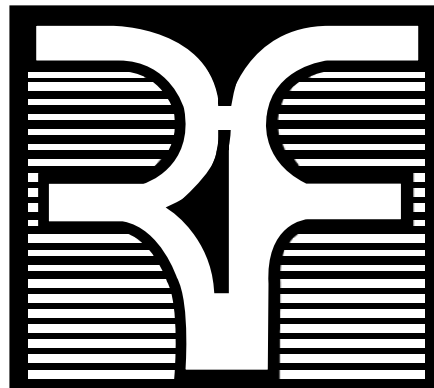


# **21ST ANNUAL REPORT**



***RAJKUMAR FORGE LIMITED***

**BOARD OF DIRECTORS** : S.PADMANABHAN Chairman  
 PRABHAKAR B.KORE  
 PRADEEP BHARGAVA  
 SWASTIK SIRSIKAR  
 SHANTANU R.KOTHAVALA  
 RAJKUMAR S.KOTHAVALA Managing Director

**COMPANY SECRETARY** : VIJAY.V. KULKARNI

**AUDITOR** : M/S BAPAT & COMPANY  
 CHARTERED ACCOUNTANTS  
 PUNE

**BANKERS** : BANK OF BARODA

**REGISTRAR AND TRANSFER AGENTS** : LINK INTIME INDIA PRIVATE LIMITED  
 BLOCK NO 202,2'ND FLOOR  
 AKSHAY COMPLEX ,NEAR  
 GANESH TEMPLE,DHOLE PATIL  
 ROAD,PUNE – 411 001  
 PHONE NO : (020)26050084,26051629  
 TELE FAX : 020 –26053503  
 WEBSITE : www.linkintime.co.in

**REGISTERED OFFICE** : 18,SHIVAJI CO-OP HOUSING SOCIETY  
 OFF SENAPATI BAPAT ROAD,  
 PUNE 411 016  
 PHONE (020) 25639050,  
 25639051,25639052  
 FAX : ( 020 ) 25639049  
 • WEBSITE : [www.rkforging .com](http://www.rkforging.com)

**FACTORY** : GAT NO 357,KHARABWADI  
 CHAKAN- TALEGAON ROAD  
 CHAKAN- 410501, TALUKA- KHED  
 DISTRICT-PUNE

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**NOTICE**

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Rajkumar Forge Limited will be held on Friday the 30<sup>th</sup> day of September, 2011 at 11 A.M at Poona Club Limited, 6 Bund Garden Road, Pune 411001 to transact the following business :

**ORDINARY BUSINESS**

1. To receive ,consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended as on that date together with Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Pradeep Bhargava who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.Swastik Sirsikar.who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass with or without modification following resolution as an **ORDINARY RESOLUTION** :-

**RESOLVED THAT** pursuant to provisions of Section 224, 224A and other applicable provisions, if any of The Companies Act, 1956 M/s Bapat and Company,Chartered Accounts, having Firm Registration No 100997W issued by the Institute of Chartered Accounts of India, be and are here by re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of next Annual General Meeting of the Company and Board of Directors be and is hereby authorized to fix their remuneration for the period. "

**By Order of Board of Directors  
FOR RAJKUMAR FORGE LIMITED**

Place : Pune  
Date : 28<sup>th</sup> May ,2011

**RAJKUMAR.S.KOTHAVALE  
MANAGING DIRECTOR**

**NOTES :**

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.**
- 2) A brief profile of Directors retiring by rotation and being eligible for re-appointment is given in the Report on Corporate Governance, which forms part of Directors' Report and shareholders are requested to refer to the same. The Board of Directors of the Company commend their respective re-appointments.
- 3) Members who hold shares in dematerialized form are requested to bring their CLIENT ID and DP ID numbers for easy identification of attendance at the meeting.
- 4) Members holding shares in dematerialized form are requested to intimate any change in their address, bank details etc. to their respective Depository Participants. Those members who are holding shares in physical form are requested to inform Link Intime India Private Limited, Registrar and Transfer Agent of the Company having its' office at "Block No, 202 Second Floor, Akshay Compalex, Dhole Patil Road, Pune-411001 immediately of any change in their address.

- 5) The Register of Members and Share Transfer Books of the Company will remain close from Saturday 24<sup>th</sup> day of September, 2011 to Friday 30<sup>th</sup> September, 2011 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.
- 6) Members may avail of the facility of dematerialization by opening Demat Accounts with Depository Participants of either National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) and get the equity share certificates dematerialized. The ISIN No of the Company is INE-013J01016.
- 7) In case of dematerialized equity shares ,the dividend payment shall be made through ECS, wherever relevant bank account details are made available by NSDL and CDSL.
- 8) In order to get their dividend through National Electronic Clearing Services (NECS) / Electronic Clearing Services ( ECS), Members who are holding shares in physical form are requested to inform their bank account details such as the name of the bank, branch, its address, account no and type of account i.e Saving/ Current etc. to Link Intime India Private Limited, Registrar and Transfer Agents of the Company. Shareholders holding shares in dematerialized form are requested to inform their bank account particulars to their respective Depository Participants.
- 9) Those members who have not encashed /received the dividend warrants for the previous years may approach the Secretarial Department at the Registered Office of the Company for claiming un-paid /un-claimed dividend.
- 10) Dividend which remain unclaimed/un-encashed for a period of 7 (Seven) years will be transferred to the Investor Protection Fund (IEPF) constituted by the Central Government, under Section 205A and 205C of The Companies Act,1956, Further, under the amended provisions, of Section 205 B of The Companies Act, 1956 no claim by the shareholder shall lie for unclaimed/un-encashed dividend transferred to IEPF.
- 11) Members desirous of getting any information in respect of accounts of the Company and for proposed resolutions are requested to send their queries in writing to Company at its' Registered Office at least 7 (Seven) days before the date of the meeting, so that the required information to the extent possible can be made available at the meeting.
- 11) Members are requested to bring their copies of Annual Report to the Meeting. In case of joint holders attending the meeting ,only such joint holders who is higher in order of names will be entitled to vote. Members /proxies attending the meeting should bring the Attendance Slip, duly filled in for handing over at the venue of the meeting.
- 12) Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form is available on the website of the Company www.rkforging.com.
- 13) Members are requested to register their e-mail address with Registrar and Transfer Agents of the Company in case of shares held in physical form and with concerned Depository Participants in case of shares held in dematerialized form for sending notices, Annual Report etc. on e-mail.

**By Order of Board of Directors**

Place : Pune  
Date : 28<sup>th</sup> May,2011

**R.S.KOTHAVALE  
MANAGING DIRECTOR**

**MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITIONS**

The Indian Manufacturing Industry is backbone of Indian economy. The first half of the year 2010-2011 has witnessed moderate economic growth. In the year 2010-2011 GDP growth was at 8.7% as compared to 2009-2010 which was 7%. Forging Industry caters to the needs of automobile and heavy engineering industry. Our unit is related to Heavy Engineering and Machine Building Industry which is a core sector.

**OPERATIONS & FINANCIAL PERFORMMANCE :**

Sales and profit performance for the year ended 31<sup>st</sup> March,2011 is satisfactory. Following is the summary of performance.

Year	2010-2011 (Rs.in Lacs )	2009-2010 (Rs.in Lacs )
Sales	3163.94	3264.49
Cost of operation	2856.11	2779.09
Interest & Depreciation	232.18	209.13
Profit before Tax	312.41	507.11
Provision for Taxation	112.44	173.20
Net Profit after Tax	199.97	333.90

Export performance of the Company for the last three years is tabled below :

Year	Export Value ( Rs.)	Total Sales Value ( Rs.)	% Export	%Export Growth/ (decline)
2008-2009	398,502,836	450,228,502	88.51	3.97
2009-2010	269,758,839	326,449,062	82.63	( 5.88 )
2010-2011	276,788,714	3163,93,558	87.48	4.85

**GENERAL :**

The Registered Office of the Company is situated at 18, Shivaji Co-operative Housing Society, Off. Senapati Bapat Road, Pune-16.

The Company continues be governed by ISO 14001:2004 for Environmental Management System and OHSAS 18001:2007 for Occupational Health and Safety Management System and also under ISO 9001-2008.

**INTERNAL CONTROL SYSTEM & THEIR ADEQUACY :**

Company has adequate Internal Control System to safeguard all assets of the Company and detects, frauds or irregularities, if any. The internal control system are designed to ensure reliability of financial records and other records for preparing financial statements.

**CONCERN & THREATS :**

The world economy is moving on the path of recovery. The Companies export account for about 87.48% of the total business. International buyers have started placing orders. It is expected that there will be increase in turnover of the company in the next financial year if present conditions prevail.

Impact of the volatile foreign exchange rates is enormous. The Company has taken forward exchange cover from Bank of Baroda, Pune Camp Branch to reduce the adverse impact of foreign exchange rate difference.

**OUTLOOK :**

During the year under review, the Company was able to maintain sales in spite of the adverse and competitive conditions. Market out-look for next two years looks promising. However, exchange rate fluctuation may adversely affect the performance of the Company.

**CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may be

"forward looking statements" within the meaning of applicable laws and regulations. actual results might differ materially from those either expressed or implied.

**HUMAN RESOURCES :**

The Company has a strength of 70 employees as on 31<sup>st</sup> March,2011. The Company enjoys cordial relations with its employees at all levels. The key focus of the Company is to attract and develop talented employees in their functional areas.

**APPRECIATION**

Your Directors wish to place on record their grateful thanks to Bank of Baroda,Senapati Bapat Road Branch, Pune – 411016 for their support and confidence reposed in the Company by the shareholders.

**TO THE BOARD OF DIRECTORS OF RAJKUMAR FORGE LIMITED**

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY**

I, the undersigned , in my capacity as Managing Director of Rajkumar Forge Limited, ("the Company"), to the best of my knowledge and belief certify that :

- (a) I have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2011 and to the best of my knowledge and belief :
  - (i) these statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) 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.
- (b) There are, to the best of my knowledge and belief no transactions entered in to by the Company during the year ended 31<sup>st</sup> March, 2011, which are fraudulent , illegal or violative of the Company's code of conduct.
- (c) I accept the responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps have been taken or proposed to take to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee :
  - (I) Significant changes in internal control over financial reporting during the year .
  - (II) Significant change in accounting policies during the year and that the same have been disclosed in the notes to financial statement.
  - (III) Instances of significant fraud of which I am aware and the involvement there in ,if any , of the management or an employee having a significant role in the companies internal control system over financial reporting.

