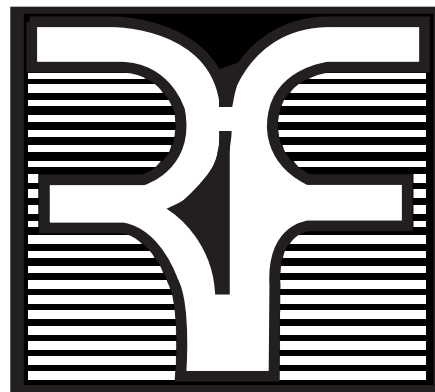


23RD ANNUAL REPORT



RAJKUMAR FORGE LIMITED

BOARD OF DIRECTORS	: S.PADMANABHAN PRADEEP BHARGAVA SWASTIK SIRSIKAR SHANTANU.R.KOTHAVALA R.S.KOTHAVALA	Chairman Managing Director
COMPANY SECRETARY	: VIJAY.V. KULKARNI	
AUDITOR	: M/S BAPAT & COMPANY CHARTERED ACCOUNTANTS PUNE	
COST AUDITOR	: MRS.VARSHA.S.LIMAYE COST ACCOUNTANT	
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)26163503,26161629 TELE FAX : 020 -26163503 E-MAIL : pune@linkintime.co.in WEBSITE : www.linkintime.com	
REGISTERED OFFICE	: 18,SHIVAJI CO-OP HOUSING SOCIETY OFF SENAPATI BAPAT ROAD, PUNE 411 016 PHONE (020) 25639050 / 51 / 52 FAX : (020) 25639049 E-MAIL:-secretarial @rkforge.in invest@rkforge.in WEBSITE : www.rkforging .com	
FACTORY	: GAT NO 357,KHARABWADI CHAKAN- TALEGAON ROAD CHAKAN- 410501, TALUKA- KHED DISTRICT-PUNE	

Members holding shares in demat form and who wish to obtain all the Notices, Annual Reports and other communications from the company on e-mail, are requested to up-date their e-mail id in their depository account. Shareholders holding shares in physical form and wish to avail information on e-mail can send their request to Link Intime India Private Limited, Registrars and Transfer Agents of the Company with folio no and details of their e-mail id.

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NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Rajkumar Forge Limited will be held on Monday the 12th day of August 2013 at 12.00 Noon 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 of the Company as at 31st March, 2013 and Profit and Loss Account for the year ended as on that date together with Reports of the Auditors and Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr S.Padmabhan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Swastik .M.Sirsikar who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification following resolution as a **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 hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and the Board of Directors be and is hereby authorized to fix their remuneration for the period, based on the recommendations of the Audit Committee, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the company for the year ending 31st March, 2014."

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

Place : Pune
Date : 13th May, 2013

**R.S.KOTHAVALA
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 ON POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND MUST BE RECEIVED 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) No person shall be entitled to attend or vote at the meeting as a duly authorized representative of any body corporate which is shareholder of the Company, unless a copy of the resolution appointing him/her as authorized representative, certified to be true copy by a Chairman of the meeting at which it was passed, shall have been deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3) A brief profile of Directors retiring by rotation and being eligible for re-appointment is included in the Corporate Governance Report, which forms part of Directors' Report and shareholders are requested to refer to the same. The Board of Directors of the Company recommends their respective re-appointments at the meeting.

- 4) 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.
- 5) Members holding equity shares in dematerialized form are requested to intimate change in their address, bank details etc. to their respective Depository Participants. Those members holding shares in physical form are requested to advise Link Intime India Private Limited, Registrar and Transfer Agent of the Company, having office at "Block No, 202, Second Floor, Akshay Compalex, Dhole Patil Road, Pune - 411 001 immediately of any change in their address.
- 6) **The Register of Members and Share Transfer Books of the Company will remain close from Tuesday 6th day of August, 2013 to Monday 12th day of August 2013 (both days inclusive).**
- 7) Members may avail of the facility of dematerialization of equity shares 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**
- 8) In case of dematerialized equity shares, the dividend payment shall be made through NECS, wherever relevant bank account details are made available by NSDL and CDSL.
- 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 years will be transferred by the Company to Investor Protection Fund (IEPF) constituted by the Central Government, under Section 205A and 205C of The Companies Act, 1956, no claim by the shareholder shall lie for un-encashed dividend transferred to IEPF.
- 11) Members desirous of getting any information in respect of accounts of the Company and proposed resolutions, are requested to send their queries in writing to Company at its' Registered Office at least 7 days before the date of the meeting, so that the required information to the extent possible can be made available at the meeting.
- 12) 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.
- 13) Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company.
- 14) Members are requested to intimate to Link Intime India Private Limited, Registrar and Transfer Agents of the Company their e-mail address for sending notice /documents through e-mail as per directives issued by Government of India, Ministry of Corporate Affairs, vide Circular No 17/2011 dated 21.04.2011.
- 15) As per Circular No MRD/DOP/CIR-05/2009 MAY 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote Permanent Account Number (PAN) for participating in securities market.

By Order of Board of Directors

Place : Pune
Date : 13th May, 2013

**R.S.KOTHAVALA
MANAGING DIRECTOR**

The documents and / or letters referred to in the above resolution/s and are open for inspection by the Members at the Secretarial Department of the Company , on all working days between 10.30 A.M to 12.30 P.M. up to the date of Annual General Meeting except Saturday, Sunday and Public Holidays, till conclusion of the ensuing Annual General Meeting.

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITIONS

The forging Industry is vital organ of Indian economy. The year 2012-2013 has shown low economic growth. In the year 2012-2013 GDP growth was at 5 % as compared to 2011-2012 which was at 6.7%. Forging Industry serves 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 PERFORMANCE :

Sales and profit performance for the year ended 31'st March, 2013 is satisfactory. Following is the summary of performance.

Year	2012-2013 (Rs. in Lacs)	2011-2012 (Rs. in Lacs)
Sales	4083.70	5628.08
Cost of operation	3362.90	4831.28
Interest & Depreciation	174.48	308.03
Profit before Tax	546.32	488.77
Provision for Taxation	(3.11)	164.75
Net Profit after Tax	549.43	324.02

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

Year	Total Export Value (Rs.)	Total Sales Value (Rs.)	% Export	% Export Growth (decline)
2010-2011	276,788,714	3163,93,558	87.48	4.85
2011-2012	511,183,411	5553,05,147	92.05	4.57
2012-2013	360,518,205	4083,70,315	88.28	(3.77)

GENERAL :

The Registered Office of the Company is situated at "Shivprasad", 18, Shivaji Co-operative Housing Society, off Senapati Bapat Road, Pune- 411016.

The Company is governed by ISO 14001:2004 for Environmental Management System and OHSAS 18001:2007 for Occupational Health and Safety Management System and also by ISO 9001:2008. The Company has also received certificate of recognition as Star Export House from Ministry of Commerce & Industry, Office Of The Joint Director General of Foreign Trade. The Forgings of the Company such as shaft, square, rectangular, blanks, rings, hollow etc are supplied to industries in Oil Field, Sugar, Steel, Cement, Gear, Thermal sectors. The company specializes in producing casing heads, cross forgings, tubing spools, 'y' forgings ,body block forgings for SSB and SSBT Valves, Slip lock housing etc for Oil and Gas Industries.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY :

Company has reasonable Internal Control System to safeguard 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 economies of the western countries are still not showing signs of substantial improvement .The Companies export account for about 88.28% of the total business. International buyers are regular in placing orders to the Company. The Company is expecting increase in turnover in the next financial years.

