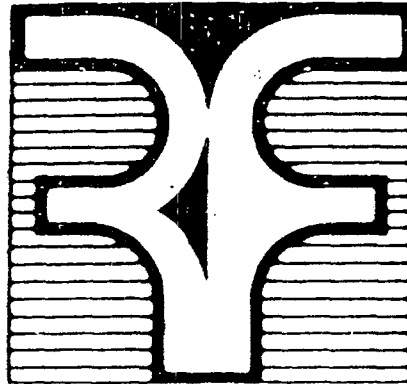


ANNUAL REPORT

1996 - 97

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CS	<input checked="" type="checkbox"/>		DPY	AB
RO	<input checked="" type="checkbox"/>		DIV	CH
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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

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RAJKUMAR FORGE LIMITED

RAJKUMAR FORGE LIMITED

SEVENTH ANNUAL REPORT 1996-97

BOARD OF DIRECTORS : N. K. Prasad Chairman
P. B. Kore
A.S. Kothavale
N. Ramakrishna
N. D. Prabhu
B. R. Taneja
M. S. Joshi (IFCI Nominee)
R. S. Kothavale Managing Director

**MANAGER FINANCE &
COMPANY SECRETARY :** Anand Apte.

AUDITORS : M/S Bapat & Company
Chartered Accountants
Pune.

BANKERS : Bank of Baroda

REGISTERED OFFICE : 18, Shivaji Housing Society Ltd.,
Off Senapati Bapat Road,
Pune - 411 053.

WORKS : Gat No. 357, Kharabwadi,
Chakan-Talegaon Road,
Chakan - 410 501, Taluka - Khed,
Dist - Pune.

NOTICE

Notice is hereby given that the **Seventh Annual General Meeting** of the members of Rajkumar Forge Limited will be held at Poona Club, Pune 411001, on Friday, 29th August, 1997 at 11.00 a.m to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March 1997, and Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri N. Ramakrishna who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. P. B. Kore who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

NOTES :

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and a proxy need not be a member of the Company. Proxy, in order to be effective, must be deposited with the Registered Office of the Company not later than Forty-Eight hours before the commencement of the Meeting.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 23rd Aug, 1997 to 29th Aug. 1997 both days inclusive.
- c) Members are requested to intimate to the Company change of address.

By the Order of the Board of Directors
RAJKUMAR FORGE LIMITED

PUNE
JULY 15th, 1997.

ANAND APTE
Manager Finance &
Company Secretary

RAJKUMAR FORGE LIMITED

SEVENTH ANNUAL REPORT 1996-97

DIRECTORS' REPORT

To,

The Members,

Your Directors present their Seventh Annual Report for the year ended 31st March, 1997.

FINANCIAL RESULTS

	Year ended 31.03.1997 (Rs.in lacs)	Year ended 31.03.1996 (Rs.in lacs)
Profit/(Loss) for the year before Interest,		
Finance charges & Depreciation	304.69	436.76
Less:		
Interest, Finance Charges		
for the year	304.90	303.97
Depreciation	62.17	60.36
Profit/(Loss) for the year:	<u>(62.38)</u>	<u>72.43</u>

DIVIDEND

In view of the loss for the year, the Directors do not recommend any dividend for the year under consideration.

OPERATIONS

During 1996-97, the Production of Forgings was 2,558 MT (previous year 2,502 MT) and Sales and Other Income was Rs.1,549.84 lacs (previous year Rs.1,755.75 lacs). Lower Sales are mainly attributable to lower order booking which, among other things was due to curtailed capital equipment investments by major industries.

Due to change in product-mix, the realisations per Tonne were lower as compared to the previous year, resulting into a loss. The overdue interest to Financial Institutions (Refer Note O(7) to the Accounts) has since been settled.

OUTLOOK FOR CURRENT YEAR

The recessionary trend in the market industry continues in certain segments. The Company is deploying its resources in the best possible way to increase business volumes and plans to achieve increased turnover in the current year.

FINANCE

Financial Institutions have granted to your company

concessions and re-schedulement of Long Term Loans as reflected in the Profit and Loss Account for the year and the Balance Sheet as at 31.3.1997.

PUBLIC DEPOSITS

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

DIRECTORS

As per the provisions of the Companies Act, 1956. and Articles of Association of the Company, Shri N. Ramakrishna and Shri P B Kore Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s Bapat & Company, Chartered Accountants, Pune, retire and are eligible for reappointment.

PERSONNEL

None of the employees of the Company fall within the ambit of the limit prescribed under Section 217(2A) of the 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 of the Report, is given in Annexure A, to this Report.

GRATITUDE

The Directors wish to record their deep gratitude to the Government Authorities, Financial Institutions and Banks for their continued support and co-operation.

