's length basis and were in the ordinary course of business. Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company at large. Accordingly, the disclosure of related party transactions as required under section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not required. However, the disclosure of transactions with related parties during the year, as per Accounting Standard-18 is given in Note 26 (13) of the Notes on Financial Statements.

INDIA FORGE & DROP STAMPINGS LTD.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

There were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

OTHER LAWS

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

27. APPRECIATION AND ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the banks, government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for committed services by the Company's executives, staff and workers.

By Order of the Board
For India Forge & Drop Stampings Limited

Place: CHENNAI
Date: September 04, 2017

Dipak Raj Sood
Vice-Chairman
(DIN: 01516073)

Samir Sood
Managing Director
(DIN: 02627166)