**RAJKUMAR.S. KOTHAVALA**  
Managing Director

Place : Pune

Date : 28<sup>th</sup> May , 2011

**REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE**

Rajkumar Forge Limited's philosophy on Corporate Governance aims at establishing the mechanism by which the most effective and efficient values, principles, management policies and procedures of the Company are inculcated with highest level of transparency and accountability throughout the organization. It is not only a sine qua non for facing intense competition for sustainable growth in the emerging global business scenario but is also an embodiment of the parameters of fairness, accountability and transparency to maximize value for the stakeholders. The Company believes in maintaining highest standard of quality and ethical conduct, in all the activities of the Company.

This chapter of the Corporate Governance Report plus the information given under the Management Discussion And Analysis and Shareholder Information constitutes the report on Corporate Governance for the Year 2010-2011.

**2. Board Level Issues**

**• Composition of Board**

The Board of Directors consists of six Directors as on 31<sup>st</sup> March, 2011, comprising of Chairman who is a non-executive Director , Managing Director who is a executive director. The other four (4) Directors are non-executive, and out of which two( 2) are independent. Details are given in Table 1.

**• Number of Board Meetings**

During the year Board Meetings were held on :-

Sr.No	Date of Board Meeting
1	8 <sup>th</sup> May,2010
2	31 <sup>st</sup> July2010
3	25 <sup>th</sup> October, 2010
4	7 <sup>th</sup> February,2011

**Directors Attendance Record**

Table 1 gives the composition of the Board , the category of Directors and their attendance record.

**Table 1**

Name of Director	Category	No. of Board Meetings held	No of Board Meeting attended
R.S.Kothavale Managing Dirctor	Promoter Executive	4	4
S.Padmanabhan Chairman	Non-Executive Independent	4	4
P.B.Kore	Promoter and Non-Executive	4	3
S.R.Kothavale	Non-Executive	4	1
Pradeep Bhargava	Non-Executive Independent	4	4
Swastik Sirsikar	Non-Executive, Independent	4	4

**Table 1A shows attendance of Directors at last Annual General Meeting.**

Name of Director	No of General Meetings held	No of General Meeting attended
R.S.Kothavale Managing Director	1	1
S.Padmanabhan Chairman	1	1
Pradeep Bhargava	1	1
P.B.Kore	1	1
S.R.Kothavale	1	1
Swastik Sirsikar	1	1

**OUTSIDE DIRECTORSHIP**

Name of Director	Directorship in Public Limited Companies	Directorship in Private Limited Companies
R.S.Kothavale Managing Director	00	02
S.Padmanabhan Chairman	12	03
Pradeep Bhargava	03	01
P.B.Kore	02	00
S.R.Kothavale	00	00
Swastik Sirsikar	00	01

None of the Directors is a member of more than 10 Board level committees of Public Companies in which they are Directors, nor is Chairman of more than five such Committees.

As mandated by Clause 49, the independent Directors on Rajkumar Forge Limited :

1. Apart from receiving Director's remuneration ,do not have any material pecuniary relationships or transactions with the company, its promoters, its' directors, Its senior management which may affect independence of Director.
2. Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
3. Have not been executive of the Company in the immediately preceding three financial years.
4. Are not partners or executives or were not partners or executives during the preceding three financial years of :
  - a ) Statutory audit firm or the internal audit firm that is associated with the Company.
  - b) Legal firm and consulting firm that have a material association with the Company
5. Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the directors.
6. Are not substantial shareholders of the Company i.e do not own two percent or more of block of voting power.

**• INFORMATION PLACED BEFORE THE BOARD**

The Board of Rajkumar Forge Limited is presented with all the relevant information on various vital matters affecting the working of the Company in addition to the matters set out in Annexure IA of Clause 49 of the Listing Agreement. Also extensive information is provided on various critical matters such as production, sales, export, financial performance ,foreign exchange exposure, staff matters, legal proceedings, share transfer compliance, quarterly financial results, significant labour and human relation matters, and other such matters with detailed notes along with agenda papers.

**3. AUDIT COMMITTEE**

The role and terms of reference of the Audit Committee covers the matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges, Section 292A of the Companies Act, 1956 other terms as may be referred by the Board of Directors and interalia includes the following :

1. Reviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Reviewing with the management the annual and quarterly financial statements before submission to the Board
3. Discussing with Internal Auditors any significant findings and follow up on such issues;
4. Reviewing with the management ,external and internal auditors , the adequacy of internal control system
5. Reviewing details of related party transactions
6. Reviewing the Company's financial and risk management policies.
7. Reviewing any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standards etc.
8. Discussing with the statutory auditors before the Audit Commences on the nature and scope of Audit, as well as having post audit discussion to ascertain area of concern.

The Audit Committee comprises of two (2) non-executive and independent directors, Mr.Pradeep Bhargava and Mr. Swastik Sirsikar and one (1) executive director Mr. Rajkumar S.Kothavale . Mr. Pradeep

Bhargava is Chairman of the Committee. All members are financially literate and have related financial management expertise. Accounts officers and financial executives, the Statutory Auditors and the Internal Auditors also attend the Audit Committee Meetings. The Company Secretary acts as a Secretary of the Committee.

During the year under review Audit Committee Meetings were held on

Sr.No	Date of Board Meeting
1	8 <sup>th</sup> May,2010
2	31 <sup>st</sup> July,2010
3	25 <sup>th</sup> October,2010
4	7 <sup>th</sup> February,2011

The Number of Audit Committee Meetings and attendance of the members of Audit Committee meeting is given below :

Name of Director	Category	No of Audit Meetings held	No of Meetings Attended
R.S.Kothavale	Promoter Executive	4	4
Pradeep Bhargava	Non-Executive Independent	4	4
Swastik Sirsikar	Non-Executive Independent	4	4

**4. REMUNERATION COMMITTEE**

The present Remuneration Committee comprises of non-executive Independent Directors. Mr.Pradeep Bhargava, Mr.Swastik Sirsikar are members of Remuneration Committee, with Mr. Pradeep Bhargava the Chairman of the Committee.

The terms of reference of the remuneration committee are as follows :

- To decide on the remuneration policy of the managerial personnel
- To approve the appointment/re-appointment of the managerial personnel for such tenure as they may decide.
- To approve the remuneration package to the managerial personnel within the limits provided in Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the said Act.

Such other powers/functions as may be delegated by the Board from time to time.

**REMUNERATION TO DIRECTORS**

**REMUNERATION DURING THE YEAR 2010-2011**

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Sitting fees (Rs.)	Commission	Total (Rs.)
R.S.Kothavale Managing Director	15,06,000	2,35,775	N.A	NIL	17,41,775
P.B.Kore	N.A	N.A	30,000	60,000	90,000
S.R.Kothavale	N.A	N.A	10,000	60,000	70,000
Pradeep Bhargava	N.A	N.A	80,000	60,000	1,40,000
Swastik Sirsikar	N.A	N.A	80,000	60,000	1,40,000
S Padmanabhan	N.A	N.A	40,000	60,000	1,00,000
Total	15,06,000	2,35,775	2,40,000	3,00,000	22,81,775

Notes : Salary = Basic salary,LTA and Bonus only.

Perquisite include , Gratuity, Superannuation, Leave Encashment and Health Insurance.

There is no Stock Option Scheme for any Director.

**5. INVESTOR/SHAREHOLDERS GRIVANCE COMMITTEE**

The Shareholder's/Investor Grievance Committee of the Board has been constituted to look into complaints like transfer of shares , non-receipt of Balance Sheet, Non-receipt of Annual Report etc.

The Committee comprises of Mr.Swastik Sirsikar and Mr.R.S.Kothavale, executive Director. Mr.Swastik Sirsikar as Chairman of the Committee. The status of Complaints is reported to the Board of Directors at every Board Meeting. Mr.Vijay.V. Kulkarni,Comapany Secretary ,Member of the Institute of Company Secretaries of India , is Compliance Officer. The Compliance Officer can be contacted at :

**Rajkumar Forge Limited**

18, Shivaji Co-oprative Housing Society  
Off Senapati Bapat Road  
Pune-411016

Tel : -020 - 25639050,25639051,25639052 Fax :020- 25639049  
EMAIL: secretarial@rkforge.in, invest@rkforge.in

The total number of complaints received and replied to the satisfaction of shareholders and SEBI during the year ended 31<sup>st</sup> March 2011 were 10. There were no complaints pending as on 31<sup>st</sup> March, 2011.

**6. GENERAL BODY MEETINGS :**

Date	Location	Time
25 <sup>th</sup> July,2008	Poona Club,6 Bund Garden Road Pune-1	10.30 A.M
25 <sup>th</sup> July,2009	Poona Club,6 Bund Garden Road Pune-1	10.30 A.M
31 <sup>st</sup> July,2010	Poona Club,6 Bund Garden Road Pune-1	10.00 A.M

One Special Resolutions was passed at Twentieth Annual General Meeting of the Company relating to payment of commission up to 1% of the net profits of the Company for a period of five years for each financial year commencing from 1<sup>st</sup> April,2010 . No Special Resolutions were passed in the above meetings by postal ballot.

No extraordinary general meeting was held during the year under review.

**7. PARTICULARS OF REAPPOINTMENT OF DIRECTORS :**

1. **Mr. Pradeep Bhargava** is B.SC. ( Honors) from Rajasthan University – Jaipur, BE (Electronics) from Indian Institute of Science – Bangalore & PGDBA from Indian Institute of Management Ahemedabad. He has rich experience of working in Public and Private Sector . He has worked for Indian Space Research Organization, Automatic Energy Commission, Bharat Heavy Electrical Limited and has also worked as consultant to World Bank , Washington. He is visiting faculty in Institutions like TMTC,IIFT,NIBM,YASHADA and Symbiosis Institute. He was Chairman CII,Pune during the year 2004-2005. He has also held significant positions in Kalyani Group helping them to diversify Bharat Forge Limited. He conceived, steered and help implement "Pune Model" by virtue of which city of Pune was able to mitigate Load Shedding for last three years. He was the CEO of the lighting business of General Electric, Bangalore. He is Managing Director of Cummins Generator Technologies India Ltd. from the year 2003.

He is not holding any equity shares of the Company. He is not related to the Promoters of Rajkumar Forge Limited or the existing Directors of the Company.

