



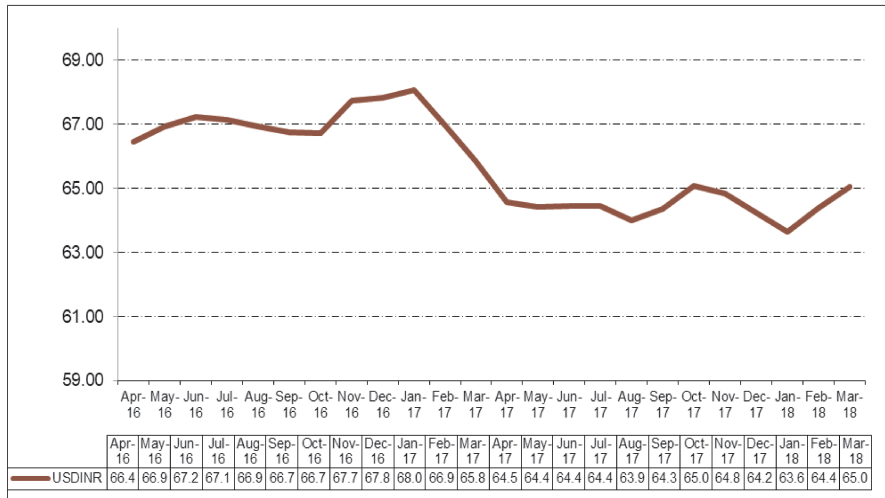
6. MANAGEMENT DISCUSSION AND ANALYSIS :

GLOBAL SCENE

1. Economic activity in 2017 ended on a high note—growth in the second half of the year was above 4 percent, the strongest since the second half of 2010, supported by a recovery in investment. Outcomes exceeded the October 2017 World Economic Outlook forecasts in the euro area, Japan, the United States, and China, and continued to improve gradually in commodity exporters. Financial conditions remain supportive, despite the recent volatility in equity markets and increases in bond yields following signs of firming inflation in advanced economies.
2. With broad-based momentum and expectations of a sizable fiscal expansion in the United States over this year and the next, global growth is now projected at 3.9 percent for 2018–19, a 0.2 percentage point upgrade for both years relative to the October 2017 forecast.
3. Advanced economies are projected to grow at 2.5 percent in 2018 — 0.2 percentage point higher than in 2017—and 2.2 percent in 2019. In the United States, growth is expected to rise from 2.3 percent in 2017 to 2.9 percent in 2018, before moderating slightly to 2.7 percent in 2019.
4. The recovery in the euro area is projected to pick up slightly from 2.3 percent in 2017 to 2.4 percent this year, before moderating to 2 percent in 2019.
5. Japan's growth is projected to moderate to 1.2 percent in 2018 (from a strong above-trend out-turn of 1.7 percent in 2017) before slowing further to 0.9 percent in 2019. The upward revision of 0.5 percentage point in 2018 and 0.1 percentage point in 2019 relative to the October WEO reflects more favorable external demand prospects, rising private investment, and the supplementary budget for 2018. Japan's medium-term prospects, however, remain weak, owing largely to a shrinking labor force.
6. In China, growth is projected to soften slightly from 6.9 percent in 2017 to 6.6 percent in 2018 and 6.4 percent in 2019. The forecast is higher (by 0.1 percentage point in both 2018 and 2019) relative to the October WEO, reflecting an improved external demand outlook. Over the medium term, the economy is projected to continue rebalancing away from investment toward private consumption and from industry to services, but nonfinancial debt is expected to continue rising as a share of GDP, and the accumulation of vulnerabilities clouds the medium-term outlook.
7. Growth in India is projected to increase from 6.7 percent in 2017 to 7.4 percent in 2018 and 7.8 percent in 2019 (unchanged from the October WEO), lifted by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and services tax. Over the medium term, growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivize private investment.
8. The Dow Jones Industrial Average (DJIA) has increased by approximately 19% because US stock markets are seen as a haven for investment in a sea of gloom.
9. Commodities – The Dow Jones Commodity Index (DJCI) has increased by 16% in the last one year due to considerable revival of business sentiments in commodities. This is indicative of growth in various economies in both developed and developing countries.
10. At 3.8 percent, global growth last year was 0.5% faster than in 2016 and the strongest since 2011. Two-thirds of countries accounting for about three-fourths of global output experienced faster growth in 2017 than in the previous year (the highest share of countries experiencing a year-over-year growth pickup since 2010). The preliminary outcome for global growth in 2017 was 0.2 percentage point stronger than forecast in the October 2017 World Economic Outlook, with upside surprises in the second half of 2017 in advanced as well as emerging market and developing economies.