However, uncertain market conditions are cause of concern. Impact of the Foreign Exchange Rate fluctuation is enormous on the working of the Company. Foreign Exchange Rate is presently favorable to the Company and helping it in international competition.The Company has taken forward exchange cover from Bank of Baroda, Pune Camp Branch to reduce the impact of foreign exchange rate difference. International competition at low prices from Chinese suppliers is area of concern.

OUTLOOK :

During the year under review, the Company was able to maintain sales despite subdued economic conditions. Market out-look for next two to three years looks promising. However, un-certainties and adverse movements in the exchange rate fluctuations may affect 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 81 employees as on 31'st March, 2013. The Company continues to maintains cordial relations with its' employees. The key focus of the Company is on all around development of the employees. The Board places on record its appreciation for the sustained efforts and contributions made by the staff at all levels during the year under review.

APPRECIATION

Your Directors wish to place on record their grateful thanks to Bank of Baroda for their continued 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 of Managing Director of Rajkumar Forge Limited, ("the Company"), to the best of my knowledge and belief confirm and certify that :

- (a) I have reviewed financial statements and the cash flow statement for the year ended 31'st March, 2013 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'st March, 2013, 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 that 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. KOTHAVALÉ
Managing Director

Place : Pune
Date : 13'th May, 2013

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 are adopted 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 report plus the information given under the Management Discussion and analysis and Shareholder Information constitutes the report on Corporate Governance for the Year 2012-2013.

2. BOARD LEVEL ISSUES

• Composition of Board

The Board of Directors consists of Five Directors as on 31st March 2013, comprising of Chairman who is a non-executive Independent Director, Managing Director who is an executive director. The other three (3) Directors are non-executive, and out of them two are independent. Details are given in Table 1.

• During the year the Board Meetings were held on :-

Sr.No	Date of Board Meeting
1	12 th May,2012
2	11 th August,2012
3	10 th November,2012
4	11 th February,2013

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 Director	Promoter Executive	4	4
S.Padmanabhan Chairman	Non-Executive Independent	4	4
P.B.Kore**	Promoter and Non-Executive	4	2
S.R.Kothavale	Non-Executive	4	2
Pradeep Bhargava	Non-Executive Independent	4	4
Swastik Sirsikar	Non-Executive, Independent	4	4

** Mr.P.B.Kore resigned as Director of the Company effective from 1st January,2013.

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	01	01
S.Padmanabhan Chairman	11	03
Pradeep Bhargava	06	02
S.R.Kothavale	00	00
Swastik Sirsikar	02	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 of 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 :
 - 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.
7. Are not less than 21 years of age

INFORMATION PLACED BEFORE THE BOARD :-

The Board of Rajkumar Forge Limited is presented with all 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 of 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 and 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 to the Committee.

During the year the Board Meetings were held on :-

Sr.No	Date of Board Meeting
1	12 th May,2012
2	11 th August,2012
3	10 th November,2012
4	11 th February,2013

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 three non-executive Independent Directors. viz Mr. Pradeep Bhargava, Mr. Swastik Sirsikar are Mr. S. Padmanabhan are members of Remuneration Committee, with Mr. S. Padmanabhan as 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.

During the year the Remuneration Committee Meetings was held on:-

Sr.No	Date of Meeting
1	12 th May,2012

Attendance of the members of Remuneration Committee meeting is given below:

Name of Director	Category	No of Audit Meetings held	No of Meetings Attended
S.Padmanabhan	Non-Executive Independent	1	1
Pradeep Bhargava	Non-Executive Independent	1	1
Swastik Sirsikar	Non-Executive Independent	1	1

REMUNERATION TO DIRECTORS

REMUNERATION DURING THE YEAR 2012-2013

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Sitting fees (Rs.)	Commis-sion	Total (Rs.)
R.S.Kothavale Managing Director	19,01,013	4,23,613	Nil	1,14,000	24,38,626
P.B.Kore **	N.A	N.A	20,000	66,000	88,000
S.R.Kothavale	N.A	N.A	20,000	80,000	1,00,000
Pradeep Bhargava	N.A	N.A	90,000	80,000	1,70,000
Swastik Sirsikar	N.A	N.A	90,000	80,000	1,70,000
S.Padmanabhan	N.A	N.A	50,000	80,000	1,30,000
	19,01,013	4,23,613	2,70,000	5,00,000	30,96,626

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

Perquisite include, Gratuity, Superannuation leave travel allowance and Medical Premium, personnel accident premium, club membership.

** For part of the year

5. **COST AUDIT** :- Central Government by Order No 52/26/CAB/2010 dated 30th June,2011 has issued circular requiring maintenance of cost records and audit of cost records required to be maintained relating to manufacture of steel (covered under Central Excise Tariff Act 1985, Chapter 72 & 73 and intermediate and allied products of industries) by practicing cost accountant from the financial year 2011-2012. Accordingly Mrs.Varsha Limaye has been appointed to Audit Cost Audit Records and submit Cost Audit Report.

Name & Address of Cost Auditor : Mrs.Varsha.S.Limaye
32,Navketan Society
Kotarud, Pune- 411058

6. 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

"Shivprasad", 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 31st March 2013 were seven. There were no complaints pending as on 31st March, 2013.

7. GENERAL BODY MEETINGS :

Date	Location	Time
31 st July,2010	Poona Club, 6 Bund Garden Road,Pune - 411001	10.00 A.M
30 th September, 2011	Poona Club, 6 Bund Garden Road Pune- 411001	11.00 A.M
11 th August, 2012	Poona Club, 6 Bund Garden Road Pune- 411001	10.30 A.M

One Special Resolution was passed at Twenty Second Annual General Meeting of the Company relating to re-appointment of Mr.R.S.Kothavale as Managing Director of the Company for a period of five years. No Special Resolutions were passed in the above meetings by postal ballot. No extraordinary general meeting was held during the year under review

8. PARTICULARS OF REAPPOINTMENT OF DIRECTORS :

1. **Mr. S. Padmanabhan :** Mr.S.Padmanabhan is M.SC Physics - Delhi University, Bachelor of General Laws - Bombay University, Diploma in Developmental Economics-University of Cambridge(U.K), Diploma in Management- Bajaj Institute of Management Accounting Studies (Bombay University). Being an IAS officer he worked as Chief Executive Officer, Koyna Earthquake Rehabilitation in Satara, Director of Tourism, Government of Maharashtra, Director - Dept of Atomic Energy- Government of India, Managing Director of the State Industrial & Investment Corporation of Maharashtra Ltd (SICOM), Commissioner Aurangabad Division. He has worked as Corporate Advisor to Bharat Forge, Dunlop, Deepak Fertilizers, Walchandnagar Industries Limited, Premier Automobiles Limited, Videocon Group. He is also on the Board of Videocon Industries Limited, Videocon Power Limited, Videocon Communications Limited and on the Board of other companies like Sudarshan Chemical Industries Limited, Desai Brothers Private Limited ,Goa Energy Private Limited, Acqua Pharma Chemicals Private Limited, Videocon Hydrocarbon Limited.

He is not holding any Equity Shares of the Company and is not related to Promoters of Rajkumar Forge Limited.

2. **Mr. Swastik Sirsikar :** Mr. Swastik Sirsikar has done a Diploma in Civil Engineering and Master in Business Administration and Diploma in Financial Management. He has rich experience of 33 years in construction business. He is Director in Swanak Engineering Private Limited. He is also Director of Nanded City Development Company Limited. He was Director of PoonaClub Limited. He is member of various international NGOS holding various responsible and key portfolios in the administrative capacities. He is holding 5100 equity shares of the Company and his shareholding is 0.47% of paid-up equity share capital of the Company.