For and on behalf of the Board of Directors

Pune
June 30, 1997.

N. K. PRASAD
Chairman

ANNEXURE TO REPORT OF THE DIRECTORS FOR THE YEAR ENDED ON 31ST MARCH, 1997

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 the Board of Directors) Rules, 1988.

A. Conservation of Energy :

a. Energy conservation measures :

- i. The Company has installed a 1600 Tonne Press Complex with integrated manipulator and ingot truck, rotary table, equipped with computer control for fully automatic/semi-automatic operations. This is a very high speed press with computer programming capabilities which results into optimum productivity and hence reduction in energy costs.
- ii. From the beginning, the Company has introduced the latest energy conservation measures. A Computer controlled continuous monitoring system for all Furnaces has been installed, to optimize the Fuel Consumption.
- iii. In addition to substituting use of Furnace Oil in place of Light Diesel Oil, Company has taken conscious energy conservation measures during the year with the result that compared to the previous year, Company has saved fuel per unit of production and comparative cost savings have been achieved despite of an increase in input costs of Fuel Oil and Electricity during the year.

b. Additional Investments :

As stated, the Company has already installed Computer controlled continuous monitoring system for furnaces and for 1600 Tonne press complex. Subsequent investments will be made as and when required.

c. Impact of measures under (a) and (b) above:

Company has achieved substantial savings in Fuel costs during the year 1996-97 .

d. 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 the schedule thereto:

1996-97 1995-96

Power and Fuel Consumption :

1. Electricity Purchases

Units (in KWH)	916,361	1,132,132
Total Cost (Rs.)	3,909,491	4,270,891
Rate/Unit (Rs.)	4.27	3.77

2. Fuel Oil

Quantity (K.L.)	1,500,510	1,626,470
Total Cost (Rs.)	11,039,915	9,668,593
Rate/K.Ltr.(Rs.)	7,357	5,944

Consumption per Unit of production:

1. Steel Forgings Production (MT)	2,558	2,502
Electricity (Unit-KWH)	358	453
Fuel Oil (Ltrs.)	567	650

B. Technology Absorption:

Research & Development (R&D)

1. Specific areas in which R & D activity is being carried out by the Company:

- Development of new products
- Improvement of product quality
- Process improvement
- Cost effectiveness

2. Benefits derived as a result of the above R & D: Company is confident of improving the yield and product quality as well as being cost effective.

3. Future plan of action :

The Company's efforts will continue in the areas of development of new and critical forgings and improvement in quality.

The Company already possesses the necessary technology for manufacture of forgings.

C. Foreign Exchange Earnings and Outgo:

1996-97 1995-96

Foreign Exchange Earnings:

FOB value of Exports (Rs.Lacs) : — 11.14

Foreign Exchange Outgo:

Import of Spares (Rs. Lacs) : 0.45 —

RAJKUMAR FORGE LIMITED

SEVENTH ANNUAL REPORT 1996-97

AUDITORS' REPORT

To,
The Members of
Rajkumar Forge Ltd.,
Pune.

We have audited the attached Balance Sheet of Rajkumar Forge Limited ("the Company") as on 31st March, 1997 & also the Profit and Loss Account for the year ended as on that date annexed thereto, and report that :

- a) We have obtained all the information & 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 the books of the Company.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion & to the best of our information & according to the explanations given to us, the said accounts read with Accounting Policies and notes thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view :-
 - i) in the case of Balance Sheet, of the state of affairs of the company as on 31st March, 1997.

and

- ii) in the case of Profit and Loss Account, of the Loss for the year ended on that date.
- e) As required by the manufacturing & other Companies (Auditor's Report) Order 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we further report that :
 - 1) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. All the assets have been physically verified by the management at reasonable intervals during the year and no material

discrepancies were noticed on such verification.

- 2) None of the Fixed assets have been revalued during the year.
- 3) Finished Goods, Raw Materials and other consumable lying with the Company have been physically verified by the management at reasonable intervals. The items lying with subcontractors were also physically verified by the management.
- 4) In our opinion & according to the information & explanations given to us and having regard to the nature of items, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 5) As explained to us, there were no material discrepancies noticed on physical verification of the stocks of raw materials, finished goods and other consumables having regard the size of the operations of the Company and the same have been properly dealt with in the books of account.
- 6) In our opinion and on the basis of our examination of stock records, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles except non-inclusion of excise duty in valuation of stock as per accounting method followed by the company (Refer Note No.1 (F), Schedule O).
- 7) The Company has taken an unsecured loan from Company under the same management as defined under Sub-Section (1-B) of Section 370 of the Companies Act, 1956 and in our opinion the rate of interest and other terms and conditions of the loan are not prima facie prejudicial to the interest of the Company.