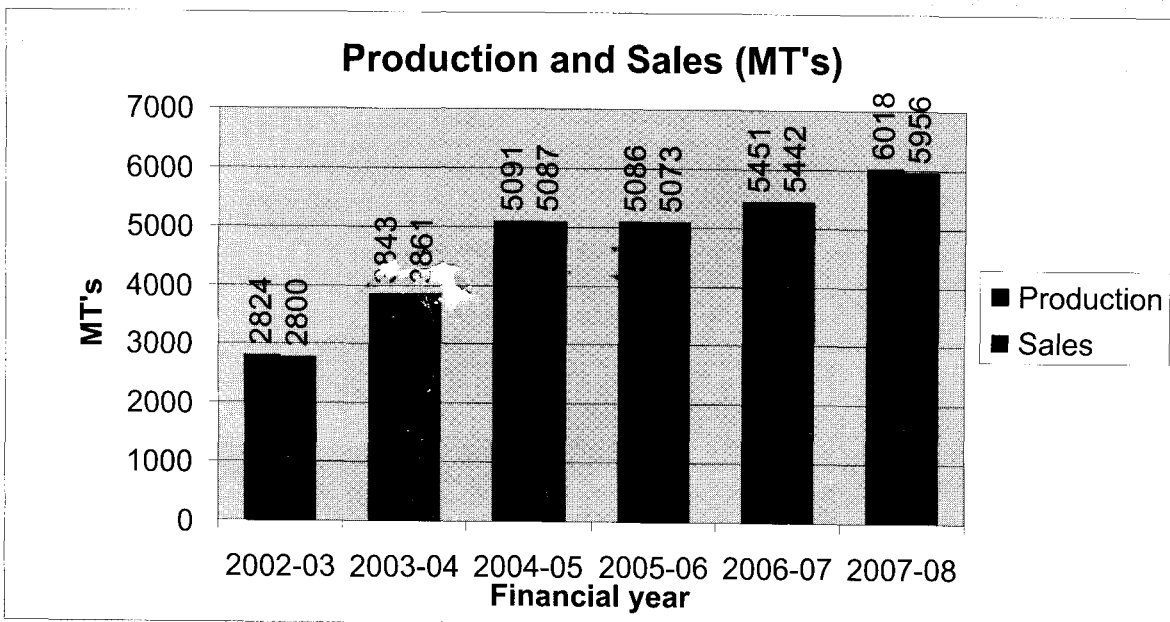
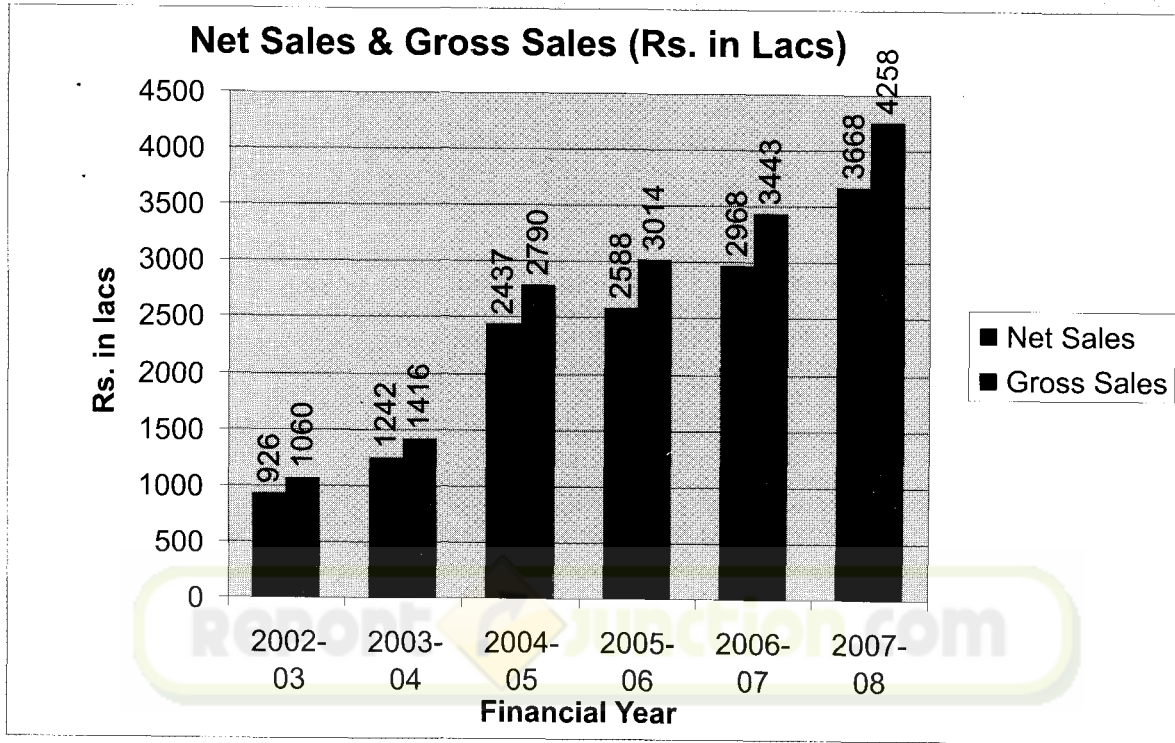