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

9. DISCLOSURES

- a. During the year under review, there has been no materially significant related party transactions entered into by the Company with its Promoters, Directors or management that may have potential conflict with the interests of the Company at large.
- b. 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.
- c. Equity shares of the company continues to be listed on The Bombay Stock Exchange Limited which is having nationwide trading terminals.
- d. The National Securities Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL) continue to admit the equity shares of the Company for dematerialization.

The company is in process of framing whistle blower policy. However, the Company affirms that there were no instances of denying access to any personnel seeking hearing of the Audit Committee.

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

10. 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 :

- a. Audited Financial Results for the period ended on 31.03.2012 on 14.05.2012.
- b. Unaudited Financial Results - First Quarter ended on 30.06.2012 on 13.08.2012.

- c. Unaudited Financial Results -Second Quarter ended on 30.09.2012 on 12.11.2012.
- d. Unaudited Financial Results -Third Quarter ended on 31.12.2012 on 12.02.2013.

The Company issues notices to the shareholders regarding convening of General Body Meeting and communication with Stock Exchanges, SEBI and the Registrar of Companies, Pune by Registered Post, Courier and Fax.The Company's website address is www.rkforging.com where all the necessary information relating to the Company and its performance is maintained by the Company.

11. GENERAL SHAREHOLDER INFORMATION :

• Annual General Meeting :

- I) **Date and Time** : 12'th August,2013 at 12.00 Noon
Venue : Poona Club Limited, 6 Bund Garden Road, Pune - 411001
- II) **Financial Year** : 1'st April,2012 to 31'st March,2013
- III) **Date of Book Closure** : 6'th August,2013 to 12'th August,2013 (both days inclusive)
- IV) **Dividend Payment date** : The Board of Directors has recommended a dividend at 15% on equity shares .i.e Rs 1.50% per share. The dividend if declared by the Annual General Meeting will be paid within 30 days of date of declaration.
- V) **Listing on Stock** : The Company's shares are listed on The Bombay Stock Exchange Limited
Stock Id & Code : RJKMRFR 513369
- VI) **Market Price Data** : High / Low of market price of the Company's shares traded on The Bombay Stock Exchange Ltd, Mumbai during the period from April,2012 to March,2013 is furnished below :

Month	High (Rs.)	Low (Rs.)	Volumes	Month	High (Rs.)	Low (Rs.)	Volumes
April, 2012	11.90	8.84	6,000	October, 2012	18.35	16	14,215
May, 2012	15.75	9.31	89,000	November, 2012	18.95	16	18,429
June, 2012	15.38	13.82	16,013	December, 2012	18.20	15.35	15,152
July, 2012	18.35	14.00	61,697	January, 2013	17.00	15.00	10,573
August, 2012	18.00	14.10	39,558	February, 2013	15.75	13.05	10,569
September, 2012	17.80	13.90	25,599	March, 2013	15.14	12.36	14,276

Source : Official website of The Bombay Stock Exchange (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) 26053503/26161629
E-mail ID : pune@linkintime.co.in

Share Transfer System :

The Company in its Board Meeting held on 25th November, 2010, has reconstituted the Share Transfer 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 and dematerialization 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 15 (fifteen) days of receipt of certificate for transfer, excepting those rejected on technical grounds . There are no legal proceedings against the Company on any share transfer matter.

IX) Distribution of shareholding :

Distribution Schedule

Distribution of shareholding as on 31st March, 2013

Shareholding of Nominal Value Rs.	Shareholders Number	Shareholders % to Total	Share Amount in Rupees	Share Amount % to Total
Up to 5000	12326	99.3872	2,48,07,290	22.6770
5,001 to 10,000	31	0.2500	25,32,070	2.3146
10001 to 20,000	19	0.1532	25,67,880	2.3474
20001 to 30000	5	0.0403	12,36,000	1.1299
30001 to 40000	1	0.0081	3,25,000	0.2971
40001 to 50000	8	0.0645	39,83,760	3.6417
50001 to 1,00,000	4	0.0323	24,85,000	2.2716
1,00,001 and above	8	0.0644	7,14,57,000	65.3207
Total	12,402	100.0000	109,394,000	100.0000

Shareholding Pattern as on 31st March, 2013

Serial No	Category	No of Shareholding	% of Shareholding
A	Promoters holding		
1	Promoters		
	Indian Promoters	6,896,900	63.0464
	Foreign Promoters		
	Sub Total	6,896,900	63.0464
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	46,534	0.4254
B	Indian Public	3,888,927	35.5497
C	NRIS / OCBS	103,490	0.9460
D	Any Others	3,449	0.3160
	Sub Total	4,042,400	36.9527
	Grand Total	10,939,400	100.0000

X) Dematerialization of Shares :

The equity share of the Company have been admitted for dematerialization on NSDL and CDSL effective from 10th March, 2008 and 23rd January, 2008 respectively and ISIN NO. - INE 013J01016 has been allotted to the Company.

As on 31st March, 2013 16,15,000 equity shares viz 15.15 % 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, Chakan 410501, Taluka Khed, District Pune.

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

1. 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
TelephoneNo(020)26050084,26161629
E-mail ID : pune@linkintime.co.in

2. The Company Secretary

Rajkumar Forge Limited

"Shivprasad", 18,Shivaji Housing Society
Off Senapati Bapat Road,
Pune - 411016
Tel : 020-25639050,25639051,25639052
Fax : 020-25639049
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 : 13th May, 2013

RAJKUMAR S.KOTHAVALÉ
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 31st March, 2013.

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: 13th May, 2013

A. N. Bapat
Partner
Membership No. 7524

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Twenty Third Annual Report with Audited Accounts of the Company for the year ended 31st March 2013.

FINANCIAL HIGHLIGHTS

	31.03.2013 (Rs.Lacs)	31.03.2012 (Rs.Lacs)
Profit /(Loss) for the year before interest,	720.80	796.80
Financial Charges & Depreciation		
Less :		
Interest, Financial Charges for the year	101.41	238.08
Depreciation	73.07	69.95
Profit/ (Loss) for the year	546.32	488.77
Add/ (Less) Provision for Income Tax	80.00	(122.00)
Add / (Less) Deferred Tax	(83.11)	(42.75)
Net Profit/(Loss) for the period	549.43	324.02

Exceptional items included in Profits contains realisation an account following items in the financial year 2012-2013

- 1) Compensation received from suppliers Rs. 1,02,55,448
- 2) Profit or sale of land Rs. 1,28,31,960

DIVIDEND :

Your Directors recommend a dividend at the rate of 15.%, viz Rs.1.50/- (Rupee One Paisa Fifty Only) per share for the financial year ended 31st March,2013.

OPERATIONS:

During the year under consideration, customer order position was not satisfactory. Sales income is at Rs. 4083.70 Lacs compared to previous years Rs.5628.08 Lacs. Exports decreased from Rs. 5111.83 Lacs (previous year) to Rs 3605.18 Lacs. The Company has earned net profit of Rs.549.43 Lacs during the financial year 2012-2013.

PUBLIC DEPOSITS :

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

CAPACITY EXPANSION AND MODERNISATION

The Company has initiated a program of modernization and increase in capacity of heat treatment facilities and press shop modernization to remove constraints in production and improve turnover of the company with capital expenditure of Rs.1630 Lacs . The capital expenditure will be partly funded by internal accruals and bank finance.

PUBLIC DEPOSITS :

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

CLARIFICATION ON AUDIT QUALIFICATIONS:

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

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuance to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your directors confirm that:

- 1) In the preparation of the Annual Accounts for the financial year ended March 31, 2013 , the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- 2) The Directors have selected accounting policies and have been applied them consistently and have 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 had 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, 2013 on " going concern basis".

DIRECTORS :

Mr S.Padmanabhan retires by rotation at this Meeting and being eligible, offers himself for re-appointment. Mr. Swastik. M. Sirsakar 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.