INDIA

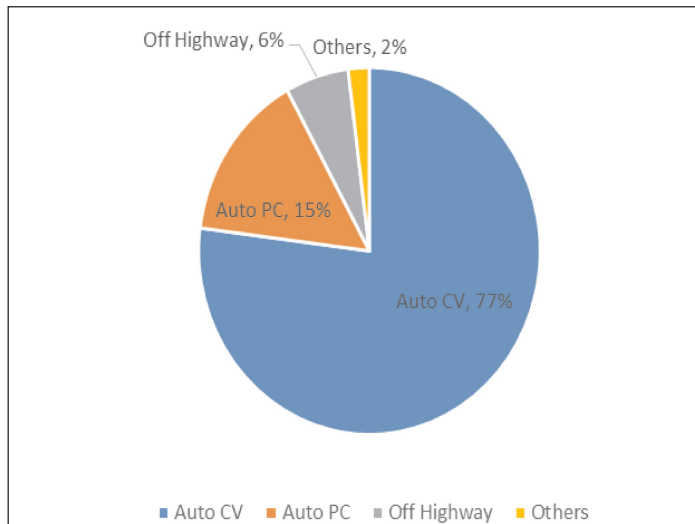
11. The Indian economy expanded 7.7 percent year-on-year in the first three months of 2018, higher than a downwardly revised 7 percent advance in the previous quarter and beating market forecasts of a 7.3 percent growth. It is the highest growth rate since the second quarter of 2016, boosted by a jump in investment.
12. During F18 the automotive industry posted growth rates of approximately 8% in the car segment and 12% in the CV segment.
13. Steel prices have increased by about 31% compared to the lows in the previous year.
14. The INR ended the year higher by approximately 0.75%, ending the year at a level of ₹ 65.05 per USD. Please refer graph below. Further weakening of the INR is anticipated. However, if FDI inflows are moderate, the pressure on the INR will be relieved.



MM FORGINGS – Achievements

15. The following were important developments witnessed during the year :
 - ❖ Domestic sales crossed record '200 crore mark!
 - ❖ Export sales crossed record '350 crore mark!
 - ❖ Total sales crossed record '600 crore mark!
 - ❖ Record production to near 50,000 Tons!
 - ❖ Adding to the volume of existing parts, were the new parts which were developed in the last 2 years.
 - ❖ The company has posted a huge growth of 47% in domestic sales by the development of new parts.
 - ❖ Export sales also grew by a big margin of 31%.
 - ❖ Changes in steel prices which are in line with international markets are generally being passed on to customers as is the industry practice.
 - ❖ We are focusing on capacity utilisation, to take advantage of the production capacities created in the last 3 years.
 - ❖ Key financial ratios :

Debtors Turnover	:	109 days
Inventory Turnover	:	4.59
Interest Coverage Ratio	:	9.84
Current Ratio	:	1.80
Debt Equity Ratio	:	0.57
Operating Profit Margin (%)	:	12.97%
Net Profit Margin (%)	:	10.82%
16. As highlighted in the Directors' Report, Return On Net Worth is 17.07% and Return On Capital Employed is 16.90%. The total outside liabilities to net worth stands at 1.23.
17. The details of segment-wise sales distribution are provided below:





Human Resources and Industrial Relations

18. Your company continues to focus on the development of its human resources to improve its performance. The company currently has approximately 1660 employees. It is their invaluable contribution that has primarily resulted in your company's position of strength in the industry.
19. Focus on a safe working atmosphere, constantly evolving systems for recognition and reward, consistent communication and imparting skills and training – all these focused on meeting customer needs, characterise the HR development of the Company.
20. Every year, each plant of the Company celebrates 'Founder's Day' in a family atmosphere with all employees and their household members.
21. Your Company provided necessary training on GST to the concerned and the IT department in coordination with the implementation partner ensures smooth transformation to the GST platform.

Health, Safety and Environment

22. The Company follows a policy of zero tolerance towards accidents. Wherever possible, visible controls and fail-safe systems are provided to ensure prevention of accidents. Regular communication, periodic reviews of practices and training play a vital role in maintaining safety standards.
23. The Company ensures compliance with all pollution control regulations. Adequate pollution control equipments have been installed to treat effluents and to control air pollution.