2. **Mr. Swastik Sirsikar** :- Mr. Swastik Sirsikar has done Diploma in Civil Engineering and Master in Business Administration and Diploma in Financial Management. He has rich experience of 31 years in construction business. He is Director in Swanak Engineering Private Limited. He was Director of Poona Club Limited. He is member of various international NGOS holding responsible and key portfolios in the administrative capacities.

He is holding 5100 equity shares of the Company and his

shareholding is 0.047% of the paid up equity capital of the Company.

He is not related to any of the Promoters of Rajkumar Forge Limited or the existing Directors of the Company.

**8. DISCLOSURES**

1. During the year under review, there has been no materially significant related party transactions made by the Company with its Promoters, Directors or management that may have potential conflict with the interests of the Company at large.
2. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non compliance of any matter related to the capital markets.
3. Equity shares of the company continues to be listed on the Bombay Stock Exchange Limited which is having nationwide trading terminals.
4. The National Securities Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL) continues to admit the equity shares of the Company for dematerialization.

The company has not framed any specific whistle blower policy. However, the Company affirms that there were no instances of denying access to any personnel to the audit committee.

Your Company conforms to norms of Corporate Governance as envisaged in the Companies Act, 1956 and in the Listing Agreement of the Stock Exchanges. A report on Corporate Governance, along with the certificate of compliance from the Auditors forms part of this report. However, the company has not adopted the non-mandatory requirements as mentioned in Annexure ID of Clause 49 of the Listing Agreement.

**9. MEANS OF COMMUNICATION**

The quarterly results were published in national daily news papers- The Free Press Journal ( English edition) and Navshakti ( Marathi edition) on following dates as given below :

1. Audited Financial Results for the period ended on 31.03.2010 on 10.05.2010.
2. Unaudited Financial Results – First Quarter ended on 30.06.2010 on 2.07.2010.
3. Unaudited Financial Results –Second Quarter ended on 30.09.2010 on 26.10.2010.
4. Unaudited Financial Results –Third Quarter ended on 31.12.2010 on 02.02.2011.

The Company issues notices to the shareholders regarding convening of General Meeting and Communication with Stock Exchanges, SEBI and the Registrar of Companies, Pune by Registered Post and Fax. The Companies website address is [www.rkforging.com](http://www.rkforging.com) where all the necessary information relating to the Company and its performance is maintained by the Company.

**10. GENERAL SHAREHOLDER INFORMATION :**

- Annual General Meeting :
- I) Date and Time : 30<sup>th</sup> September,2011 at 11.A.M.  
Venue : Poona Club,6 Bund Garden Road, Pune- 411 001
- II) Financial Year : 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March,2011
- III) Date of Book Closure : 24<sup>th</sup> September,2011 to 30<sup>th</sup> September, 2011 (both days inclusive)

IV) Dividend Payment date : The Board of Directors has recommended a dividend of 10% on equity shares. i.e Rs.1/- per share. The dividend if declared by the Annual General Meeting will be paid with in 30 days of declaration.

V) Listing on Stock Exchanges : The Company's shares are listed on The Bombay Stock Exchange Limited.

&

Stock Code : 513369

VII) Market Price Data : High / Low of market price of the Company's shares traded on The Bombay Stock Exchange Limited, Mumbai during the period from April,2010 to March,2011 is furnished below :

Month	High (Rs.)	Low (Rs.)	Volumes	Month	High (Rs.)	Low (Rs.)	Volumes
April, 2010	18.23	13.60	34,800	October, 2010	17.50	15.55	77,400
May, 2010	18.55	13.35	13,600	November, 2010	19.50	15.25	12,400
June, 2010	17.85	14.51	18,900	December, 2010	19.35	14.50	7500
July, 2010	23.40	16.35	44,200	January, 2011	18.80	14.90	13,100
August, 2010	19.85	16.20	35,400	February, 2011	18.30	13.95	19,600
September 2010	21.75	15.55	46,000	March, 2011	19.00	14.33	2,600

Source : Official website of The Bombay Stock Exchange ([www.bseindia.com](http://www.bseindia.com))

**VIII) Registrar and Transfer Agents :**

Your Company has appointed M/s Link Intime India Private Limited ( Formerly known as Intime Spectrum Registry Limited) as its Registrar and Transfer Agents. It is SEBI registered Registrar and Transfer Agents. The entire work relating to processing of transfer of shares and investor relation has been assigned to M/s Link Intime India Private Limited :

**Head Office** : C-13,Pannalal Silk Mills Compound  
L.B.S. Marg Bhandup,Mumbai 400078  
Telephone No : ( 022 ) 25963838  
Fax No : ( 022) 25946979

**Pune Office** : Block No. 202, Second Floor,  
Akshay Complex,  
Dhole Patil Road ,Pune –411001  
Telephone No ( 020) 26053503  
E-mail ID : [pune@intimespectrum.com](mailto:pune@intimespectrum.com)

**Share Transfer System :**

The Company in its Board Meeting held on 25<sup>th</sup> November, 2010 has reconstituted this committee by delegating the power of share transfer severally to Mr.Rajkumar S.Kothavale, Managing Director and Mr.Swastik Sirsikar, Director under Clause 49(IV) (G) (iv) of the Listing Agreement with a view to facilitate quicker transfer of equity shares. The Committee meets on a weekly basis to consider and approve the transfer, transmission, consolidation, sub division and issue of duplicate certificates. The Company's R & T Agent M/s Link Intime India Private Limited issues share certificate of transfer to the shareholders within 30 days of receipt of certificate for transfer.

**IX) Distribution of shareholding :**

**Distribution of shareholding as on 31<sup>st</sup> March, 2011**

Shareholding of Nominal Value Rs.	Shareholders Number	Shareholders % to Total	Share Amount in Rupees	Share Amount % to Total
Up to 5000	12081	94.9316	16305000	14.9049
5,001 to 10,000	345	2.7110	2967000	2.7122
10001 to 20,000	119	0.9351	1826000	1.6692
20001 to 30000	43	0.3379	1099000	1.0046
30001 to 40000	28	0.2200	1054000	0.9635
40001 to 50000	34	0.2672	1634000	1.4937
50001 to 1,00,000	29	0.2279	2402000	2.1957
1,00,001 and above	47	0.3693	82107000	75.0562
<b>Total</b>	<b>12726</b>	<b>100.0000</b>	<b>109,394,000</b>	<b>100.0000</b>

Shareholding Pattern ( as on 31<sup>st</sup> March, 2011)

Serial No	Category	No of shares	% of shareholding
A	Promoters holding		
1	Promoters		
	Indian Promoters	5896900	53.9052
	Foreign Promoters	Nil	Nil
	Sub Total	5896900	53.9052
B	Non-Promoter's Shareholding		
2.	Institutional Investors		
A	Mutual Funds and UTI	Nil	Nil
B	Banks, Financial Institutions, Insurance Companies	100	0.0009
C	FIIS	Nil	Nil
	Sub Total	100	0.0009
3	Others		
A	Private Corporate Bodies	128700	1.1765
B	Indian Public	3793900	34.6810
C	NRIS / OCBS	1101500	10.0691
D	Any Others	18300	0.1673
	Sub Total	5042400	46.0939
	Grand Total	10939400	100.0000

**X) Dematerialization of Shares :**

The equity share of the Company have been admitted for dematerialization on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) effective from 10<sup>th</sup> March, 2008 and 23<sup>rd</sup> January, 2008 respectively and ISIN NO. - INE 013J01016 has been allotted to the Company.

As on 31<sup>st</sup> March, 2011, 1560900 equity shares Viz 14.27 % of the paid-up equity share capital has been dematerialized.

**XI) Outstanding GDRs/ADRS/Warrants or Any Convertible Instruments, conversion date and likely impact on equity :**

Not issued.

**XII) Plant Location :** Gat No 357, Kharabwadi, Chakan Talegaon Road, Talegaon Road, Chakan 410501, Taluka Khed, District Pune.

**XIII) Address for correspondence :** Shareholder's Correspondence can be addressed to :

**1. Link Intime India Share Registry Private Limited :**

**Head Office :** C-13,Pannalal Silk Mills Compound  
L.B.S. Marg Bhandup,Mumbai 400078  
Telephone No : ( 022 ) 25963838  
Fax No : ( 022) 25946979

**Pune Office :** Second Floor ,Akshay Complex,  
Dhole Patil Road ,Pune -411001  
Telephone No(020)26050084,26051629  
Fax : 020-26053503  
E-mail ID : pune@linkintime.co.in

**2. The Company Secretary Rajkumar Forge Limited**

18,Shivaji Housing Society  
Off Senapati Bapat Road,  
Pune - 411016  
Tel : 25639050,25639051,25639052  
Fax : 25639049  
Email : secretarial@rkforge.in , invest@rkforge.in

**Code of Conduct**

The Board of Rajkumar Forge Limited 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.rkforging.com. As required by Clause 49 (D) (ii) all the Board Members and Senior Management have affirmed compliance of code of conduct of the Company . The Managing Director has also confirmed and certified the same to the Board of Directors.

**Place : Pune  
Date : 28<sup>th</sup> May,2011**

**RAJKUMAR.S.KOTHAVALE  
Managing Director**

To,  
The Members of  
**RAJKUMAR FORGE LIMITED.**

**Auditors' Certificate on Corporate Governance**

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on 31<sup>st</sup> March, 2011.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for examination and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

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

**For BAPAT AND COMPANY  
Chartered Accountants  
Firm Registration No. 100997W**

**Place : Pune  
Date : 28<sup>th</sup> May, 2011.**

**A. N. Bapat  
Partner  
Membership No. 7524**



**DIRECTORS' REPORT**

To,  
The Members,  
Your Directors have pleasure in presenting their Twenty First Annual Report with Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2011.

**FINANCIAL HIGHLIGHTS** (Rs. Lacs)

	31.03.2011	31.03.2010
Profit / ( Loss) for the year before interest,	544.59	716.23
Financial Charges & Depreciation		
Less :		
Interest, Financial Charges for the year	118.00	67.60
Depreciation	114.17	141.52
Profit/ (Loss) for the year	312.41	507.11
Add/ (Less) Provision for Income Tax	114.20	193.75
Add / (Less) Deferred Tax	1.748	(20 .54)
Net Profit/( Loss) for the period	199.96	333.90

**DIVIDEND :**

Your Directors recommend a dividend at the rate of 10 % viz Rs. 1/- per share for the financial year ended 31<sup>st</sup> March, 2011.

