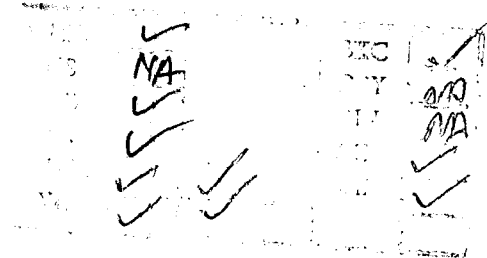
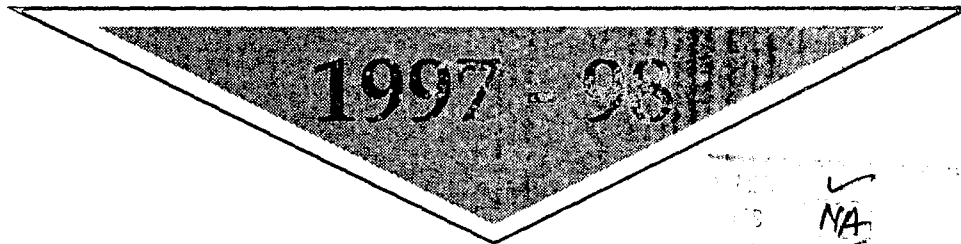
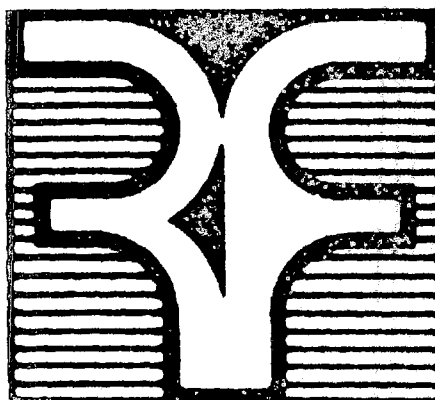


ANNUAL REPORT



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RAJKUMAR FORGE LIMITED

RAJKUMAR FORGE LIMITED

EIGHTH ANNUAL REPORT 1997-98

BOARD OF DIRECTORS :

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

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

BANKERS : Bank of Baroda

REGISTERED OFFICE : 18, Shivaji Housing Society Ltd.,
Off Senapati Bapat Road,
Pune - 411 016.

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

NOTICE

Notice is hereby given that the **Eighth Annual General Meeting** of the members of Rajkumar Forge Limited will be held at Royal Connaught Boat Club, 7/8 Boat Club Road, Pune 411001, on Friday, 25th September, 1998 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March 1998, 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. K. Prasad who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. B. R. Taneja who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

1. To appoint Shri. Anil Ramchandra Page (who was appointed as an Additional Director by the Board pursuant to Article 118 of the Articles of Association and who holds office under the said Article and Sec. 260 of the Companies Act, 1956 only upto the date of this meeting and in respect of whom the Company has received a notice in writing under Sec. 257 of the Companies Act 1956 from a member signifying his intention to propose him as a candidate for the office of Director) as a director of the Company and to consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :
 "RESOLVED THAT Shri. Anil Ramchandra Page be and is hereby elected and appointed as a Director of the Company, liable to retire by rotation".

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 18th September, 1998 to 25th September, 1998 both days inclusive.
- c) Members are requested to intimate to the Company changes, if any in their address.
- d) The documents and/or letters referred to in the Resolutions and in the Explanatory Statements annexed hereto are open for inspection by the Members at the Shares Department of the Company, on all working days between 2.00 p.m. and 4.00 p.m. upto the date of Annual General Meeting.

By the Order of the Board of Directors
RAJKUMAR FORGE LIMITED

PUNE
14th August, 1998.

R. S. KOTHAVALA
Managing Director

EXPLANATORY STATEMENTS UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Special Business item 1.

Shri. Anil Ramchandra Page was appointed as Additional Director of the Company by the Board of Directors pursuant to the provisions contained in Article 118 of the Articles of Association and Sec 260 of the Companies act, 1956. According to the provisions of the said Article he will hold the office upto the date of this meeting. As required under Section 257 of the Companies Act, 1956 notice has been received from a member signifying his intention to propose Shri. Anil Ramchandra Page as candidate for the office of a director alongwith a deposit of Rs. 500. Shri A. R. Page is a practising Chartered Accountant and has a long experience in accounting and auditing. He will represent on the Audit Sub-committee of the Board and his appointment as such is approved by the lead Financial Institution, IFCI Ltd.

Your directors, in the circumstances, recommend his appointment on the Board. None of the directors is concerned and interested in the resolution.

RAJKUMAR FORGE LIMITED

EIGHTH ANNUAL REPORT 1997-98

DIRECTORS' REPORT

To,
The Members,
Your Directors present their Eighth Annual Report for the year ended 31st March, 1998.