During the year under review Mr.P.B.Kore resigned as Director of the Company effective from 1st January,2013.

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 Annexue A to this report.

ACKNOWLEDGEMENTS :

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

FOR AND ON BEHALF OF THE BOARD

Place : Pune

Date 13th May, 2013.

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

- a. The Company has installed 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 and reduction in energy cost. The Company has also installed winflow an energy saving device. Company has undertaken press modernization program and use of clean energy resource viz gas to reduce pollution levels.
- b. Impact of measures under (a) The Company is converting its furnaces to operate on gas. This is expected to reduce energy Cost by 10%.
- 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

	2012-2013	2011-2012
1. Electricity Purchase		
Units (inKWH)	15,55,600	18,20,135
Total Cost (Rs.)	1,24,50,100	1,40,80,331
Rate/Unit (Rs.)	8.00	7.74
2. Fuel		
Oil Quantity (K.L)	1,898.66	2296.735
Total Cost (Rs.)	1,04,572,263	11,68,13,726
Rate/K(Ltrs)	55,077	50,860

CONSUMPTION PER UNIT OF PRODUCTION

1. Steel Forging Production (MT) 2,236.340 4,133.056
- Electricity (Unit- KWH) 695.60 440.38
- Fuel Oil (Ltrs) 849.00 555.70

Consumption per unit of production has increased due to change in product mix and additional Heat Treatment process required by the customers.

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
 - Cost reduction
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 possesses the necessary technology for manufacturing of forgings.

C. Foreign Exchange Earnings and outgo

	2012-2013	2011-2012
Foreign Exchange inflow		
FOB value of Exports (Rs. Lacs)	3605.18	5111.83
Others	NIL	NIL
Foreign Exchange outflow (Rs. Lacs)	31.82	5.67

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAJKUMAR FORGE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **RAJKUMAR FORGE LIMITED** ("the Company") which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements **read with note no 3C, 3D ,4 and 5 of notes forming part of financial statement** give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013; and
- ii. In the case of the statement of profit and loss, of the profit for the year ended on that date

Report on Other Legal and Regulatory Requirements

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

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

Place: Pune
Date: 13'th May,2013

A. N. Bapat
Partner
Membership No. 7524

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our Report on Other Legal and Regulatory Requirements)

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. We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of Section 209 of the Act, and are of the option that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

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 .
- 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 1996-97	Chapter Heading	16,40,764	Deputy Commissioner of Sales Tax, Pune
2	Sales Tax 1997-98	Chapter Heading	2,78,362	Deputy Commissioner of Sales Tax, Pune
3	Sales Tax 2006-07	Scrap generated at Sub Contractor End	5,22,680	Joint Commissioner Sales Tax Appeal, Pune

10. The Company has no accumulated losses as at 31st March 2013 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 Term Loan was applied for the purpose for which it was obtained.
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: 13th May, 2013

A. N. Bapat
Partner
Membership No. 7524

Balance Sheet as at 31st March, 2013

	Note No.	As at 31/03/2013 (Rupees)	As at 31/03/2012 (Rupees)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	109,394,000	109,394,000
(b) Reserves and Surplus	2	125,484,027	89,611,365
(c) Money received against share warrants		0	0
(2) Share application money pending allotment		0	0
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	2,942,868	5,231,231
(b) Deferred tax liabilities (Net)		0	2,374,316
(c) Other Long term liabilities		0	0
(d) Long term provisions	4	6,149,153	26,037,146
(4) Current Liabilities			
(a) Short-term borrowings	5	138,724,599	132,817,904
(b) Trade payables	6	23,923,379	32,594,070
(c) Other current liabilities	7	29,708,650	50,523,714
(d) Short-term provisions	8	15,421,678	6,385,739
Total		451,748,354	454,969,485
II.Assets			
(1) Non-current assets			
<i>(a) Fixed assets</i>			
(i) Tangible assets	9	76,547,074	81,538,787
(ii) Intangible assets		687,753	877,645
(iii) Capital work-in-progress		3,675,000	260,750
(iv) Intangible assets under development		0	0
(b) Non-current investments		0	0
(c) Deferred tax assets (net)		5,937,150	0
(d) Long term loans and advances	10	13,059,389	5,038,879
(e) Other non-current assets		0	0
(2) Current assets			
(a) Current investments		0	0
(b) Inventories	11	100,581,461	76,947,794
(c) Trade receivables	12	85,300,306	145,422,539
(d) Cash and cash equivalents	13	16,501,999	17,966,837
(e) Short-term loans and advances	14	56,164,418	20,729,224
(f) Other current assets	15	93,293,804	106,187,030
Total		451,748,354	454,969,485
Notes forming part of the Financial Statements	23		

As per our report attached

For and on behalf of the Board.

For BAPAT & COMPANY

Chartered Accountants

Firm Registration No 100997W

A. N. BAPAT

Partner

Membership No.7524

VIJAY KULKARNI

Company Secretary

Membership. No. A 20665

R.S.KOTHAVALA

MANAGING DIRECTOR

SWASTIK SIRISIKAR

DIRECTOR

Place : Pune

Date : 13th May 2013

Profit and Loss statement for the Year Ended 31st March, 2013

	Note No.	Year Ended 31/03/2013 (Rupees)	Year Ended 31/03/2012 (Rupees)
I. Revenue from operations	16	398,982,346	567,213,909
II. Other Income	17	9,387,969	(4,405,473)
III. Total Revenue (I +II)		408,370,315	562,808,436
IV. Expenses:			
Cost of materials consumed	18	161,491,463	254,797,639
Purchase of Stock-in-Trade		0	0
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	19	(14,020,356)	18,313,064
Employee benefit expense	20	25,574,292	20,639,522
Financial costs	21	10,141,278	23,807,572
Depreciation and amortization expense	9	7,307,064	6,995,227
Other expenses	22	179,252,321	189,378,207
IV.Total Expenses		369,746,062	513,931,231
V. Profit before exceptional and extraordinary items and tax	(III - IV)	38,624,253	48,877,205
VI. Exceptional Items		16,008,023	0
VII. Profit before extraordinary items and tax (V - VI)		54,632,276	48,877,205
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		54,632,276	48,877,205
X. Tax expense:			
(1) Current tax		8,000,000	12,200,000
(2) Deferred tax		(8,311,466)	4,274,635
XI. Profit(Loss) from the period from continuing operations	(VII-VIII)	54,943,742	32,402,570
XII. Profit/(Loss) from discontinuing operations		0	0
XIII. Tax expense of discountinuing operations		0	0
XIV. Profit/(Loss) from Discontinuing operations		0	0
XV. Profit/(Loss) for the period (XI + XIV)		54,943,742	32,402,570
XVI Earning per Equity Share:			
1) Basic		5.02	2.96
2) Diluted		5.02	2.96
Notes forming part of the Financial Statements	23		

As per our report attached

For BAPAT & COMPANY

Chartered Accountants

Firm Registration No 100997W

For and on behalf of the Board.