**OPERATIONS:**

During the year under consideration, customer order position was satisfactory. Sales income is at Rs. 3132.24 Lacs compared to previous years Rs.3232.20 Lacs . Exports increased from Rs. 2697.58 Lacs (previous year) to Rs. 2767.89 Lacs. The Company is hopeful of improving both Export and Domestic Sales for the year 2011-2012, which will result in better profitability. The Company has earned net profit of Rs. 199.96 Lacs during the financial year 2010-2011.

**PUBLIC DEPOSITS :**

During the period under review your company has not accepted any fixed deposits from the public.

**CLARIFICATION ON AUDIT QUALIFICATIONS:**

The Statutory Auditors have pointed out that as per the Company's policy, Sale of goods is recognized at the point of dispatch. The Sale for the current year includes Sales to a customer amounting to Rs. 456.47 Lacs ( previous year 255.51 Lacs) where dispatch has been made but actual title has not been transferred. This is in accordance with the agreement entered into with customer where title of goods will be transferred on actual usage. For the same customer the company has produced certain items which were lying for a long time which were sold during the current year.

The information as regards vendors under " The Micro Small and Medium enterprises Development Act, 2006" is pending and hence no disclosure has been made in this regard.

The liability under The Payment of Gratuity Act,1972 and Privilege Leave entitlement has been actuarially valued ,however the liability is not externally funded since the company will be able to meet the above liability.

**DIRECTORS RESPONSIBILITY STATEMENT :**

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

- 1) In the preparation of the Annual Accounts for the financial year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- 2) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the financial year under review.
- 3) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with provisions of The Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- 4) The Directors have prepared the annual accounts for the financial year ended March 31, 2011 on "going concern basis".

**DIRECTORS :**

Mr. Pradeep Bhargava retires by rotation at this Meeting and being eligible, offers himself for re-appointment.

Mr. Swastik Sirsikar retires by rotation at this Meeting and being eligible , offers himself for re-appointment.

The brief resume and other details relating to the Directors who are to be re-appointed form part of the Report on Corporate Governance.

**AUDITORS :**

You are requested to re-appoint the retiring auditor M/s Bapat & Company for the current year to hold the office from the conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

**PERSONNEL :**

There are no employees in respect of whom particulars are required to be disclosed pursuant to Section 217 (2A) of Companies Act ,1956.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The additional information required under the provisions 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 and forming a part to this report I is given in Annexure A to this report.

**ACKNOWLEDGEMENTS :**

Your Directors wish to place on record their appreciation for the co-operation extended by various Government Authorities, Financial Institutions, shareholders and staff of the Company.

**FOR AND ON BEHALF OF THE BOARD**

Place : Pune  
Date 28<sup>th</sup> May, 2011.

**R.S.KOTHAVALA**  
**MANAGING DIRECTOR**

**ANNEXURE TO THE DIRECTORS REPORT**

**ANNEXURE-A**

Information required under 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

**A. Conservation of Energy**

**a. Energy conservation measures**

The Company has installed additional 1600 Tons Press Complex with integrated manipulator and ingot truck, rotary table, equipped with Computer control. This is very high-speed press with computer C.N.C. control which results into optimum productivity.

- b. Impact of measures under (a) above : The Company has operated on optimal cost.
- c. 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 Schedule thereto

**POWER AND FUEL CONSUMPTION**

		2010-2011	2009-2010
1.	Electricity Purchase		
	Units ( inKWH)	16,35,326	12,20,272
	Total Cost (Rs.)	102,06,307	63,35,233
	Rate/Unit ( Rs.)	6.24	5.19
2.	Fuel		
	Oil Quantity (K.L)	2039.223	1962.937
	Total Cost ( Rs.)	8,02,15,362	6,54,68,523
	Rate/K(Ltrs)	39,336	33,352

**CONSUMPTION PER UNIT OF PRODUCTION**

1.	Steel Forging Production ( MT)	2467.525	2141.808
	Electricity ( Unit- KWH )	662.74	569.74
	Fuel Oil ( Ltrs)	826.42	916.48

**B. Technology Absorption Research and Development ( R & D)**

1. Specific Areas in which R & D Activity is being carried on by the Company
  - Development of new products
  - Improvement of product quality
  - Process Improvement
  - Cost effectiveness
2. Benefits derived out of above R & D : The Company is confident of improvement in product quality as well as being cost effective.
3. Future plan of action

The Company's efforts will continue in the areas of development of new and critical forgings and improvement in quality . The Company already possesses the necessary technology for manufacturing of forgings.

**C. Foreign Exchange Earnings and outgo**

	2010-2011	2009-2010
Foreign Exchange inflow	2767.89	2687.59
FOB value of Exports (Rs. Lacs)		
Others	NIL	NIL
Foreign Exchange outflow (Rs. Lacs)	22.359	6.872

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**AUDITORS' REPORT**

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To,

The Members of

**RAJKUMAR FORGE LIMITED**

1. We have audited the attached Balance Sheet of **RAJKUMAR FORGE LIMITED**, as at 31<sup>st</sup> March, 2011, and the related Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 **subject to Note 7 of Schedule O – Notes forming part of Financial Statements;**
  - (e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011 we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of Section 274 (1)(g) of the Companies Act, 1956 ;
  - (f) In our opinion and to the best of our information and according to the explanations given to us the said Financial Statements **read with Note Nos. 5 C, 5D, 6 and 7 of Schedule O – Notes forming part of Financial Statements** give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date and
    - iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For BAPAT AND COMPANY**  
**Chartered Accountants**  
**Firm Registration No. 100997W**

Place : Pune  
Date : 28<sup>th</sup> May, 2011

**A. N. Bapat**  
**Partner**  
**Membership No. 7524**

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

1. a) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. **However, these records need further improvement.**
- b) According to the information and explanations given to us, the fixed assets are physically verified by the management during the year as per a regular programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. To the best of our knowledge and as represented to us by the management, no material discrepancies were noticed in respect of assets verified during the year.
- c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
2. a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have been substantially confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stock as compared to the records were not material.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. As per the information given to us, no major weaknesses in the internal controls have been identified by the management or the internal auditors of the Company during the year. During the course of our audit, nothing has come to our notice that may suggest a major weakness in the internal control system of the Company.
5. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
  - a) To the best of our knowledge and belief and according to the information and explanations given to us, the transactions that needed to be entered into the register have been so entered.
  - b) According to the information and explanations given to us where each of such transactions is in excess of Rs.5,00,000/- (Rupees Five Lacs Only) in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time based on the circumstances explained by the Company.
6. The Company has not accepted deposits from the public. Hence, the question of the Company complying with the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, does not arise.
7. In our opinion, the internal audit system carried out by an independent firm of Chartered Accountant is generally commensurate with the size of the Company and the nature of its business.
8. As informed to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.

9. a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities **except in case of repayment of Deferred Sales Tax amounting to Rs. 50.12 Lakhs as declared by the Company.**
- b) According to the information and explanations given to us and the records of the Company, the following dues of Excise Duty , Sales Tax and Income Tax have not been deposited on account of dispute:

Sr. No.	Name of Statute	Nature of disputed Statutory dues	Amount (Rs)	Forum where dispute is pending
1	Sales Tax 1994-95	'C' Forms and Chapter Heading	78,09,940	Maharashtra Sales Tax Tribunal, Mumbai
2	Sales Tax 1996-97	'C' Forms and Chapter Heading	53,94,767	Deputy Commissioner of Sales Tax, Pune
3	Sales Tax 1997-98	'C' Forms and Chapter Heading	42,72,305	Deputy Commissioner of Sales Tax, Pune
4	Sales Tax 1998-99	'C' Forms and Chapter Heading	56,32,305	Maharashtra Sales Tax Tribunal, Mumbai
5	Sales Tax 1999-2000	'C' Forms	38,03,338	Deputy Commissioner of Sales Tax, Pune

10. The Company has no accumulated losses as at 31<sup>st</sup> March 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company has not issued any debentures upto the balance sheet date.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us , the Company has given guarantee for loans taken by others from bank or financial institutions , the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company .
16. The Company has not taken any loan during the year.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

**For BAPAT AND COMPANY**  
**Chartered Accountants**  
**Firm Registration No. 100997W**

**Place: Pune**  
**Date: 28/05/2011**

**A. N. Bapat**  
**Partner**  
**Membership No. 7524**

**Balance Sheet as at 31st March, 2011**

	Schedule	Rupees	As at 31/03/2011 Rupees	Rupees	As at 31/03/2010 Rupees
<b>SOURCES OF FUNDS</b>					
<b>Shareholders Funds</b>					
Share Capital	<b>A</b>		109,394,000		109,394,000
Reserves and Surplus	<b>B</b>		74,964,654		65,203,466
<b>Loan Funds</b>					
Secured Loans	<b>C</b>		171,547,230		67,823,870
Unsecured Loans	<b>D</b>		11,419,587		11,419,587
<b>TOTAL</b>			<b>367,325,471</b>		<b>253,840,923</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	<b>E</b>	223,426,802		215,171,337	
Less: Depreciation		146,697,054		135,279,300	
Net Block		76,729,748		79,892,037	
Capital Work-in-progress		152,710		0	
			<b>76,882,458</b>		<b>79,892,037</b>
<b>Investments</b>			0		0
<b>Deferred Taxation</b>					
Deferred Tax Assets		10,984,893		11,622,062	
Deferred Tax Liabilities		9,084,574		9,897,711	
(Refer Note No 22)			<b>1,900,319</b>		<b>1,724,351</b>
<b>Current Assets, Loans and Advances</b>					
Inventories	<b>F</b>	134,008,493		69,740,313	
Sundry Debtors		78,241,482		75,150,912	
Cash and Bank Balances		10,255,587		8,044,746	
Other Current Assets		8,611,021		1,458,397	
Loans and Advances		132,661,663		93,339,300	
		<b>363,778,246</b>		<b>247,733,668</b>	
<b>Less: Current Liabilities and Provisions:</b>					
Liabilities	<b>G</b>	30,019,673		28,037,088	
Provisions		45,215,879		47,472,045	
		<b>75,235,552</b>		<b>75,509,133</b>	
Net Current Assets			288,542,694		172,224,535
<b>TOTAL</b>			<b>367,325,471</b>		<b>253,840,923</b>
Notes forming part of the Financial Statements	<b>O</b>				