Risk Management

24. The Company is a leading manufacturer of automotive components. Automotive industry is subjected to cyclical variations in performance and is very sensitive to policy changes. The market is very competitive. Prices of raw materials change based on supply and demand. Margins remain under constant pressure. Any steep reduction in off-take exposes the Company to high fixed costs.
25. A considerable portion of the customers of the Company are situated outside of India. Hence, demand for the Company's product is subject to the health of the global economy.
26. The Company has spread its risks by increasing the geographic spread of its customer base. The Company proposes to improve capacity utilization in its existing facilities. Working capital management will receive high priority.

M M FORGINGS – forging ahead

27. Our goals in the coming months:
 - ❖ Focus on improving sales in keeping with market conditions.
 - ❖ Increase the production capacity to 1,00,000 Tons.
 - ❖ Focus on cost reduction continuously - particularly on reducing energy consumption and improving productivity.
 - ❖ Enhance IT systems with the continued development of the ERP system in place.
 - ❖ Continue the evolution into green sources of energy in the coming months.
 - ❖ Reduce the impact on the environment.

Sources :

1. IMF World Economic Output
2. The Economist

7. TRANSFER TO RESERVE

Transfer to General Reserve - ₹ 54 Crores

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has made advance to the tune of ₹ 46.28 Crores to its Subsidiary Company, DVS Industries Private Limited, repayable at prevailing rates.

The details of the investments made by the company are given in the notes to the financial statements.

9. DIRECTORS

Both Shri Vidyashankar Krishnan, Vice Chairman and Managing Director and Shri K Venkatramanan, Jt Managing Director are being re-appointed for a period of five years with effect from 1 September 2018. The profile of Directors form part of the notice.

10. DETAILS OF DIRECTORS OR KMP RESIGNED DURING THE YEAR – NIL

11. BOARD AND COMMITTEE MEETING DATES

Details are provided in Annexure III of this Report.

**12. DETAILS OF RECOMMENDATIONS OF AUDIT COMMITTEE WHICH WERE NOT ACCEPTED BY THE BOARD ALONG WITH REASONS – None****13. RISK MANAGEMENT**

Your Company has implemented a mechanism for risk management and has formulated a Risk Management Policy. The Policy provides for identification of risks and mitigation measures. The Audit Committee is informed on the risk assessment and minimizations mechanism adopted by the Company.

14. RELATED PARTY TRANSACTION

The Company has formulated a policy on related party transactions and the same is uploaded on the Company's website.

All Related Party transactions that were entered into by the Company during the financial year 2017-18, were in compliance of Section 188 of the 2013 Act and the Rules framed thereunder. There are no "Material" contracts or arrangement or transactions at arm's length basis.

All Related Party transactions were placed before the Audit Committee for their prior approval in accordance with the requirements of the SEBI LODR. The transactions entered into pursuant to such approval are placed periodically before the Audit Committee for its review.

There are no materially significant Related Party transactions made by the Company with Promoters, Directors, and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

For related party transactions, refer Annexure 3, under the head 'Disclosures'

15. CORPORATE SOCIAL RESPONSIBILITY

A Board Level Committee of CSR has been constituted and the Board has adopted a CSR Policy as recommended by the Committee. The thrust areas of CSR Policy are Eradicating Hunger and Poverty, Education, Combating Diseases and Social Business Projects.

Your Company has fulfilled its obligation towards CSR, by spending a sum of ₹ 131.36 Lakhs during the year. Annual report on CSR has been provided in Annexure III of this Report.

16. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of provision of section 178 of the Companies Act, 2013 read with Rules prescribed, a policy for the Directors, KMP and other employees has been adopted by the Board of Directors of the Company analyzing the criteria for determining qualifications, positive attributes and independence of a Director. The said Policy is given in Annexure 3 under Nomination & Remuneration Committee.

17. PARTICULARS OF EMPLOYEES

The information required under the rules prescribed, has been given in the annexure appended hereto and forms part of this Report.

18. PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES :**18.1 The ratio of remuneration of each Director to the median remuneration of the employees:**

Name	Ratio
Shri. N. Srinivasan	4.15 : 1
Shri V. Vaidyanathan	2.21 : 1
Shri A. Gopalakrishnan	1.66 : 1
Ms. Kavitha Vijay	1.66 : 1
Shri Vidyashankar Krishnan	243.52 : 1
Vice Chairman & Managing Director (Chief Executive Officer)	

Shri. K. Venkatramanan, Joint Managing Director 236.31 : 1

For this purpose, sitting fees paid to the Directors have not been considered as remuneration

18.2 Percentage increase in remuneration of each Director, KMP, in the financial year:

Name	% Increase
Shri. N. Srinivasan	-
Shri V. Vaidyanathan	-
Shri A. Gopalakrishnan	5.56 %
Ms. Kavitha Vijay	-
Shri Vidyashankar Krishnan	44.39 %
Vice Chairman & Managing Director (Chief Executive Officer)	
Shri. K. Venkatramanan, Joint Managing Director	45.32 %
Smt.J.Sumathi, Company Secretary	5.17 %
Shri.R.Venkatkrishnan, CFO	10.78 %



18.3 Percentage increase in median remuneration of employees is 21.10 in the financial year 2017-18

18.4 The number of permanent employees on the rolls of Company: 1589

18.5 Explanation of relationship between average increase in remuneration and company performance :
PAT – (last year) - ₹ 4342.22 Lakhs PAT – (this year) - ₹ 6850.75 Lakhs,
Increase - 57.77 against which, the average increase in remuneration is 24 %

18.6 Comparison of remuneration of each KMP against performance of company

Name	Designation	CTC in CTC	% Increase	PAT ₹ in Lakhs	% in PAT
Vidyashankar Krishnan	CEO	44045674	44.39%	6850.75	57.77%
J.Sumathi	Company Secretary	1051310	5.17 %		
R.Venkatakrisnan	CFO	1570122	10.78 %		

18.7 Variation in market cap/net worth of company:

Date	Issued Capital (Shares)	Closing market Price per share in ₹	EPS	PE Ratio	Market Capitalisation ₹ in Crores
31.03.2017	12070400	542	35.97	15.07	654.21
31.03.2018	12070400	1038	56.76	18.29	1252.90
Increase/ (Decrease)	NIL	496	20.79	3.22	598.69
% of Increase/ (Decrease)	NIL	91.51	57.80	21.37	47.78

18.8 Justification of increase in managerial remuneration with that of increase in remuneration of other employees.

Average Increase in Remuneration for employees other than Directors and KMP is 2.1%
Average Increase in Remuneration for KMP and Senior Management is 42.3%

18.9 Key parameters for any variable remuneration of Directors:

Directors are paid Commission. However, the overall managerial remuneration payable is subject to the provisions of the Companies Act, 2013

18.10 Ratio of remuneration of highest paid Director to other employees who gets remuneration more than highest paid Director. – NOT APPLICABLE

18.11 Is remuneration is as per remuneration policy of the Company: YES

19 SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATIONS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE: Not applicable

20 MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED SINCE 31.03.2018 TILL THE DATE OF THE REPORT: Not applicable

21 DIRECTORS RESPONSIBILITY STATEMENT:

The Directors have fulfilled their responsibility for the preparation of the accompanying financial statements by taking all reasonable steps to ensure that -

21.1 In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;

21.2 The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2018 and Profit or Loss of the Company for that period ended on that date.

21.3 The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

21.4 The Directors had prepared the annual accounts on a going concern basis.



21.5 The Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

21.6 The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22 ESTABLISHMENT OF VIGIL MECHANISM

The Company has in place a vigil mechanism pursuant to which a Whistle Blower Policy has been in vogue. The Whistle Blower Policy covering all employees and Directors is hosted on the Company's website.

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

23 ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company had laid down Internal Financial Controls and such internal financial controls are adequate with reference to the Financial Statements and were operating effectively.

It also ensures the orderly efficient conduct of its business, including adherence to Company's policies, the safe guarding of its assets, the prevention and detention of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information during the year, such controls were tested and bi-material weakness in the operations were observed.

24 CORPORATE GOVERNANCE REPORT

The guidelines evolved by SEBI were applicable to the company. The company is committed to ethical management and excellence in performance. Details are provided in Annexure 3.

25 ANNUAL RETURN

An extract of Annual Return as on 31 March 2018 pursuant to Section 92 (3) of the Companies Act, 2013 and forming part of the report is attached separately.