A. N. BAPAT

Partner

Membership No.7524

VIJAY KULKARNI

Company Secretary

Membership. No. A 20665

R.S.KOTHAVALA

MANAGING DIRECTOR

SWASTIK SIRISIKAR

DIRECTOR

Place : Pune

Date : 13'th May 2013

Cash Flow Statement for the year ended 31st March 2013

(Rs.in thousands)

Sr. No.	Particulars	For the year ended 31, March 2013		For the year ended 31, March 2012	
A	CASH FLOW FROM OPERATING ACTIVITIES:				
	Net Profit / (Loss) before extraordinary items and tax		38,624		39,612
	<i>Adjustments for:</i>				
	Depreciation and amortisation	7,307		6,995	
	Provision for impairment of fixed assets and intangibles				
	Amortisation of share issue expenses and discount on shares				
	(Profit) / loss on sale / write off of assets	-12,639		-47	
	Expense on employee stock option scheme				
	Finance costs	10,637		18,495	
	Interest income	-1,001		-889	
	Liabilities / provisions no longer required written back	-7,084		10,581	
	Other non-cash charges (specify)				
	Net unrealised exchange (gain) / loss	1,179	-1,600	5,341	40,477
	Operating profit / (loss) before working capital changes		37,025		80,088
	<i>Changes in working capital:</i>				
	<i>Adjustments for (increase) / decrease in operating assets:</i>				
	Inventories	-23,634		57,061	
	Trade receivables	60,122		-67,181	
	Short-term loans and advances	-35,435		365	
	Long-term loans and advances	-8,021		3,898	
	Other current assets	12,893		-12,741	
	Other non-current assets		0	0	
	<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
	Trade payables	-8,671		10,336	
	Other current liabilities	-20,815		51,832	
	Other long-term liabilities				
	Short-term provisions	9,036		1,707	
	Long-term provisions	-19,888	-34,412	-5,775	39,502
	Cash flow from extraordinary items				
	Cash generated from operations		2,613		119,590
	Net income tax (paid) / refunds		-8,000		-12,200
	Net cash flow from / (used in) operating activities (A)		-5,387		107,390
B.	Cash flow from investing activities				
	Capital expenditure on fixed assets, including capital advances	6,551		-13,894	
	Proceeds from sale of fixed assets	13,650		1,150	
	Interest received				
	- Others	10,991	-	889	
	Net cash flow from / (used in) investing activities (B)		31,191		-11,855
C.	Cash flow from financing activities				
	Proceeds from long-term borrowings	-946		1,578	
	Repayment of long-term borrowings	-1,342		-4,015	
	Net increase / (decrease) in working capital borrowings	6,029		-43,084	
	Proceeds from other short-term borrowings	-122		1,298	
	Repayment of other short-term borrowings	0		-695	
	Finance cost	-10,637		-18,495	
	Dividends paid	-16,409		-16,409	
	Tax on dividend	-2,662		-2,662	
	Net cash flow from / (used in) financing activities (C)		-26,090		-82,484
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)		-286		13,052
	Cash and cash equivalents at the beginning of the year		17,967		10,256
	Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-1,179		-5,341
	Cash and cash equivalents at the end of the year		16,502		17,967
	Reconciliation of Cash and cash equivalents with the Balance Sheet:				
	Cash and cash equivalents as per Balance Sheet (Refer Note 13)		16,502		17,967
	Notes:		0		
	(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.				
	(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.				

As per our report attached

For and on behalf of the Board.

For BAPAT & COMPANY

Chartered Accountants

Firm Registration No 100997W

A. N. BAPAT

Partner

Membership No.7524

VIJAY KULKARNI

Company Secretary

Membership. No. A 20665

R.S.KOTHAVALA

MANAGING DIRECTOR

SWASTIK SIRISIKAR

DIRECTOR

Place : Pune

Date : 13th May 2013

Notes to Accounts forming part of the Financial Statements for the Year ended on 31st March 2013

	Rupees	As at 31/03/2013 Rupees	Rupees	As at 31/03/2012 Rupees
EQUITY AND LIABILITIES				
Shareholders Funds				
1. Share Capital				
Authorized				
1,25,00,000 (P Y 1,25,00,000) Equity Shares of Rs. 10/- each		125,00,000		125,00,000
7,50,000 (P Y 7,50,000) 4% Redeemable Non Cumulative Preference Shares of Rs.10/- each		7,50,000		7,50,000
		132,50,000		132,50,000
Total				
Issued, Subscribed and Paid Up				
1,09,39,400 (P.Y:1,09,39,400) Equity Shares of Rs.10/- each, fully paid up		109,394,000		109,394,000
Equity Shareholding of more than 5%				
a) Prasad Bapurao Rampure (6,40,000 Shares)				
b) Rajkumar S. Kothavale (45,81,500 Shares)				
Previous Year				
a) Prasad Bapurao Rampure (6,40,000 Shares)				
b) Rajkumar S. Kothavale (49,55,100 Shares)				
Total		109,394,000		109,394,000
2. Reserves and Surplus				
a) Capital Redemption Reserve	5,000,000		5,000,000	
b) Other Reserves				
State Government Subsidy	3,000,000		3,000,000	
General Reserves as per last year	15,890,706		11,503,387	
add: Transfer to General Reserve	0		16,20,129	
c) Surplus (balance in statement in profit & loss)				
As per last Account	68,487,849		55,461,267	
add: Excess (Short) provision for taxation and Tax refunds	0		1,315,617	
add: Current years profit	54,943,742		32,402,570	
less: Appropriations;				
Transfer to General Reserve	2,767,190		1,620,129	
Proposed Dividend	16,409,100		16,409,100	
Tax on Proposed dividend	2,661,980	125,484,027	2,662,376	89,611,365

Notes to Accounts forming part of the Financial Statements for the Year ended on 31st March 2013

	Rupees	As at 31/03/2013 Rupees	Rupees	As at 31/03/2012 Rupees
Non- Current Liabilities				
3. Long Term Borrowings				
a) Deferred payment liabilities		2,311,570		3,653,587
Sales Tax Deferral Loan (Unsecured)				
b) Loans from Banks ;(Secured)				
Car Loans (Hypothecation against Car)		631,298		1,577,644
(Repayable in monthly EMI - Rs.108,176 for 35 months)		2,942,868		5,231,231
4. Long Term Provisions				
a) Provision for employee benefit				
Gratuity	4,414,233		2,807,041	
Liability under the Payment of Gratuity Act, 1972 has been actuarially valued. However the liability is not funded externally.				
Leave encashment	1,270,740		853,618	
Privilege Leave entitlements Liability has been actuarially valued. However the liability is not funded externally.				
b) Others				
Provision for disputed liability of pending demands towards Sales tax	444,180		22,356,487	
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. 4,44,180/-as per Sales Tax Department Order. (P.Y. Rs. 2,23,56,487 as per the certificate of company's sales tax consultant.)				
Deposits	20,000	6,149,153	20,000	26,037,146
Current Liabilities				
5. Short Term Borrowings				
a) Loans repayable on demand				
1) from banks (working capital) secured	101,412,633		104,826,059	
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.				
2) FCNR Bank Of Baroda	33,667,759		23,637,243	
3) Car Loans Secured (Instalments repayable within one yr)	1,175,731		1,298,112	
(Repayable in monthly EMI - Rs.108,176 for 35 months)				
b) Other loans and advances				
Sales Tax Deferral Loan (Unsecured) repayable within 1year	2,468,476	138,724,599	3,056,490	132,817,904

Notes to Accounts forming part of the Financial Statements for the Year ended on 31st March 2013

	Rupees	As at 31/03/2013 Rupees	Rupees	As at 31/03/2012 Rupees
7. Other Current Liabilities				
a) Unpaid dividends on Equity Shares*	3,851,665		2,703,370	
b) Other Payables				
TDS payable	508,792		292,351	
Proposed Dividend on Equity Shares	16,409,100		16,409,100	
Tax on above Dividend	2,661,980		2,662,376	
Advances from Customers	2,203,113		19,754,507	
Forward Contract amount Payable to bank (Net)	4,074,000	29,708,650	8,702,010	50,523,714
The forward Contract outstanding as on 31st March'2013:				
Currency Nos Of Contracts Value in Foreign Currency				
USD 10 (PY 27) 28,50,000 (P.Y. 61,50,000)				
6. Trade Payables		23,923,379		32,594,070
Balances of Sundry Creditors are taken as per ledger and are subject to confirmations / reconciliations.				
8. Short Term Provisions				
a) Provisions for employee benefits				
Salary, Lic Payable, P.f,	133,627		714,000	
Bonus	781,200		5,671,739	6,385,739
Provision for Expenses	14,506,851	15,421,678		

