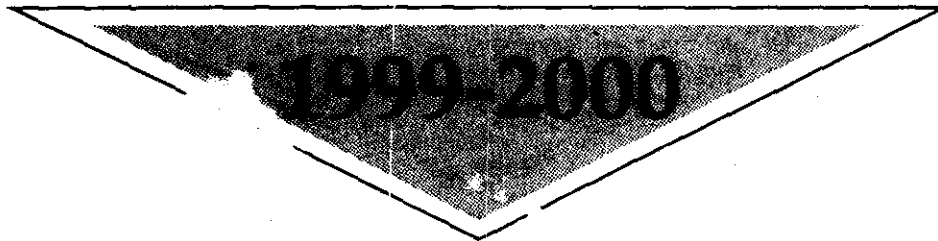
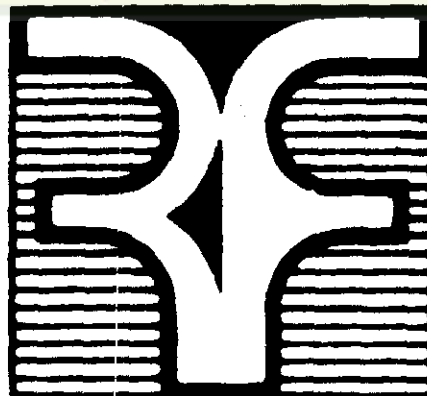

ANNUAL REPORT



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RAJKUMAR FORGE LIMITED

BOARD OF DIRECTORS : **N. K. Prasad** Chairman
 P. B. Kore
 N. Ramkrishna
 N. D. Prabhu
 A. R. Page
 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,
 District - Pune.

RAJKUMAR FORGE LIMITEDTENTH ANNUAL REPORT 1999-2000

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the members of Rajkumar Forge Limited will be held at Poona Club, 6, Boat Club Road, Pune - 411 001 on Tuesday, the 31st day of October 2000 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 2000, 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. N. Ramkrishna, 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) Members are requested to intimate to the Company changes, if any, in their addresses.

By the Order of the Board
RAJKUMAR FORGE LIMITED

Pune
May 31, 2000

R.S. KOTHAVALA
MANAGING DIRECTOR

DIRECTORS' REPORT

To,

The Members,

Your Directors present their Tenth Annual Report for the year ended March 31, 2000.

FINANCIAL RESULTS

	Year ended 31.03.2000 (Rs.in lacs)	Year ended 31.03.1999 (Rs.in lacs)
Profit/(Loss) for the year before Interest, Finance charges & Depreciation	(193.16)	185.16
Less : Interest & Finance Charges for the year	363.35	305.66
Depreciation	65.37	65.34
Profit/(Loss) for the year	<u>(621.88)</u>	<u>(185.84)</u>

DIVIDEND

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

OPERATIONS

During 1999-00, the Production of Forgings was 1,759 MTs. (previous year 2,214 MTs) and Sales Income was Rs.947.27 lacs (previous year Rs.1,118.53 lacs). During the year capacity utilization has declined by 4.55 per cent as compared to that of previous year. Also, sales realization has dropped by Rs. 654/- per ton as compared to previous year. Operating losses are further enhanced due to sharp increase in oil prices i.e. from Rs.6,841/- per KL in 1998-99 to Rs. 9,758/- per KL in 1999-2000 and about 8.35% increase in energy levies during the year i.e. from Rs.5.03 per unit to Rs. 5.45 per unit.

Industrial recession continues to haunt growth. Reduced demand coupled with falling realizations have affected the performance of the company negatively.

During the year the company has become a 'Sick Company' within the meaning of clause (O) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985. Hence, the reference, will have to be made within the specified period, to the Board for Industrial & Financial Reconstruction for determining the measures which shall be adopted with respect to the company.

OUTLOOK FOR THE CURRENT YEAR

The scenario in the current year is not different from that prevailed during the year under report. Yet your company is struggling to deploy its resources in the best possible

manner. To be specific, efforts are being made to tap overseas markets as the domestic market has been stagnating.