Samrat Forgings Limited
27th ANNUAL REPORT 2007-08



Samrat Forgings Limited





SAMRAT FORGINGS LIMITED
27th ANNUAL REPORT 2007-08

BOARD OF DIRECTORS

MANAGING DIRECTOR

Mr. J. C. Chowdhary

DEPUTY MANAGING DIRECTOR

Mr. Rakesh M. Kumar

DIRECTORS

Mr. Rohit Gupta

Mr. Ajay Kapoor

Mr. Puneet Verma (Nominee PSIDC)

Mrs. Bindu Chowdhary

AUDITORS

Jain & Associates

Chartered Accountants

SCO : 819-820, Sector 22-A, Chandigarh

BANKERS

The Jammu & Kashmir Bank Ltd.

Sector 17, Chandigarh

REGISTERED OFFICE

1712, Sector 33-D,
Chandigarh-160 020

WORKS & ADMN. OFFICE

Village & PO Ghollu Majra,
Tehsil : Dera Bassi,
Distt. Mohali (Punjab)

**REGISTRARS AND
TRANSFER AGENTS**

MAS Services Pvt. Ltd.
AB-4, Safdarjung Enclave
New Delhi - 110029

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NOTICE

NOTICE is hereby given that 27th Annual General Meeting of the members of Samrat Forgings Limited will be held on Tuesday, the 30th September, 2008 at 11.00 A.M. at the Registered Office of the Company at # 1712, Sector 33-D, Chandigarh to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ending on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Bindu Chowdhary who retires by rotation and being eligible offers herself for reappointment.
3. To appoint a Director in place of Mr. Rakesh M. Kumar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint statutory auditors of the company to hold office from the conclusion of this annual general meeting until the conclusion of next annual general meeting at a remuneration to be decided by the Board of Directors. M/s Jain & Associates, Chartered Accountants, Chandigarh retire at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

By order of the Board of Directors
For Samrat Forgings Limited

Place: Chandigarh
Dated: 30th July, 2008

(J C Chowdhary)
Managing Director

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not to be a member of the company.
2. Proxies in order to be effective must be received by the company at its Registered Office not less than 48 hours before the meeting.
3. The Register of members and Share Transfer Books of the company will remain closed from 27.09.2007 to 30.09.2008 (both days inclusive) pursuant to the provisions of section 154 of the Companies Act, 1956.
4. The company has appointed M/s MAS Services Limited, AB-4, Safderjang Enclave, New Delhi -110029, Tel. Nos. 011-26104142, 011-26104326 as Registrars and Transfer Agents. The company has entered into an agreement with Central Depository Services (India) Ltd. (CDSL). Members holding shares in physical format are requested to send their shares for Demat through depository participant (CDSL) activation ISIN: 412J01010. The company is also in the process of entering into an agreement with National Securities Depository Limited (NSDL).
5. The members are requested to bring their copy of Annual report to the Meeting.
6. The members desirous of obtaining any information concerning the accounts and operations of the company are requested to address their question(s) in writing to the company sufficiently in advance so that the same is received by the company at least 7 days before the date of the meeting so that information required may be made available at the meeting.
7. The members / proxy holders are requested to produce the attendance slip duly completed and signed, for admission to the meeting hall.
8. The members are requested to notify the change in address, if any, immediately to the company / Registrars quoting their folio numbers.
9. Appointment / Re-appointment of Directors: Information / details as required under Corporate Governance code in respect of persons being re-appointed as Directors at the forthcoming Annual General Meeting is given below:

Mrs. Bindu Chowdhary is a Promoter Director and associated with the company since 1990. Her services have been very useful for the general affairs of the company.

Mr. Rakesh M Kumar is professionally qualified having B Tech. Degree and done MBA from University of California. He is associated with the company as Whole Time Director since 1994. He is looking after marketing, sales, purchase and other technical matters and day to day affairs of the company. He has been re-appointed as Managing Director by members of the company for a period of five years w.e.f. 01 .. He is a man of innovative vision and his services have been quite useful to the company.