SCHEDULE - 9 - FIXED ASSETS AND DEPRECIATION											
		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sr. No.	Particulars	As at 31-Mar-12	Additions	Deductions	As at 31-Mar-13	As at 31-Mar-12	Additions	Deductions	As at 31-Mar-13	As at 31-Mar-13	As at 31-Mar-12
	TANGIBLE ASSETS										
A	Freehold Land	1,690,636	0	168,040	1,522,596	0	0	0	0	1,522,596	1,690,636
B	Buildings	34,565,971	332,882	0	34,898,853	8,959,650	1,054,195	0	10,013,845	24,885,008	25,606,321
C	Plant and Machinery	186,782,727	2,747,483	1,154,950	188,375,260	141,689,274	5,159,916	312,031	146,537,158	41,838,102	45,093,453
D	Furniture & Fixtures	4,908,021	56,051	0	4,964,072	1,370,017	287,464	0	1,657,481	3,306,591	3,538,004
E	Vehicles	6,479,973	0	0	6,479,973	869,600	615,597	0	1,485,197	4,994,776	5,610,373
	INTANGIBLE ASSETS										
A	Software	1,294,572	0	0	1,294,572	416,927	189,892	0	606,819	687,753	877,645
	TOTAL	235,721,900	3,136,416	1,322,990	237,535,326	153,305,467	7,307,064	312,031	160,300,501	77,234,827	82,416,432
	Previous year Total	223,426,802	13,785,099	1,490,000	235,721,900	146,697,054	6,995,227	386,814	153,305,468	82,416,432	76,729,748

Notes to Accounts forming part of the Financial Statements for the Year ended on 31st March 2013

	Rupees	As at 31/03/2013 Rupees	Rupees	As at 31/03/2012 Rupees
ASSETS				
Non- Current Assets				
10. Long Term Loans & Advances				
a) Capital Advances;	9,053,683		1,033,173	
b) Security Deposits;				
M.S.E.B	2,540,130		2,540,130	
Telephones	8,400		8,400	
Others	816,000		816,000	
c) Other Loans & Advances ;				
i) Excise Deposit under Protest	641,176	13,059,389	641,176	5,038,879
Current Assets				
11. Inventories (Lower of Cost and net realizable value)				
a) Raw Materials; (Weighted Average basis)	41,917,925		34,174,944	
b) Work in Progress	51,031,308		37,127,362	
c) Finished Goods	0		0	
d) Stores, Spares & Loose tools	7,632,228	100,581,461	5,645,488	76,947,794
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.				
12. Trade Receivables				
Trade receivable outstanding (secured,considered good)				
a) Debtors within six months	84,123,706		131,276,435	
b) Others	1,176,600	85,300,306	14,146,104	145,422,539
Balances of Sundry Debtors are taken as per ledger and are subject to confirmations / reconciliations.				
13. Cash and Cash Equivalents				
a) Balances with Banks				
i) In Current Accounts	44,270		44,270	
ii) In Fixed Deposits towards Margin (within 1yr)	0		9,905,114	
iii) Bank Deposits with more than 12 months maturity	12,500,000		1,058,940	
iv) Earmarked balances with HDFC bank for unpaid dividend	3,851,665		2,703,370	
v) EFC a/c	0		4,157,724	
	16,395,935		17,869,418	
b) Cash on Hand	106,064		97,419	
		16,501,999		17,966,837

Notes to Accounts forming part of the Financial Statements for the Year ended on 31st March 2013

	Rupees	As at 31/03/2013 Rupees	Rupees	As at 31/03/2012 Rupees
14. Short-term loans and advances				
a) Loans & Advances to related parties				
i) Orient Precision Engineering Pvt Ltd.	18,172,620		13,066,418	
ii) Deffered Forward Premium	0		(1,938,811)	
iii) Advances to suppliers	17,098,984		0	
iv) Excise Deposits against Exports	20,884,074		9,855,089	
v) Staff Advances	8,740		(266,251)	
vi) Interest Accrued but not recd on FD	0	56,164,418	12,779	20,729,224
15. Other Current Assets				
i) Export Benefit Receivable	850,625		1,888,000	
ii) Prepaid Expenses	378,940		491,850	
iii) Others				
a) Income Tax (Net of Provision)	5,696,129		(3,188,033)	
b) Octroi & Other	195,050		489,734	
c) Sales Tax Refund and Deposits	65,087,259		83,127,128	
d) Balance with Customs and Central Excise Department	20,898,089		23,104,957	
e) Cenvat Credit Defered	187,712	93,293,804	273,394	106,187,030
16. Revenue From Operations				
a) Sale of Products ;				
i) Sale of Forgings Export (FOB value of Export)	360,518,205		511,183,411	
ii) Sale of Forgings Domestic	9,159,755		29,090,100	
iii) Sale of Scrap	9,529,475	379,207,435	12,210,988	552,484,499
<p>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</p> <p>The Sales for the current year includes Sales to a Customer amounting to Rs. Nil (Previous year Rs. 471.89 lacs) where dispatch has been made but actual title has not been transferred.</p>				
b) Sale of Services ;				
Sale Conversion Basis		1,789,186		2,820,648
Quantity of Outside Job Works produced and sold for the current year is 61.396 tons: Rs. 17.89 Lakhs (Previous year 98.615 tons: Rs. 28.21 lakhs) is considered in the above figures.				
c) Other Operating Revenues ;				
Export Benefits		20,427,106		15,688,744
Export Incentives i.e DEPB License Sales are provided for based on actual physical License received by the company. Also, wef Oct'11 new scheme of duty drawback has been introduced wherein the payments are directly credited to the account thru NEFT mode. This amount of duty drawback is considered on receipt basis.				
Less:				
d) Excise Duty		2,441,380		3,779,982
		398,982,346		567,213,909

Notes to Accounts forming part of the Financial Statements for the Year ended on 31st March 2013

	Rupees	As at 31/03/2013 Rupees	Rupees	As at 31/03/2012 Rupees
Revenue from Operations				
17. Other Income				
a) Interest Income	1,000,681		889,044	
b) Net Gain/Loss on sale of Investments/ Fixed Assets	(192,918)		46,814	
c) Penalties to Supplier / Compensation	10,255,448		0	
c) Other non-operating Income				
Exchange Gain/(Loss) (Other than considered as finance cost)	(1,675,242)	9,387,969	(5,341,331)	(4,405,473)
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 .				
18. Cost of Materials Consumed				
Material Consumption:				
Raw material Consumed (Alloy & Steel Ingots)		161,491,463		254,797,639
19.Changes in inventories of finished goods, work-in-progress and Stock-in-Trade				
Closing Inventories				
Finished goods				
Work in Progress	(52,811,668)		(38,791,312)	
Opening Inventories				
Finished Goods				
Work in Progress	38,791,312	(14,020,356)	57,104,376	18,313,064
20. Employee Benefit Expenses				
a) Salaries & Wages	21,122,548		19,735,209	
b) Contribution to Provident and Other Funds	2,623,795		266,944	
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) Staff Welfare Expenses	1,827,949	25,574,292	637,369	20,639,522

Notes to Accounts forming part of the Financial Statements for the Year ended on 31st March 2013