As per our attached report of even date

For and on behalf of the Board

**For BAPAT & COMPANY**
**Chartered Accountants**

Firm Registration No 100997W

**A. N. BAPAT**
**Partner**

Membership No. 7524

Place : Pune

 Date : 28<sup>th</sup> May, 2011

**VIJAY V. KULKARNI**
**Company Secretary**

Mememrship No A 20665

**R.S. KOTHAVALA**
**Managing Director**
**SWASTIK SIRSIKAR**
**Director**

**Profit And Loss Account for the Year ended 31st March, 2011**

	Schedule	Rupees	Year Ended 31/03/2011 Rupees	Rupees	Year Ended 31/03/2010 Rupees
<b>INCOME</b>					
Gross Sales	H	316,393,558		326,449,062	
Less: Excise Duty		<u>3,169,187</u>		<u>3,228,597</u>	
Net Sales			<b>313,224,371</b>		<b>323,220,465</b>
Operating Income	I		16,416,742		18,585,982
Other Income	J		<u>10,429,444</u>		<u>7,727,302</u>
<b>TOTAL</b>			<b>340,070,557</b>		<b>349,533,749</b>
<b>EXPENDITURE</b>					
Material and Manufacturing Expenses	K		247,424,135		244,392,358
Personnel Expenses	L		18,901,752		14,820,063
Sales, Administration and Other Expenses	M		19,285,567		18,696,856
Interest and Finance Charges	N		11,800,334		6,760,594
Depreciation	E		<u>11,417,754</u>		<u>14,152,808</u>
<b>TOTAL</b>			<b>308,829,542</b>		<b>298,822,679</b>
<b>Profit Before Tax</b>			<b>31,241,015</b>		<b>50,711,070</b>
Less Provision for Taxes					
Current Tax			11,420,000		19,375,000
Deferred Tax			(175,967)		(2,054,422)
Fringe Benefit Tax					
<b>Profit After Tax</b>			<b>19,996,982</b>		<b>33,390,492</b>
Balance carried forward from last Balance Sheet			45,700,079		24,921,115
Adjustments relating to earlier years					
Excess/(Short) provision for taxation and tax refunds			2,562,757		187,023
<b>Profit Available for Appropriation</b>			<b>68,259,818</b>		<b>58,498,630</b>
<b>APPROPRIATIONS</b>					
Proposed Dividend on Equity Shares			10,939,400		10,939,400
Tax on above Dividend			1,859,151		1,859,151
<b>Balance carried to Balance Sheet</b>			<b>55,461,267</b>		<b>45,700,079</b>
<b>Earning Per Share</b> -(Refer Note No 20 )			1.83		3.05
(Face Value of Rs 10/- per share)					
Basic and Diluted					
<b>Notes forming part of the Financial Statements</b>	O				

As per our attached report of even date

For and on behalf of the Board

**For BAPAT & COMPANY**

**Chartered Accountants**

Firm Registration No 100997W

**A. N. BAPAT**

**Partner**

Membership No. 7524

Place : Pune

Date : 28'th May, 2011

**VIJAY V. KULKARNI**

**Company Secretary**

Mememrship No A 20665

**R.S. KOTHAVALA**

**Managing Director**

**SWASTIK SIRSIKAR**

**Director**

**Schedules Annexed to and forming part of the Financial Statements for the Year ended on 31st March, 2011**

	As at 31/03/2011	As at 31/03/2010
Rupees	Rupees	Rupees
<b>Schedule "A" Share Capital</b>		
<b>Authorized</b>		
1,25,00,000 (P Y 1,25,00,000) Equity Shares of Rs. 10/- each	125,000,000	125,000,000
7,50,000 (P Y 7,50,000) 4% Redeemable Non Cumulative Preference Shares of Rs.10/- each	7,500,000	7,500,000
<b>Total</b>	<b><u>132,500,000</u></b>	<b><u>132,500,000</u></b>
<b>Issued, Subscribed and Paid Up</b>		
1,09,39,400 (P.Y:1,09,39,400) Equity Shares of Rs.10/- each, fully paid up	<u>109,394,000</u>	<u>109,394,000</u>
<b>Total</b>	<b><u>109,394,000</u></b>	<b><u>109,394,000</u></b>
<b>Schedule "B" Reserves and Surplus</b>		
Capital Redemption Reserve	5,000,000	5,000,000
State Government Subsidy	3,000,000	3,000,000
General Reserve		
As per last Account	11,503,387	11,861,576
Less Transitional Adjustment on adoption of Accounting	<u>0</u>	<u>358,189</u>
Standard (AS-15) Revised Employee Benefits	11,503,387	11,503,387
Profit and Loss Account	<u>55,461,267</u>	<u>45,700,079</u>
<b>Total</b>	<b><u>74,964,654</u></b>	<b><u>65,203,466</u></b>
<b>Schedule "C" Secured Loans</b>		
<b>From Bank</b>		
Term Loan	0	0
Working Capital ( Refer Note No 4 )	<u>171,547,230</u>	<u>67,823,870</u>
<b>Total</b>	<b><u>171,547,230</u></b>	<b><u>67,823,870</u></b>
<b>Schedule "D" Unsecured Loans</b>		
Sales Tax Deferral Loan ( Refer Note No 5D )	<u>11,419,587</u>	<u>11,419,587</u>
<b>Total</b>	<b><u>11,419,587</u></b>	<b><u>11,419,587</u></b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011.**  
**SCHEDULE - E - FIXED ASSETS AND DEPRECIATION**

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31-Mar-2010	Additions	Deductions	As at 31-Mar-2011	Upto 31-Mar-2010	Additions	Deductions	Upto 31-Mar-2011	As at 31-Mar-2011	As at 31-Mar-2010
	<b>TANGIBLE ASSETS</b>										
A	Freehold Land	1,690,636	0	0	1,690,636	0	0	0	0	1,690,636	1,690,636
B	Buildings	32,544,099	595,625	0	33,139,724	6,953,156	991,133	0	7,944,289	25,195,435	25,590,943
C	Plant and Machinery	174,457,958	6,352,390	0	180,810,348	127,132,394	9,802,793	0	136,935,188	43,875,160	47,325,564
D	Furniture and Fixtures	4,764,721	132,788	0	4,897,509	782,189	291,932	0	1,074,121	3,823,388	3,982,532
E	Vehicles	1,594,013	0	0	1,594,013	365,511	151,431	0	516,942	1,077,071	1,228,502
	<b>INTANGIBLE ASSETS</b>										
A	Software	119,910	1,174,662	0	1,294,572	46,050	180,464	0	226,514	1,068,058	73,860
	<b>TOTAL</b>	<b>215,171,337</b>	<b>8,255,465</b>	<b>0</b>	<b>223,426,802</b>	<b>135,279,300</b>	<b>11,417,754</b>	<b>0</b>	<b>146,697,054</b>	<b>76,729,748</b>	<b>79,892,037</b>
	<b>Previous Year Total</b>	<b>209,387,489</b>	<b>5,849,716</b>	<b>65,868</b>	<b>215,171,337</b>	<b>121,126,492</b>	<b>14,152,808</b>	<b>0</b>	<b>135,279,300</b>	<b>79,892,037</b>	<b>88,260,997</b>

**Schedules Annexed to and forming part of the Financial Statements for the Year ended on 31st March, 2011**

	As at 31/03/2011 Rupees	As at 31/03/2010 Rupees
<b>Schedule "F" Current Assets, Loans and Advances</b>		
<b>Inventories</b>		
(At Cost or Net Realisable Value, whichever is lower and as certified by the Management)		
Stores, Spares & Consumables	6,363,372	3,861,249
Raw Material	70,540,745	29,377,739
Work in Progress	57,104,376	36,501,325
Finished Goods	0	0
<b>Total</b>	<b><u>134,008,493</u></b>	<b><u>69,740,313</u></b>
<b>Sundry Debtors</b>		
(Unsecured, considered Good unless otherwise stated)		
Debts outstanding for a period		
Exceeding Six months	12,759,975	10,997,544
Other Debts	65,481,507	64,153,368
<b>Total</b>	<b><u>78,241,482</u></b>	<b><u>75,150,912</u></b>
<b>Cash and Bank Balances</b>		
Cash on Hand	52,078	83,153
Balances with Scheduled Banks		
In Current Accounts	1,884,050	884,553
In Fixed Deposits (Including interest accrued)	8,319,459	7,077,040
<b>Total</b>	<b><u>10,255,587</u></b>	<b><u>8,044,746</u></b>
<b>Other Current Assets</b>		
Export Benefit Receivable	6,913,886	937,214
Prepaid Expenses	1,697,135	500,078
Others	0	21,105
<b>Total</b>	<b><u>8,611,021</u></b>	<b><u>1,458,397</u></b>
<b>Loans and Advances</b>		
(Unsecured, considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	106,107,681	77,924,089
Deposits	1,776,820	1,776,820
Balance with Customs and Central Excise Department	23,180,874	16,676,395
Income Tax	1,596,288	(3,038,004)
{Net of Provision of Rs 3,08,00,796 (Previous year Rs 3,33,69,528)}	<b><u>132,661,663</u></b>	<b><u>93,339,300</u></b>
<b>Schedule "G" Current Liabilities &amp; Provisions</b>		
<b>Liabilities:</b>		
Sundry Creditors (Refer Note No 6 )	22,258,316	21,552,004
Advances from Customers	1,424,993	2,181,124
Unclaimed Dividend - Equity Shares*	1,832,145	837,930
Other Liabilities	4,504,219	3,466,030
<b>Total</b>	<b><u>30,019,673</u></b>	<b><u>28,037,088</u></b>
<b>Provisions:</b>		
Proposed Dividend on Equity Shares	10,939,400	10,939,400
Tax on above Dividend	1,859,151	1,859,151
Contingencies	26,912,655	29,623,444
Retirement & other benefits	5,504,673	5,050,050
<b>Total</b>	<b><u>45,215,879</u></b>	<b><u>47,472,045</u></b>

\*Note - There is no amount due and outstanding to be credited to Investor Education and Protection Fund