26 A STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS;

1. Nomination and Remuneration Committee of the Board had prepared and sent through its Chairman draft parameterized feed back forms for evaluation of the Board, Independent Directors and Chairman.
2. Independent Directors at a meeting without anyone from the non-independent Directors and management, considered/evaluated the Board's performance, performance of the Chairman and other non-independent Directors. Their meeting was held on 14 November 2017.
3. The Board subsequently evaluated performance of the Board, the Committees and Independent Directors (without participation of the relevant Director)

4. i) Observations of board evaluation carried out for the year:

The main inputs received from the Directors, covering various aspects of the Board' functioning was with regard to adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non Independent Directors and Top Managerial Personnel were carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process

- ii) Previous year's observations and actions taken- NIL

- iii) Proposed actions based on current year observations . NIL

27 FAMILIARISATION OF PROGRAMME ARRANGED FOR INDEPENDENT DIRECTORS

M M Forgings Limited has put in place a system to familiarise the independent Directors about the company, its products, business and the on-going events relating to the company.



- Independent Directors of the Company are made aware of their role, responsibilities and liabilities at the time of their appointment / re-appointment , through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.
- They are also made aware of Company's Board and Board Committee framework, policies and procedures.
- As part of Board discussions, presentations on business of the Company are made to the Directors from time to time.
- Important announcements and press releases for various news related to the company are forwarded to the Directors from the time to time.
- Each member of the Board, including the independent Directors, have been given complete access to any information relating to the Company.
- You may also view the company website www.mmforgings.com in this regard.

28 AUDITORS:

G R N K & Co., Chartered Accountant (FRN 016847S) have been appointed as the Statutory Auditors of the Company in the 71st Annual General Meeting held on 26 September 2017. They will hold office for a period of five years

29. SECRETARIAL AUDIT REPORT

Pursuant to the requirements of the Companies Act, 2013, the Company has appointed V.Shankar, Practicing Company Secretary (C.P. No. 12974) as the Secretarial Auditor for the financial year 2017-18 whose report of 28 May 2018 is attached separately to this report.

30. COST AUDITOR

Pursuant to the provisions contained in Rule 14 of the Companies (Audit and Auditors) Rules, 2014, Shri. S. Hariharan (CP No. 20864) has been appointed as Cost Auditor for the financial year 2018-19.

31 SUBSIDIARY COMPANY - DVS Industries Private Limited

Your company has acquired majority stake in DVS Industries Private Limited for cash consideration, who is a leading manufacturer of crank shafts, automobile crank shafts and diesel engines. This acquisition was decided in the Board Meeting held on 05 February 2018.

With this acquisition, your company will enhance synergies between it's wide ranging capability in forgings and machining and DVS Industries long standing expertise will be an addition in machining of crankshafts.

Incorporated in 1992, DVS Industries (with the paid-up share capital currently being ₹ 1,59,29,900/ and turn-over of ₹ 13.17 Crores in FY 2017) is a north Indian based player with its manufacturing unit located in Pant Nagar, Uttarakhand. DVS Industries is well equipped with modern manufacturing facilities, such as sophisticated in-house tool room.

32 EXPLANATION TO AUDITOR'S REMARK

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in practice in their reports respectively. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

33 SAFETY

Employees have been encouraged to adhere to safety in all their activities in and out of the Company premises. Safety training at all levels have been provided by the Company.

34 DEPOSITS:

The Company does not have any deposits. Fresh deposits are not being accepted by the Company.

35 ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:

Disclosures as per requirements of Section 134 (3) of the Companies Act, 2013, read with the Companies (Accounts)) Rules, 2014 with respect to Energy Conservation, Technology Absorption, Research & Development and Foreign Exchange Earnings / Outgo are given in Annexure

36 DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

All the Independent Directors have given the necessary declarations to the Company as required under sub section (6) of Section 149 of the Companies Act, 2013.



37 PROHIBITION AND REDRESSAL OF SEXUAL HARRASSMENT OF WOMEN AT WORK PLACE

During the year under review, pursuant to the new legislation, 'Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act, 2013' introduced by the Government of India, which came into effect from 09 December 2013, the Company has framed a Policy on Prevention of Sexual Harassment at Workplace. There were no cases reported during the year under review under the said Policy.

38 ACKNOWLEDGEMENT:

Your Directors would like to express their gratitude for the cooperation and continued assistance received from **Citibank N.A., DBS bank, HDFC Bank Ltd and State Bank of India.**

Your Directors wish to record their appreciation for the exemplary services rendered by the employees of the company. The results achieved would not have been possible but for their outstanding effort.

Above all the Directors thank the shareholders for their continued confidence in the management.

Place : Chennai
Date : 28 May 2018

For and On behalf of the Board
N. SRINIVASAN
Chairman