	Rupees	As at 31/03/2013 Rupees	Rupees	As at 31/03/2012 Rupees
21. Finance Costs				
a) Interest Expenses	7,164,538		13,567,120	
b) Other Borrowing Costs:	4,208,261		5,313,024	
a) Borrowing Costs on Working Capital is charged to profit and loss statement in the year of incurrance.				
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.				
c) Net gain/loss on foreign currency transactions & translation	(496,211)		5,815,951	
d) Interest Subvention Subsidy	(735,310)	10,141,278	(888,523)	23,807,572
22. Other Expenses				
a) Consumption Of Stores and Spares parts		12,989,323		8,739,691
b) Power & Fuel		117,503,115		131,240,282
c) Rent		1,625,151		1,477,410
d) Repairs to Buildings		0		0
e) Repairs to Plant & Machinery		1,349,512		1,091,314
f) Insurance		246,315		215,333
g) Rates and Taxes		235,016		352,311
i) Machining Charges		19,493,943		22,293,401
k) Clearing & Forwarding Charges		4,811,257		6,245,363
l) Miscellaneous expenses		20,998,689		17,723,102
		179,252,321		189,378,207

NOTE '23' - ADDITIONAL STATEMENTS FORMING THE PART OF FINANCIAL STATEMENTS**1. Significant Accounting Policies :**

- A) System Of Accounting :
- The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
 - 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.
 - 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, labor 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. 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 :
- Provident Fund: Liability is determined on the basis of contribution as required under the statutory rules.
 - Superannuation Fund: Contribution is made to Life Insurance Corporation of India in respect of employees covered under the Scheme.
 - Gratuity: Liability under the Payment of Gratuity Act, 1972 has been actuarially valued. However the liability is not funded externally.
 - Privilege Leave entitlements Liability has been actuarially valued. However the liability is not funded externally.
- H) Taxation :
- 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.
 - 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 crystallize, 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 realized.
- 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 recognize 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:
- 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.
 - Export Incentives i.e DEPB License Sales are provided on actual physical License received by the company & Duty Drawback are accounted on cash basis.
- 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
- Borrowing Costs on Working Capital is charged to profit and loss statement in the year of incurrence
- 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.
 - Borrowing costs that are attributable to the acquisition or development of intangible assets are capitalized till the date they are put to use.

NOTE '23' - ADDITIONAL STATEMENTS FORMING THE PART OF FINANCIAL STATEMENTS

2.	Contingent liabilities not provided for in respect of :	31.03.2013	31.03.2012
		Rupees	Rupees
A)	Banks		
1).	Counter Guarantee issued by Bank	95,25,035	95,25,035
2).	Letter of Credit issued by Bank on behalf of the Company	13,00,000	1,49,50,000
3)	Foreign Letter of Credit (Euro) 29000)(P.Y. Euro 1,11,451)	21,23,380	76,71,1721
4)	Foreign Bank Guarantee Issued(P.Y.US \$ 3,80,000)	NIL	1,95,01,600
B)	Guarantees Given by the Company on behalf of other Companies	NIL	2,35,00,000
	Maximum Outstanding during the year Rs. Nil (previous Year 80,50,000/-		
C)	Estimated value of Contracts remaining to be executed on Capital Accounts and not provided for (net of advances)	77,46,081	1,81,96,750

3)

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) 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

C) Repayment of Sales Tax Deferral Loan due on 31st March 2013 was Rs. NIL (Previous year Rs. 17.14 lacs).

D) Provision for Sales Tax liability is made based on pending Sales Tax cases & pending liabilities which are taken as per Book balance . Excess/ Shortage is adjusted against Other Expenses.

4) During the year The Company has sold land of 8002.226 SQ Mtrs for Rs. 1,30,00,000/- This was an un-used portion of land which was not required for further expansion of the capacity .This has resulted into Long Term Capital Gain of Rs. 1,28,31,960/-The Company has made this provision for Income Tax payable on this gain and also paid Advance Income Tax accordingly. In the Financial Statement this amount is shown as Exceptional Income.

5) The Information with regards to vendors under "The Micro, Small and Medium Enterprises Development Act, 2006 "is not available and hence no disclosures have been made in this regard.

6) 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 (*)	(\$)1213.096	1213.096	3764.66	0	0	0	0
[(\$) As forged Tonnage 2236.340]										
	(Previous Year)	6,000 (*)	6,000 (*)	(\$) 2,528.524	2,509.299	5487.05	0	0	0	0
[(\$) As forged Tonnage 4133.0564]										
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.

(+) Net of rejection of 19.225 Tonnes.

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 61.396 tons: Rs. 17.89 Lakhs (Previous year 98.615 tons: Rs. 28.21 lakhs) is not included in the above figures.

	Unit	31.03.2013		31.03.2012	
		Quantity	Value	Quantity	Value
9) Details of Raw Material & Fuel Consumption :					
Steel & Alloy Ingots - Raw Material	Tons	2946.600	16,14,91,463	4,377.285	2,54,797,639
Fuel Kilo	Ltrs	1898.66	10,45,72,263	2,296.735	11,68,13,276
8) Details of Imported and Indigenous Raw Material. Consumed :					
		Percentage	Value	Percentage	Value
Imported		4.67	75,43,237	23.27	5,85,88,220
Indigenous		95.33	15,39,48,226	76.72	19,62,09,419
Total		100.00	16,14,91,463	100.00	2,54,797,639
9) 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(Taxation Work)			40,000		40,000
10) Computation of Net Profit in accordance with Section 198(1) and Section 349 of Companies Act, 1956					
Profit as per Profit and Loss Account			5,53,43,742		3,24,02,570
Add Directors Remuneration including perquisites			17,21,013		17,17,676
Directors Commission			5,00,000		7,85,000
Provision for Taxation			0		1,64,74,635
Total			5,75,64,755		5,13,79,881
Less Profit On Sale of Asset			1,26,39,042		46,814
Profit on which Commission is payable			4,49,25,713		5,13,33,067
Maximum Remuneration which can be paid for the year @ 5% on Rs. 4492713 to Managing Director			22,46,286		25,66,653
Less Remuneration (Excluding Commission) already paid			17,21,013		17,17,676
Balance available for paying as commission			5,25,273		8,48,977
Minimum as determined by the Board			0		0
b) Details Remuneration to Managing Director:					
-Salaries, Allowances and Perquisites			19,01,013(*)		21,02,676(*)
(*) Includes perquisites as under;					
1) Rent			0		0
2) Commission			1,80,000		3,85,000
3) Leave Encashment			0		0
4) Gratuity			65,192		65,192
5) Super Annuation			135,600		1,35,600
6) Health Insurance			42,821		39,484
11) CIF Value of Imports :			31.03.2013		31.03.2012
Raw Materials			2,77,30,299		2,73,72,215
Spares & Components			85,32,253		1,59,125
Capital Goods			0		0
12) Expenditure in Foreign Currency :					
Foreign Travel			5,76,860		0
Commission			0		4,08,352
Advance for Raw Material			25,25,749		0
Advertisement			80,372		1,58,703

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

	No of Share Holders	7	7
1.	No of equity shares	13,24,100	13,20,000
2.	Amount remitted	19,86,150	13,20,000

14) Related Party Disclosures :

a) Remuneration paid or payable to Directors for the year ended 31st March 2013

Name Of the Director	Sitting Fees in (Rs)	Salary and perquisites (in Rs)	Supper Annuation Fund	Total In (Rs.)
Mr. R. S. Kothavale Managing Director	1,14,000	15,82,413	1,35,600	18,32,013
Mr. S. Padmanabhan Chairman	1,30,000	NA	NA	1,30,000
Mr. P. B. Kore	86,000	NA	NA	86,000
Mr. S. R. Kothavale	1,00,000	NA	NA	1,00,000
Mr. S.M.Sirsikar	1,70,000	NA	NA	1,70,000
Mr Pradeep Bhargava	1,70,000	NA	NA	1,70,000

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

(Amount in Rs.)