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Statement of Accounts of the company for the financial year ended on 31st March, 2008.

1. FINANCIAL RESULTS

	<u>2007-08</u>	<u>2006-07</u>
	(Rs. in Lacs)	(Rs. in Lacs)
Gross Sales including Job Work	4257.73	3443.02
Less: Excise Duty	590.49	474.53
Net Sales	3667.24	2968.49
Other Income	10.45	34.80
Profit before Interest, Depreciation & Tax	466.94	372.99
Interest	157.26	110.33
Depreciation	51.88	38.92
Profit during the year	257.80	223.74
Prior period adjustments	2.61	0.19
Net Profit before Taxation	255.19	223.55

2. OPERATIONS

During the year under review, your company has achieved a sales turnover of Rs. 4257.73 lacs and a net profit of Rs. 255.19 lacs before taxation as against sales turnover of Rs. 3443.02 lacs and a net profit of Rs. 223.55 lacs during previous year. The company is further expecting to post much improved results during the year 2008-09.

3. FUTURE OUTLOOK

With favorable change in the market scenario, the Company is now fast growing and achieving much improvement in the financial results. With the view to meet the growing demand for its products from its existing and new customers, the Company is in the process of adding new machinery to enhance its capacity. The Company has received Export order and a number of orders are expected during the current financial year.

4. CAPITAL STRUCTURE

During the financial year, the company has allotted 34,26,200 Equity shares of Rs.10/- each on preferential basis to promoters and non-promoters group after due compliances. As a result, now the paid up share capital has increased to Rs. 5.00 crores.

5. DIVIDEND

The Directors regret their inability to recommend any dividend for the year under review and rather prefer to conserve the resources and plough back the accrued profits into the company.

6. FIXED DEPOSITS

The Company has accepted fixed deposits from the public during the year under section 58A of the Companies Act, 1956. The amount of deposit accepted by the company under Section 58A of the Companies Act, 1956 is Rs. 4.50 lacs (Previous year Rs. Nil). There is no unclaimed deposit.



7. ISO / TS CERTIFICATION

Your Directors are pleased to inform you that your Company has been accredited with ISO/TS-16949: 2002 and AD 2000-Markblatt WO Certification from TUV Rheinland.

8. DIRECTORS

Mr. Rakesh M. Kumar, Dy. Managing Director and Mrs. Bindu Chowdhary, Director are liable to retire by rotation pursuant to Section 256 of the Companies Act, 1956 and Articles of Association of the company and being eligible offers themselves for re-appointment.

9. INTERNAL CONTROL SYSTEMS

The company has adequate internal control system implemented by the management commensurate with the size and nature of business. The internal control procedures ensure efficient use and protection of assets and resources, compliance with applicable laws and ensure reliability as well as promptness of financial and operational reports.

10. DIRECTORS RESPONSIBILITY STATEMENT

The company has complied with various accounting and financial reporting requirements in respect of the financial statements for the period under review, pursuant to Section 217(2AA) of Companies Act, 1956 with respect to Directors' responsibility statement, it is hereby confirmed:

- (i) That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit & loss of the company for that period.
- (iii) That we have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) That accounts have been prepared on going concern basis.

11. AUDITORS

Statutory Auditors M/s Jain & Associates, Chartered Accountants are retiring at the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under section 224(1B) of the companies Act, 1956.

The observations of Auditors and the relevant notes on Accounts referred to in Schedule-17 are self explanatory and require no further comments.

12. CORPORATE GOVERNANCE

The company has complied with the mandatory provisions of Corporate Governance as prescribed in the clause 49 of the listing agreement with the Stock Exchange. A detailed report on the Corporate Governance is given in a separate section in this Annual Report.

13. MANAGEMENT DISCUSSION AND ANALYSIS

The detailed report of Management Discussion and Analysis is provided in the Annual Report.



14. STATUTORY DUES

The company is upto date in payment of statutory dues like Sales Tax, VAT, Excise Duty, TDS, P. F. & E.S.I.

15. SAFETY, POLLUTION & QUALITY CONTROL

The company is committed to achieve and maintain at all levels, safety in plant operations. To achieve this, sufficient safety provisions have been made and the same are checked periodically. There were no major accidents in the plant during the year. Further there are no effluents, which require treatment. Stringent quality control for all products and raw materials has been incorporated and the company has well equipped laboratory to ensure quality control.

16. INDUSTRIAL RELATIONS

During the year under review, the relations between the management and workmen were highly cordial.

17. INVESTOR RELATIONS

The company has always endeavors to keep the time of response to shareholders' requests / grievances at the minimum. Priority is accorded to address all the issues raised by the shareholders and provide them a satisfactory reply at the earliest possible time.