**Schedules Annexed to and forming part of the Financial Statements for the Year ended on 31st March, 2011**

	Rupees	31/03/2011 Rupees	Rupees	31/03/2010 Rupees
<b>Schedule "H" Sales</b>				
Sale of Forgings Export	276,788,714		269,758,839	
Sale of Forgings Domestic	25,212,648		34,435,867	
Sale of Scrap	9,271,365		9,669,845	
Sales Conversion Basis	5,120,831		13,584,111	
Gross Sales	316,393,558		327,448,662	
Sales Returns (Rejection)	0		999,600	
		<u>316,393,558</u>		<u>326,449,062</u>
<b>Schedule "I" Operating Income</b>				
Export Benefits		16,416,742		18,585,982
		<u>16,416,742</u>		<u>18,585,982</u>
<b>Schedule "J" Other Income</b>				
Profit /(Loss) on Sale Of Fixed Assets		0		3,534,132
Exchange Gain/(Loss)		9,381,701		3,640,879
Interest (Gross) (TDS Rs. 100,379 Previous year Rs. 75,316)		1,047,743		552,291
<b>Total</b>		<u>10,429,444</u>		<u>7,727,302</u>
<b>Schedule "K" Materials and Manufacturing Expenses</b>				
<b>Material Consumption:</b>				
Rawmaterial Consumed (Increase)/Decrease in Inventories		140,192,645		122,829,745
Closing Inventories		0		0
Work in Progress	57,104,376		36,501,325	
	<u>57,104,376</u>		<u>36,501,325</u>	
Opening Inventories				
Finished Goods		0	709,042	
Work in Progress	36,501,325		57,710,261	
	<u>36,501,325</u>		<u>58,419,303</u>	
		<u>(20,603,051)</u>		<u>21,917,978</u>
		<b>119,589,594</b>		<b>144,747,723</b>
<b>Manufacturing Expenses</b>				
Consumption Of Stores, Spares & Tools	8,670,402		6,156,456	
Power & Fuel	91,409,944		72,664,953	
Machining Charges	17,753,596		11,931,303	
Repairs & Maintenance - Plant & Machinery	1,133,617		699,247	
Freight	2,871,672		2,984,238	
Other Manufacturing Expenses	4,728,187		4,752,477	
Excise Duty	1,267,123		455,961	
		<u>127,834,541</u>		<u>99,644,635</u>
<b>Total</b>		<u>247,424,135</u>		<u>244,392,358</u>

**Schedules Annexed to and forming part of the Financial Statements for the Year ended on 31st March, 2011**

	31/03/2011	31/03/2010
	Rupees	Rupees
<b>Schedule "L" Personnel Expenses</b>		
Salaries, Wages Bonus and Allowances	16,447,859	12,554,684
Contribution to Provident and Other Funds	1,406,513	1,175,854
Welfare Expenses	<u>1,047,380</u>	<u>1,089,525</u>
<b>Total</b>	<b><u>18,901,752</u></b>	<b><u>14,820,063</u></b>
<b>Schedule "M" Sales, Administration and Other Expenses</b>		
Sales Commission	254,453	0
Other Selling and Administration Expenses	7,273,964	8,401,271
Travelling and Conveyance Expenses	2,771,799	2,610,546
Rent	1,443,000	1,152,500
Rates and Taxes	168,286	269,939
Repairs to Building	117,997	28,077
Insurance Charges	193,098	261,704
Directors' Sitting Fees	240,000	230,000
Clearing & Forwarding Charges	<u>6,822,970</u>	<u>5,742,819</u>
<b>Total</b>	<b><u>19,285,567</u></b>	<b><u>18,696,856</u></b>
<b>Schedule "N" Interest and Finance Charges</b>		
Interest on Fixed Loans	6,974,535	3,887,137
Interest Others	1,934,772	1,566,503
Bank Charges	<u>2,891,027</u>	<u>1,306,954</u>
<b>Total</b>	<b><u>11,800,334</u></b>	<b><u>6,760,594</u></b>

**Schedule 'O' - Notes forming the part of Financial Statements****1. Significant Accounting Policies :****A) System Of Accounting :**

- i. The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- ii. The Financial Statements are prepared under the historical cost convention in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 1956.
- iii. Estimates and Assumptions used in preparation of the Financial Statements are based upon Managements evaluations of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual result at a subsequent date.

**B) Fixed Assets:**

Tangible Fixed Assets are stated at their original cost of acquisition including expenses related to acquisition and installation of the concerned assets. Intangible Fixed Assets such as Software are recognized, if it is expected that such assets will generate sufficient future economic benefits. Fixed Assets are shown net of accumulated depreciation (except free hold land).

Provision for Impairment loss if any, is recognized to the extent by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

**C) Depreciation :**

Depreciation has been charged on the Fixed Assets under Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, as amended. Depreciation on additions and deductions to assets during the year is being provided on pro-rata basis.

**D) Inventories :**

Inventories are stated at lower of cost and net realizable value. The material costs are determined on weighted average basis/FIFO as applicable. The valuation of Work in progress and Finished goods represents the combined cost of material, labour and all manufacturing overheads.

**E) Foreign Currency Conversion:**

The Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities are translated at the year end exchange rates and the profit / loss so determined and also the realized exchange gains / losses are recognized in the profit and loss account.

Premium on forward cover contracts is reflected in the profit and loss account over the period of contracts. The net amount payable to Bank against Foreign Currency payable and Amount Receivable from Bank against Forward Contracts are reflected under current liabilities.

**F) Investments :**

Long term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments. Current investments are stated at the lower of cost and fair value.

**G) Employee Benefits :**

- a) Provident Fund : Liability is determined on the basis of contribution as required under the statutory rules.
- b) Superannuation Fund : Contribution is made to Life Insurance Corporation of India in respect of employees covered under the Scheme.
- c) Gratuity: Liability under the Payment of Gratuity Act, 1972 has been actuarially valued. However the liability is not funded externally.
- d) Privilege Leave entitlements Liability has been actuarially valued. However the liability is not funded externally.

**H) Taxation :**

- a) Provision for Taxation is made on the Basis of the Taxable Profits computed for the current accounting period in accordance with the Income-Tax Act, 1961.
- b) Deferred Tax resulting from timing differences between book profits and tax profits is accounted for at the current rates of tax to the extent the timing differences are expected to crystallise, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which such Deferred Tax Assets can be realised.

**I) Provisions and Contingent Liabilities :**

Contingent Liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved. Provisions are recognized when the Company has a legal/constructive obligation and on management discretion as a result of a past event, for which it is probable that a cash outflow may be required and a reliable estimate can be made of the amount of the obligation.

**J) Revenue Recognition :**

- a) Sale of goods is recognized at the point of dispatch to the customer. Sales include excise duty but exclude value added tax/sales tax. In order to comply with the Accounting Standards Interpretation (ASI-14) issued by the Institute of Chartered Accountants of India, gross sales (including excise duty) and net sales (excluding excise duty) is disclosed in the profit and loss account.
- b) Export Incentives i.e DEPB License Sales are provided for based on actual physical License received by the company.

**K) Research and Development expenditure :**

Research and Development expenditure is charged to Revenue under the natural heads of Account in the year in which it is incurred. However the expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the company, is considered as an intangible assets.

**L) Borrowing Costs :**

- a) Borrowing Costs on Working Capital is charged to profit and loss statement in the year of incurrence.
- b) Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalized till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.
- c) Borrowing costs that are attributable to the acquisition or development of intangible assets are capitalized till the date they are put to use.

**Schedule 'O' - Notes forming the part of Financial Statements**

<b>2. Contingent liabilities not provided for in respect of :</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>A) Banks:</b>		
1) Counter Guarantee issued by Bank	95,25,035	92,69,119
2) Letter of Credit issued by Bank on behalf of the Company	4,01,278	2,63,94,904
<b>B) Guarantees Given by the Company on behalf of other Companies</b>	<b>2,35,00,000</b>	<b>2,35,00,000</b>
Maximum Outstanding during the year Rs. 1,22,50,000 (previous Year 1,64,50,000 )		
<b>C) Claims against the company not acknowledged as debt</b>	<b>NIL</b>	<b>NIL</b>
<b>D) Estimated value of Contracts remaining to be executed on Capital Accounts and not provided for (net of advances)</b>	<b>1,85,37,848</b>	<b>186,09,000</b>
<b>E) Income Tax Case for A.Y. 2002-2003 pending before ITAT (Pune bench)</b>	<b>Nil</b>	<b>54,07,000</b>

3) In order to follow prudent disclosure and reporting norms the Company has made provision for disputed liability of pending demands towards sales tax amounting to Rs. 2,69,12,655.

**4) Working Capital Facilities from Bank of Baroda Ltd are:**

Secured by way of hypothecation of the Company's Stocks and Book Debts, both present and future and also secured by charge on Company's immovable properties, both present and future, Personal Guarantee by the Managing Director of the Company Mr. R. S. Kothavale.

- 5) A) In the opinion of the management current assets, loans and advances are approximately of the value stated, if realized, in the ordinary course of business.  
 B) Balances of Sundry Debtors and Sundry Creditors are taken as per ledger and are subject to confirmations / reconciliations.  
 C) Sales Tax Refund, Sales Tax Payable, Cenvat Credit and Service Tax Credit figures are taken as per the companies returns filed and are subject to Government Assessment.  
 D) Repayment of Sales Tax Deferral Loan due up to 31<sup>st</sup> March 2011 was Rs. 50.12 lacs ( Previous year Rs. 82.91 lacs ) .
- 6) The Information with regards to vendors under "The Micro, Small and Medium Enterprises Development Act, 2006 " is pending and hence no disclosures have been made in this regard.
- 7) As per the Company's policy, Sale of Goods is being recognized at the point of dispatch to the Customer. The Sales for the current year includes Sales to a Customer amounting to Rs. 456.47 lacs (Previous year Rs. 255.51 lacs) where dispatch has been made but actual title has not been transferred.
- 8) **Information regarding Licensed and Installed Capacity, Production, Stocks & Turnover:**

Sr. No.	Product	Licensed Capacity Quantity	Installed Capacity Quantity	Actual Production Quantity	Turnover Quantity	Turnover Value	Opening Stock Quantity	Opening Stock Value	Closing Stock Quantity	Closing Stock Value
		Tonnes	Tonnes	Tonnes	Tonnes	Rs. In Lakhs	Tonnes	Rs. in Lakhs	Tonnes	Rs. in Lakhs
1	Open Die Forgings Raw and or Proof Machined Condition	6,000 (*)	6,000 (*)	(\$ 1381.057	1381.057	3081.03	0	0	0	0
				[ (\$ ) As forged Tonnage 2467.525]						
	(Previous Year)	6,000 (*)	6,000 (*)	(\$ 1,232.196	1,237.861	3096.36	5.665	7.09	0	0
				[ (\$ ) As forged Tonnage 2141.808]						
2	Forged Rolls in Proof and or Finish Machined Condition	3,000	3,000	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(Previous Year)	3,000	3,000	NIL	NIL	NIL	NIL	NIL	NIL	NIL
3	Forged Pipe Moulds in Proof and or Finish machined Condition	1,000	1,000	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(Previous Year)	1,000	1,000	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(\*) As certified by the management and being technical matter accepted by auditors.