FINANCIAL RESULTS

	Year ended 31.03.1998 (Rs.in lacs)	Year ended 31.03.1997 (Rs.in lacs)
Profit/(Loss) for the year before Interest,		
Finance charges & Depreciation	211.63	304.69
Less:		
Interest, Finance Charges for the year	268.77	304.90
Depreciation	63.60	62.17
Profit/(Loss) for the year:	<u>(120.74)</u>	<u>(62.38)</u>

DIVIDEND

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

OPERATIONS

During 1997-98, the Production of Forgings was 1,828 MT (previous year 2,558 MT) and Sales and Other Income was Rs.1,147.32 lacs (previous year Rs.1,549.84 lacs). Lower Sales are mainly attributable to lower order booking on account of prevalent recessionary conditions in the Market.

OUTLOOK FOR CURRENT YEAR

The recessionary trend in the industry continues to prevail. 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. Your company is continuing efforts to increase profitability.

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 the Articles of Association of the Company, Shri. N. K. Prasad and Shri. B. R. Taneja Directors, retire by rotation at this Meeting and being eligible, offer themselves for re-appointment.

Shri. A. S. Kothavale our Director of the Company, passed away on 18th March, 1998. He was associated with the Company since its inception. With profound grief, the Directors put on record the invaluable services rendered by Late Shri. A. S. Kothavale during his tenure as Director.

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
29th June, 1998.

N. K. PRASAD
Chairman

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 the Board of Directors) Rules, 1988.

A. Conservation of Energy :

a. Energy conservation measures :

- i. The Company has installed a 1600 Tonnes Press Complex with integrated manipulator and ingot truck, rotary table, equipped with computer control for fully automatic/ semiautomatic 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.
- 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 the Company has achieved more or less same consumption figures even at lower utilisation level as compared to the previous year.

b. Impact of measures under (a) above:

Company has operated on optimal costs.

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 the schedule thereto:

	1997-98	1996-97
Power and Fuel Consumption :		
1. Electricity Purchases		
Units (in KWH)	729,279	916,361
Total Cost (Rs.)	3,758,586	3,909,491
Rate/Unit (Rs.)	5.15	4.27
2. Fuel Oil		
Quantity (K.L.)	1,067,410	1,500,510
Total Cost (Rs.)	7,868,657	11,039,915
Rate/K.Ltr.(Rs.)	7,372	7,357

1997-98 1996-97

Consumption per Unit of production:

1. Steel Forgings Production (MT)	1,828	2,558
Electricity (Unit-KWH)	399	358
Fuel oil (Ltrs.)	584	587

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:

	1997-98	1996-97
Foreign Exchange inflow:		
FOB value of Exports (Rs.Lacs) :	23.31	—
Foreign Exchange outflow:		
Import of Spares (Rs. Lacs) :	—	0.45

RAJKUMAR FORGE LIMITED

EIGHTH ANNUAL REPORT 1997-98

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, 1998 & 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, 1998.
 - 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 confirmed by them.
- 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.
- 7) The Company has taken interest free unsecured loan from its director listed in the register maintained under Sub-Section (1-B) of Section 370 of the Companies Act, 1956 and in our opinion the terms and conditions of the loan are not prima facie prejudicial to the interest of the Company.

8) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to the Companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.

9) The Company has not given any loans or advances in the nature of loans to any party. As such, the question of commenting on the parties repaying the principal amounts as stipulated and whether regular in payment of interest, wherever applicable or not, does not arise.

10) 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 plant & machinery, equipment and other assets.

In our opinion, the internal control procedures for purchase of stores, raw materials including components and for the sale of goods, are adequate.

11) According to the information & explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- (Rs. Fifty Thousand Only.) or more in respect of each party, which have been made at prices which are reasonable having regard to prevailing Market Price or prices at which transactions for similar goods or services have been made with other parties.

12) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials, components or finished goods and necessary provision for the loss arising on the items so determined have been made in the books of accounts of the Company.

13) The Company has not accepted deposits from the public. Hence, the question of the Company complying with the provisions of

Section 58 A of the Companies Act, 1956, & the rules framed thereunder, does not arise.

14) In our opinion reasonable records have been maintained by the Company for the sale and disposal of scrap. We are informed that the Company has no by-products.

15) The Company has an internal audit system commensurate with the size of the Company and the nature of its business. However, there is scope to widen the base.

16) As informed to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for any of the products of the Company.

17) According to the records of the Company, the Provident Fund dues have been regularly deposited during the year with appropriate authorities. We are informed by the management that the Employees State Insurance Act is not applicable to the Company.

18) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty as at 31st March, 1998, which are outstanding for a period of more than six months from the date they became payable.

19) In our opinion and according to the information and explanations given to us, no personal expenses of any director or employee have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with the generally accepted business practices.

20) In our opinion, the Company does not fall within the purview of clause (o) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Bapat and Company
Chartered Accountants

PUNE.
29th JUNE, 1998.

(A. N. BAPAT)
Proprietor.