18. PARTICULARS OF EMPLOYEES

As none of employee of the company was drawing remuneration more than the limits specified U/S 217 (2A) of the Companies Act, 1956, the information as specified under Companies (particulars of employee) Rules, 1975 is not applicable.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO.

The information relating to energy conservation, technology absorption, foreign exchange earning & outgo in accordance with the Companies (Disclosure of the particulars in report of Board of Directors) Rules, 1988 is given in annexure to this Report.

20. ACKNOWLEDGEMENT

The Board records grateful appreciation for the co-operation from Banks & Central and State Government Authorities. Your Directors also wish to place on record their thanks and appreciation to all the workers, staff members and executives for their contribution to the operations of the company. The Directors also place on record their sincere thanks to shareholders for their continued support, co-operation and confidence in the management of the company.

By order and on behalf of the Board

For Samrat Forgings Limited

(J. C. Chowdhary)
Managing Director

(Rakesh M. Kumar)
Dy. Managing Director



INFORMATION AS REQUIRED UNDER SECTION 217 (1) (e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988.

A. CONSERVATION OF ENERGY

a) Energy Conservation Measures:

The Company has always accorded high priority to energy conservation. Efforts for reduction of energy consumption taken up in the previous year have been continued during the year under review. Energy generating and energy consuming equipments are closely monitored for optimum performance.

b) Total energy consumption and energy consumption per unit of production.

As per Form 'A' given hereunder:

FORM 'A'
DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSUMPTION
(TO THE EXTENT APPLICABLE)

		2007-08	2006-07
1.	Electricity Power & Fuel consumption		
	a. Purchase	Unit Lacs	31.66
	Total Amount	Rs. in lacs	143.54
	Average Cost per unit	Rs.	4.53
	b. Own Generation (Through diesel generation)	Unit Lacs	3.04
	Unit per Ltr. of Diesel	Units	2.79
	Cost per Unit	Rs.	10.65
2.	Furnace Oil / R.F.O./ L.D.O.		
	Quantity	KL	1,401
	Amount	Rs. in lacs	303.14
	Average Rates per Ltr.	Rs.	21.63
3.	Consumption per unit of prod.		
	1. Electricity Purchased	Units	493.77
	2. Electricity Generated	Units	47.41
	3. Furnace Oil/ R.F.O./L.D.O.	Ltrs.	218.54
	4. Production	MT	6,018
B.	Technology Absorption FORM-B	Nil	Nil
C.	Foreign Exchange Earnings & outgo		
	(i) Earnings	Rs. in lacs	--
	(ii) Outgo -Foreign Travel	Rs. in lacs	0.65
	-Imported Machinery	Rs. in lacs	37.00
	-Stores & Spares	Rs. in lacs	--
			20.00



CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is the combination of voluntary practice and compliance with laws and regulations leading to effective control and management of the company. The company believes that good corporate governance contemplates that corporate actions balance the interest of all stockholders and satisfy the tests of accountability, transparency and fair play. The company believes that all its operations and actions must be directed towards overall shareholder value.

BOARD OF DIRECTORS

(a) Board Composition

The Board of Directors consists of six Directors out of which three are Independent Directors. The Chairman of the company is Executive Non Independent Director; including him there are two whole time directors in the company. The Non Executive Directors possess vast knowledge and professional expertise and bring independent judgment to the Board's deliberations and decision-making.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49) across all the Companies in which he/she is a Director.

(b) Board Meetings:

The meetings of the Directors are held at regular intervals, which are also attended by the core management team as a matter of practice. In the Board meetings, corporate operations are elaborately reviewed in the context of Board approved Business Plans. The core management team's presence at the Board Meetings, participation and interaction with Non-executive Directors enables it to obtain their independent views on corporate operations. This exposure also provides to the core management team an opportunity to receive valuable advice, guidance, direction and motivation from Non-executive Directors.

(c) Attendance and other directorships

The details of attendance of the Directors at the Board Meetings during the year and the last Annual General Meeting held on 31st August, 2007 and also the number of other directorship and committee Membership / Chairmanship is as follows:

Name of the Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other directorships	No. of Board Committees
Mr.J.C.Chowdhary	Managing Director	8	Yes	4	2
Mr. Rakesh M. Kumar	Dy. Managing Director	8	Yes	3	1
Mrs. Bindu Chowdhary	Director	8	Yes	2	-
Mr. Ajay Kapoor	Director	5	No	2	3
Mr. Rohit Gupta	Director	2	No	7	3
Mr. Puneet Verma	Director	-	No	1	1