- i) The Licensed & Installed Capacity is expressed in 'as forge', condition. Actual production & sales quantity is 'as sold' condition. The Machining capacity is not set-up by the Company.
- ii) Quantity of Outside Job Works produced and sold for the current year is 208.474 tons: Rs. 51.21 Lakhs (Previous year 655.980 tons: Rs. 135.84 lakhs ) is not included in the above figures.

		<b>31.03.2011</b>		<b>31.03.2010</b>	
	<b>Unit</b>	<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>
<b>9) Details of Raw Material &amp; Fuel Consumption :</b>					
Steel & Alloy Ingots – Raw Material	Tons	2899.078	14,01,92,645	2592.620	12,28,29,745
Fuel Kilo	Ltrs	2039.223	8,02,15,362	1962.937	6,54,68,523

**Schedule 'O' - Notes forming the part of Financial Statements**

**10) Details of Imported and Indigenous Raw Material. Consumed:**

	Percentage	Value	Percentage	Value
Imported	36.23	5,07,95,718	12.50	1,53,57,478
Indigenous	63.77	8,93,96,927	87.50	10,74,72,267
Total	100.00	14,01,92,645	100.00	12,28,29,745

**11) Payment to Auditors :**

i) As Auditors				
- Audit Fees		3,00,000		3,00,000
ii) In Other Capacity				
- Tax Audit Fees		35,000		35,000
- Limited Review		60,000		60,000
- In Other Capacity		69,000		20,000

**12) a) Computation of Net Profit in accordance with Section 198(1) and Section 349 of Companies Act, 1956**

Profit as per Profit and Loss Account		1,98,48,949		3,33,90,492
Add Directors Remuneration including perquisites		17,41,775		23,84,460
Directors Commission		3,00,000		3,00,000
Provision for Taxation		1,13,92,065		1,73,20,578
Total		3,32,82,789		5,33,95,530
Less Profit On Sale of Land		0		35,34,132
Profit on which Commission is payable		3,32,82,789		4,98,61,398
Maximum Remuneration which can be paid for the year @ 5% on Rs. 3,12,41,014 to Managing Director		16,64,139		24,93,070
Less Remuneration (Excluding Commission) already paid		17,41,775		21,54,460
Balance available for paying as commission		Nil		3,38,610
Minimum as determined by the Board		Nil		3,00,000

**b) Details Remuneration to Managing Director :**

- Salaries, Allowances and Perquisites		17,41,775(*)		24,54,460(*)
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(\*) Includes perquisites as under;

1) Rent		Nil		80,000
2) Commission		Nil		3,00,000
3) Leave Encashment		Nil		1,05,231
4) Gratuity		65,192		4,37,885
5) Super Annuation		135,600		1,24,200
6) Health Insurance		34,983		36,744

**13) CIF Value of Imports :**

Raw Materials		8,80,13,075		2,41,98,551
Spares & Components		9,12,695		9,05,511
Capital Goods		Nil		13,89,865
<b>Total</b>		<b>31.03.2011</b>		<b>31.03.2010</b>

**14) Expenditure in Foreign Currency:**

Foreign Travel		5,01,115		6,87,159
Commission		2,54,453		Nil
Advance		14,80,320		Nil

**Earnings in Foreign Currency:**

1. FOB value of Exports		27,67,88,714		26,87,59,239
2. Other Receipts		Nil		Nil

**15) Remittance during the year in foreign currency on account of dividend to non resident share holders were as follows**

1. Particulars				
a) No Of Share Holders		8		8
b) No of equity shares		13,75,400		13,75,400
c) Amount remitted		13,75,400		11,69,090

**Schedule 'O' - Notes forming the part of Financial Statements**

**16) Related Party Disclosures :**

a) Remuneration paid or payable to Directors for the year ended 31<sup>st</sup> March 2011

Name Of the Director	Sitting Fees/ Commission in (Rs)	Salary and perquisites in (Rs)	Supper Annuation Fund (Rs)	Total In (Rs.)
Mr. R. S. Kothavale, Managing Director	NA	16,06,175	1,35,600	17,41,775
Mr. S. Padmanabhan, Chairman	100,000	NA	NA	100,000
Mr. P. B. Kore	90,000	NA	NA	90,000
Mr. S. R. Kothavale	70,000	NA	NA	70,000
Mr. S.M.Sirsikar	140,000	NA	NA	140,000
Mr Pradeep Bhargava	140,000	NA	NA	140,000

b) Transactions with related party as required by Accounting Standard 18

(Amount in Rs.)

Sr No	Particulars	Nature Of Relations	2010-2011	2009-2010
1	Lease Rent	Others	0	80,000
2	Office Rent	Others	14,43,000	9,99,000
3	Machining & Commitment Charges	Others	55,54,670	53,85,989
4	Guarantee Given to Bank	Others	2,35,00,000	2,35,00,000
5	Balance Receivable by RFL Loan Others	Others	1,36,67,042	93,99,625
6	Balance Payable by RFL	Others	2,22,000	1,11,000

Names of Related Parties and description of relationship

Sr No	Particulars	Name Of the Party
1	Key Management Personnel	Mr. R. S. Kothavale
2	Others	Mr. S. R. Kothavale Mr. R. S Kothavale (HUF) Ms. Sonal R Kothavale Orient Precision Engineering Pvt Ltd

Note: Related party relationships are as identified by the Company and relied upon by the Auditors.

**18) Details of Forward Contracts Outstanding as on 31<sup>st</sup> March 2011.**

The Company has entered in to forward contracts to cover the expected receivables against Foreign Exchange Rate Fluctuations. The Forward Contracts outstanding as on 31<sup>st</sup> March 2011 were as under.

Currency	31 <sup>st</sup> March 2011		31 <sup>st</sup> March 2010	
	No Of Contracts	Value in Foreign Currency	No Of Contracts	Value in Foreign Currency
USD	20	40,92,887	1	1,00,000

**19) Liability for employee benefit has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard – 15 (revised) the details of which are as hereunder**

**Unfunded Scheme**

i) Amount to be recognized in Balance Sheet

a) Present Value of obligations	36,76,858	31,22,193
b) Fair Value of Plan Assets	Nil	Nil
c) Net assets/(liability) recognized in balance sheet	(36,76,858)	(31,22,193)

ii) Amount to be Recognised in the Statement of Profit and Loss Account

a) Current Service Cost	3,35,159	2,82,816
b) Interest Cost	2,62,264	1,85,920
c) Past Service Cost	33,245	Nil
d) Net actuarial (gain) loss Recognised in the year	(76,003)	(2537)
e) Net Actuarial losses / (Gains) Recognised in the year	5,54,665	4,66,199

Total included in personnel expenses

**Schedule 'O' - Notes forming the part of Financial Statements**

iii)	Change in Defined Benefit Obligation and reconciliation		
a)	Opening Defined Benefit Obligation	31,22,193	26,65,994
b)	Interest Cost	2,62,264	1,85,920
c)	Past Service Cost	33,245	Nil
d)	Current Service Cost	3,35,159	2,82,816
e)	Net actuarial (gain) loss Recognised in the year	(76,003)	( 2537)
f)	Benefits paid	Nil	Nil
g)	Closing Balance	36,76,858	31,22,193
iv)	Principal Actuarial Assumptions		
	Discount Rate	8.30%	8.40%
	Rate of increase in Compensation level	8.00%	8.00%
	Expected Average remaining working lives of Employees (years)	12.76%	12.81%
20)	Earning per share of the Company, is as calculated below and in accordance with AS – 20 – “Earnings per share”		
A)	Net Profit after tax for the year 2010-2011		Rs. 1,99,96,982
B)	Weighted Average No. of Shares of Rs. 10 each		1,09,39,400
C)	Basic and diluted EPS (A/B)		Rs 1.83

**21) Segment information for the year ended 31.03.2011 as required by AS-17 “Segment Reporting”**

As the Company’s business activity falls within a single primary business segment viz “Forgings” the disclosure requirements of Accounting Standard (AS-17) “Segment Reporting” issued by the Institute of Chartered Accountants of India is not applicable.

**22) Components of Deferred Tax Assets and Liabilities:**

<b>PARTICULARS</b>	<b>BALANCE CARRIED AS AT 31<sup>ST</sup> MARCH 2010 RS.</b>	<b>ARISING DURING THE YEAR RS.</b>	<b>BALANCE CARRIED AS AT 31<sup>ST</sup> MARCH 2011 RS.</b>
<b>DEFERRED TAX LIABILITIES:-</b>			
On account of timing difference in			
Depreciation	98,97,711	(8,13,136)	90,84,575
Deferred tax Liability	98,97,711	(8,13,136)	90,84,575
<b>DEFERRED TAX ASSETS:-</b>			
On account of timing difference in			
a) Disallowance under section 43-B Of the Income – Tax Act, 1961	1,00,74,008	(8,40,477)	92,33,531
b) Accrual For Expenses Allowable on payments	15,48,055	2,03,308	17,51,363
Total Deferred Tax Assets	1,16,22,062	(6,37,169)	1,09,84,894
Net Deferred Tax Asset (Liability)	17,24,352	1,75,967	19,00,319

**23)** Information required as per Schedule – VI to the Companies Act, 1956 has been given only to the extent applicable.