SrNo.	Particulars	Nature Of Relations	2012-2013	2011-2012
1	Office Rent	Others	16,25,151	14,77,410
2	Machining & Commitment Charges	Others	87,58,373	90,45,079
3	Guarantee Given to Bank	Others	0	2,35,00,000
4	Balance Receivable by RFL Loan Others	Others	1,81,72,620	1,30,66,418
5	Balance Payable by RFL	Others	1,47,741	2,12,010

(15) 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.

16) Details of Forward Contracts Outstanding as on 31st March 2013.

The Company has entered in to forward contracts to cover the expected receivables against Foreign Exchange Rate Fluctuations. The Forward Contracts outstanding as on 31st March 2013 were as under.

Currency	31 st March 2013		31 st March 2012	
	No Of Contracts	Value in Foreign Currency (US\$)	No Of Contracts	Value in Foreign Currency
USD	10	28,50,000	27	61,50,000

17) 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	44,14,233	28,07,041
b)	Fair Value of Plan Assets	Nil	Nil
c)	Net assets/(liability) recognized in balance sheet	(44,14,233)	(28,07,041)
ii)	Amount to be Recognised in the Statement of Profit and Loss Account		
a)	Current Service Cost	4,18,892	3,07,850
b)	Interest Cost	2,23,948	3,21,725

c)	Past Service Cost	0	0
d)	Net actuarial (gain) loss Recognized in the year	(10,89,688)	(13,31,939)
e)	Net Actuarial losses / (Gains) Recognized in the year	17,32,528	(7,02,364)
Total included in personnel expenses			
iii)	Change in Defined Benefit Obligation and reconciliation		
a)	Opening Defined Benefit Obligation	28,07,041	36,76,858
b)	Interest Cost	2,23,948	3,21,725
c)	Past Service Cost	0	0
d)	Current Service Cost	4,18,892	3,07,850
e)	Net actuarial (gain) loss Recognized in the year	1089688	(13,31,939)
f)	Benefits paid	1,25,336	1,67,452
g)	Closing Balance	44,14,233	28,07,041
v)	Principal Actuarial Assumptions		
	Discount Rate	8.00%	8.75%
	Rate of increase in Compensation level	8.00%	8.00%
	Expected Average remaining working lives of Employees (years)	21.30	21.70

17) 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 2012-2013	Rs. 5,49,43,742
B)	Weighted Average No. of Shares of Rs. 10 each	1,09,39,400
C)	Basic and diluted EPS (A/B)	Rs 5.02

18) Segment information for the year ended 31.03.2012 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.

19) Components of Deferred Tax Assets and Liabilities :

PARTICULARS	BALANCE	ARISING	BALANCE
	CARRIED AS AT 31 ST MARCH 2012	DURING THE YEAR	CARRIED AS AT 31 ST MARCH 2013
	RS.	RS.	RS.
DEFERRED TAX LIABILITIES:-			
On account of timing difference in			
Depreciation	1,00,09,381	1,85,969	1,01,95,350
Deferred tax Liability	1,00,09,381	1,85,969	1,01,95,350
DEFERRED TAX ASSETS:-			
On account of timing difference in			
a) Disallowance under section 43-B Of the Income – Tax Act, 1961	62,12,973	91,60,064	1,53,73,037
b) Accrual For Expenses Allowable on payments	14,22,092	(6,62,629)	7,59,463
Total Deferred Tax Assets	76,35,064	84,97,435	1,61,32,499
Net Deferred Tax Asset (Liability)	(23,74,317)	83,11,466	59,37,150

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

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

As per our report attached

For BAPAT & COMPANY

Chartered Accountants

Firm Registration No 100997W

For and on behalf of the Board.

A. N. BAPAT

Partner

Membership No.7524

VIJAY KULKARNI

Company Secretary

Membership. No. A 20665

R.S.KOTHAVALA

MANAGING DIRECTOR

SWASTIK SIRISIKAR

DIRECTOR

Place: Pune

Date : 13th May 2013

RAJKUMAR FORGE LIMITED

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

NOMINATION FORM

I/We am/are holder(s) of the equity shares of the Company as per details given below:

Folio No.	Signature as per specimen recorded With the Company
Name of the holder'(s)	
Sole/1'st holder	
Joint holder	

As per provision of Section 109(A) of the Companies' Amendment Act, 1988. I/ We Nominate the following person (details below) to become entitled to the equity shares registered in the folio mentioned above in the event of my/our death. I/We further declare that nomination given below overrules all previous nominations for the folio

Nominee's Name	Guardian's Name (other than applicant(s) , in case Nominee is Minor)
Age of the nominee Date of birth : (in case of minor)	Guardian's Address : Pin City State
Nominee's Address: Pin Code : City : State :	Pin Code City State Witness : Name Address: Pin code City State
For Office Use Only:	
Nomination Registration No.	
Date of Registration	

RAJKUMAR FORGE LIMITED

Regd. Office : "Shivprasad", 18, Shivaji Co-operative Housing Society, 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 - 411001I/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)

(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. Office : "Shivprasad", 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)

Members Folio No/ Client ID Applicable for members holding shares in demantralised form _____
No of shares held _____

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the **Twenty Third Annual General Meeting** of the Company at **Poona Club,6 Bund Garden Road, Pune -411001 on Monday the 12' th day of August,2013 at 12.00 Noon**

Name of attending member (in Block Letters)

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

Note : Shareholders/proxy or authorize representative of shareholders are requested to produce the above attendance slip, duly signed in accordance with the specimen signature registered with the Company, for admission to the venue. The admission will be, however subject to verification/ checks as may be deemed necessary. Under no circumstance duplicate Attendance Slip will be issued at the entrance of the meeting.



Tear Here



RAJKUMAR FORGE LIMITED

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

PROXY FORM

Members Folio No/ Client ID Applicable for members holding shares in demantralised form _____
No of shares held _____ D.P.ID Applicable for members holding shares in demantralised form _____

I / We _____

of _____ being member(s)

of **Rajkumar Forge Limited** hereby appoint Mr./Mrs. _____ of _____

or failing him Mr./Mrs. _____ of _____

as my / our proxy to attend and vote for me / us on my /our behalf at the **Twenty Third Annual General Meeting** of the Company to be held on Monday the 12' th day of August,2013 at 12.00 Noon and at any adjournment thereof.

Signed this _____ day of _____ 2013

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

Affix
Revenue
stamp of
proper
value

Signature of Shareholder
across the stamp

Note :

1. The proxy form must be deposited at the Registered Office of the Company at 18, Shivaji Co-operative Housing Society, Off Senapati Bapat Road,Pune-411016, not less than 48 hours before the meeting.
2. No instrument of Proxy shall be valid unless:-
 - a. In case of an Individual shareholder it is signed by him/her or his/her attorney ,duly authorized in writing.
 - b. In case of joint holders, it is signed by shareholder first named in the register or his /her attorney, duly authorized in writing.
 - c. In case of a body corporate signed by its officer or attorney, duly authorized in writing.
3. An instrument of proxy shall be sufficiently signed. If for any reason he/she is unable to sign then his/her mark shall be affixed thereto and attested by Judge, Magistrate, Registrar, Sub-registrar of assurances.
4. No instrument of proxy shall be valid unless it is duly stamped.
5. An instrument deposited with the Company shall be irr-revocable and final.
6. In case of Instrument of proxy granted in favor of two grantees in alternative not more than one form shall be executed.
7. The shareholder who has executed an instrument of proxy shall not be entitled to vote in person at the meeting.

* Applicable for members holding shares in dematralised form.

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

Email : secretarial@rkforge.in
invest@rkforge.in