**24)** Previous year’s figures are regrouped wherever necessary to make them comparable.

As per our attached report of even date

**For and on behalf of the Board**

**For BAPAT & COMPANY**

**Chartered Accountants**

Firm Registration No 100997W

**A. N. BAPAT**

**Partner**

Membership No. 7524

Place : Pune

Date : 28<sup>th</sup> May, 2011

**VIJAY V. KULKARNI**

**Company Secretary**

Mememrship No A 20665

**R.S. KOTHAVALA**

**Managing Director**

**SWASTIK SIRSIKAR**

**Director**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

(Rs.in thousands)

Sr. No.	Particulars	2010-2011	2009-2010
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	<b>Profit before tax:</b>	<b>31,241</b>	<b>50,711</b>
	<b>Adjustments</b>		
i)	Depreciation	11,418	14,153
ii)	Prior Period Adjustments	2,563	(171)
iii)	Interest paid	8,909	5,454
	Loss/(Profit) on sale of assets	0	(3,534)
		<u>22,890</u>	<u>15,902</u>
i)	Interest/Other Income	10,429	4,193
		<u>10,429</u>	<u>4,193</u>
		<u>12,461</u>	<u>11,709</u>
	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		
	<b>Changes in Working Capital</b>	<b>43,702</b>	<b>62,420</b>
	(Increase)/Decrease in Current Assets:		
i)	Inventories	(64,268)	16,448
ii)	Sundry Debtors	(3,090)	(6,661)
iii)	Other Current Assets and Loans & Advances	(46,476)	5,492
		<u>(113,834)</u>	<u>15,279</u>
	Increase/(Decrease) in Current Liabilities:		
i)	Liabilities	(273)	(17,360)
	<b>CASH GENERATED FROM OPERATIONS</b>	<b>(114,107)</b>	<b>(2,081)</b>
	Direct Taxes paid	(11,420)	(19,375)
		<u>(125,527)</u>	<u>(21,456)</u>
	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(81,825)</b>	<b>40,964</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
i)	(Addition)/Reduction in Fixed Assets	(8,408)	(4,943)
ii)	Interest / Other Income	10,429	4,193
iii)	(Loss) /profit on sale of assets	0	3,534
		<u>0</u>	<u>3,534</u>
	<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>2,021</b>	<b>2,784</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
i)	Cash Credit From Bank	103,723	(28,394)
ii)	(Repayment)/Availing of Secured Loan	0	(1,666)
iii)	Interest paid	(8,909)	(5,454)
iv)	Redemption of Preference Shares	0	0
v)	Dividend including Tax thereon	(12,799)	(12,799)
		<u>(12,799)</u>	<u>(12,799)</u>
	<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>82,015</b>	<b>(48,313)</b>
	<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>	<b>2,211</b>	<b>(4,565)</b>
	<b>Cash and Cash equivalents at the beginning of the Year</b>	<b>8,045</b>	<b>12,610</b>
	<b>Cash and Cash equivalents at the end of the Year</b>	<b>10,256</b>	<b>8,045</b>

As per our attached report of even date

For and on behalf of the Board

For BAPAT & COMPANY

Chartered Accountants

Firm Registration No 100997W

A. N. BAPAT

Partner

Membership No. 7524

Place : Pune

Date : 28<sup>th</sup> May, 2011

VIJAY V. KULKARNI

Company Secretary

Mememrship No A 20665

R.S. KOTHAVALA

Managing Director

SWASTIK SIRSIKAR

Director



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

**1 REGISTRATION DETAILS**

Registration No 

L	2	8	9	1	0	P	N	1	9	9	0	P	L	C	0	5	6	9	8	5
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

  
 Balance Sheet Date 

3	1		0	3		2	0	1	1
---	---	--	---	---	--	---	---	---	---

 State Code 

									1	1
--	--	--	--	--	--	--	--	--	---	---

**2 CAPITAL RAISED DURING THE YEAR**

(Amount in Rs. Thousand)

Public Issue 

N	I	L
---	---	---

 Rights Issue 

					N	I	L
--	--	--	--	--	---	---	---

  
 Bonus Issue 

N	I	L
---	---	---

 Private Placement 

					N	I	L
--	--	--	--	--	---	---	---

**3 POSITION OF MOBILIZATION AND DEVELOPMENT OF FUNDS**

(Amount in Rs. Thousand)

Total Liabilities 

3	6	7	,	3	2	5
---	---	---	---	---	---	---

 Total Assets 

3	6	7	,	3	2	5
---	---	---	---	---	---	---

**Sources of Funds**

Paid up Equity Share Capital 

1	0	9	,	3	9	4
---	---	---	---	---	---	---

 Reserves and Surplus 

	7	4	,	9	6	5
--	---	---	---	---	---	---

  
 4% Non Cumulative Preference Capital 

						0
--	--	--	--	--	--	---

 Unsecured Loans 

	1	1	,	4	2	0
--	---	---	---	---	---	---

  
 Secured Loans 

1	7	1	,	5	4	7
---	---	---	---	---	---	---

**Application of Funds**

Net Fixed Assets 

	7	6	,	8	8	2
--	---	---	---	---	---	---

 Investment 

					N	I	L
--	--	--	--	--	---	---	---

  
 Net Current Assets 

2	8	8	,	5	4	3
---	---	---	---	---	---	---

 Misc Expenditure 

					N	I	L
--	--	--	--	--	---	---	---

  
 Accumulated Losses 0

**4 PERFORMANCE**

(Amount in Rs. Thousand)

Turnover 

3	4	0	,	0	7	1
---	---	---	---	---	---	---

 Total Expenditure 

3	0	8	,	8	3	0
---	---	---	---	---	---	---

  
 Profit/(Loss) before Tax 

	3	1	,	2	4	1
--	---	---	---	---	---	---

 Profit/(Loss) after Tax 

	1	9	,	9	9	7
--	---	---	---	---	---	---

  
 Earing per Share in Rs 

			1	.	8	3
--	--	--	---	---	---	---

 Dividend rate % 

		1	0	.	0	0
--	--	---	---	---	---	---

**5 GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES**

Item (ITC Code)

7	3	2	6	.	9
---	---	---	---	---	---

Product Description

F	O	R	G	I	N	G	S
---	---	---	---	---	---	---	---

S	T	E	E	L		F	O	R	G	I	N	G	S
---	---	---	---	---	--	---	---	---	---	---	---	---	---

F	O	R	G	E	D		A	R	T	I	C	L	E	S
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---

Item Code No.

8	4	8	3	.	0	0
---	---	---	---	---	---	---

Product Description

F	I	N	I	S	H	E	D		M	A	C	H	I	N	E	D		P	A	R	T	S
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---	---

Item Code No.

7	2	0	4	.	9	0
---	---	---	---	---	---	---

Product Description

F	E	R	R	O	U	S		W	A	S	T	E		A	N	D		S	C	R	A	P
---	---	---	---	---	---	---	--	---	---	---	---	---	--	---	---	---	--	---	---	---	---	---

**RAJKUMAR FORGE LIMITED**

**18, Shivaji Housing Society Limited, Off. Senapati Bapat Road, Pune-411016**

( In terms of circular No 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively issued by Ministry of Corporate Affairs)

( For shares in physical form)

**To,**

**Link Intime India Private Limited**

Unit : **Rajkumar Forge Limited**  
 Akshay Complex, Block No 202,  
 Near Ganesh Temple  
 Off Dhole Patil Road  
 Pune - 411001

I/We shareholder(s) of Rajkumar Forge Limited hereby accord my/our approval to receive documents viz. Annual Reports, Notice Of General Meeting/Postal Ballot etc. on e-mail.

I/We request you to note my/our latest email address ,as mentioned below . If there is any change in the e-mail address, I/We will promptly communicate the same to you. I/We attach the self attested copy of PAN Card/ Passport towards identification proof.

Folio No .	
Name of first /sole shareholder	
Name of joint shareholder(s) if any	
Registered Address	
E-mail address (to be registered)	

Place :

Date :

\_\_\_\_\_

(Signature of shareholder/s)

Note : This form is available on Company's website [www.rkforging.com](http://www.rkforging.com)

(For shares in dematerialized form)

You are requested to register your E-mail address and / or changes therein from time to time with you Depository Participant.

# **RAJKUMAR FORGE LIMITED**

Regd.Off : 18, Shivaji Co-oprative Housing Society, Off Senapati Bapat Road,  
Pune - 411016

## **PROXY FORM**

Members Folio No/ Client ID\* \_\_\_\_\_ No of shares held \_\_\_\_\_

D.P.ID\* \_\_\_\_\_

I / We \_\_\_\_\_

of \_\_\_\_\_ being a member(s)

of **Rajkumar Forge Limited** hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my / our proxy to attend and vote for me / us on my /our behalf at the **Twenty First Annual General Meeting** of the Company to be held on **Friday, the 30th September, 2011 at 11.a.m. at Poona Club Limited 6, Bund Gorden Road, Pune - 411 001** and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

<b>For Office use only</b>	
Proxy No. _____	No. of Shares _____
Folio / DP ID Client ID No _____	

Affix Rs.1 Revenue Stamp
--------------------------------

(Signature of Shareholder across the stamp)

Note : The proxy form must be deposited at the Registered Office of the Company at 18, Shivaji Co-oprative Housing Society, Off Senapati Bapat Road, Pune - 411016 not less than 48 hours before the Meeting.

\*Applicable for Members holding shares in dematerialised form.

Tear Here



—Tear Here—



# **RAJKUMAR FORGE LIMITED**

Regd.Off : 18, Shivaji Co-oprative Housing Society, Off Senapati Bapat Road,  
Pune - 411016

## **ATTENDANCE SLIP**

( TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I hereby record my presence at the **Twenty First Annual General Meeting** of the Company at **Poona Club Limited, 6, Bund Garden Road, Pune - 411 001 on Friday, the 30th September, 2011 at 11.00 a.m.**

\_\_\_\_\_  
Name of attending member ( in Block Letters)

\_\_\_\_\_  
Name of Member/Proxy (To be filled by the Proxy attending instead of member)

Members Folio No/ Client ID\* \_\_\_\_\_ No of shares held \_\_\_\_\_

DP ID No\* \_\_\_\_\_

Signature of Member : \_\_\_\_\_

Proxy

Note : Shareholders/proxy are requested to bring the attendance slips with them duly completed when they come to the meeting and hand them over at the entrance after affixing their signature on them.

\*Applicable for Members holding shares in dematerialised form.

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## BOOK POST

If Undelivered Please Return To :

### ***RAJKUMAR FORGE LIMITED***

Regd Office : 18, Shivaji Co-op Housing Society,

Off Senapati Bapat Road, Pune-411016

Phone : (020) 25639050, 25639051,25639052

Fax : (020 ) 25639049

Web Site : [www.rkforging.com](http://www.rkforging.com)

Email : [secretarial@rkforge.in](mailto:secretarial@rkforge.in)  
[invest@rkforge.in](mailto:invest@rkforge.in)