COMMENTS ON ITEM NO. 16 CONTAINED IN AUDITORS' REPORT

The item - 16 relates to 'Internal Audit System' of the Company. Auditors' comments thereon are self-explanatory.

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, directors, Shri. N. K. Prasad and Shri. N. Ramkrishna are liable to retire by rotation at this 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 Provisions 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.

YEAR 2000 COMPLIANCE

Your Company has crossed the hurdle of Y2K successfully on account of proper planning including investments in computer hardware and software.

GRATITUDE

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

For and on behalf of the Board of Directors

Pune
May 31, 2000.

N.K. PRASAD
Chairman

MAR FORGE LIMITED

TENTH ANNUAL REPORT 1999-2000

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/ 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.

- iii. The company has substituted Furnace Oil for Light Diesel Oil and thus, has taken conscious energy conservation measures during the 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

1999-00 1998-99

Power and Fuel Consumption**1. Electricity Purchases**

Units (in KWH)	993,840	1,088,973
Total Cost (Rs.)	5,415,554	5,475,336
Rate/Unit (Rs.)	5.45	5.03

2. Fuel Oil

Quantity (KL.)	1,419,810	1,610,320
Total Cost (Rs.)	13,854,634	11,015,717
Rate/K.Ltr.(Rs.)	9,758	6,841

Consumption per Unit of production

1999-00 1998-99

1. Steel Forgings Production (MT)	1,759	2,214
2. Electricity (Unit-KWH)	565	492
3. Fuel oil (Ltrs.)	807	727

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

b. 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.

c. Future plan of action

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

C. Foreign Exchange Earnings and Outgo

1999-00 1998-99

a. Foreign Exchange inflow

--- FOB value of Exports

(Rs.Lacs) 07.59 11.27

b. Foreign Exchange outflow

NIL NIL

TENTH ANNUAL REPORT 1999-2000

RAJKUMAR FORGE LIMITED

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 March 31, 2000 & also the Profit and Loss Account for the year ended 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 other notes thereto as per Schedule N, 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 March 31, 2000.

- ii) in the case of Profit and Loss Account, of the Loss for the year ended on that date.
- e) In our opinion the Profit and Loss Account and the Balance Sheet comply with the accounting standards specified by the Institute of Chartered Accountants of India, referred to in the sub-section (3C) of Section 211 of the Companies Act, 1956.
- f) 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) As explained to us stocks of Finished Goods, Raw Materials and other consumables lying with the Company have been physically verified by the management at reasonable intervals. In accordance with the past practice & accounting policy, stores & spares are treated as consumed in the year of purchase. The items lying with subcontractors at the year end were confirmed by them. The quantities of inventory as on March 31, 2000 are physically verified and certified by Independent Technical Expert.
 - 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 to 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 and is on the same basis as in the preceding year except change in valuation method as per FIFO / Weighted Average cost basis as required by Accounting Standard 2 issued by the Institute of Chartered Accountants of India and net impact of which has been disclosed in Note 19 of Schedule N.
 - 7) The Company has not taken any loans, secured or unsecured, from 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.

- 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) Interest-free advances in the nature of loans have been given to employees, who are repaying the principal amount as stipulated, wherever stipulation has been made.
- 10) According to the information & explanations given to us, the Company has not given any loans or advances in the nature of loans to any party.
- 11) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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.
- 12) 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.
- 13) As explained to us, the Company has a 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.
- 14) 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.
- 15) In our opinion reasonable records have been maintained by the Company for the sale and disposal of realizable scrap. We are informed that the Company has no by-products.
- 16) A firm of Chartered Accountants has carried out Concurrent Audit during the year & submitted periodical reports. This is commensurate with the size of the company and the nature of its business. In the opinion of the management the concurrent audit is adequate and serves the purpose of internal audit & hence there is no formal internal audit.
- 17) 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.
- 18) 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.
- 19) 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 March 31, 2000, which are outstanding for a period of more than six months from the date they became payable.
- 20) 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.
- 21) The Company is a sick industrial company within the meaning of clause (o) of Subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. As informed to us Company will take necessary steps regarding reference to BIFR in stipulated period.

PUNE
May 31, 2000

FOR BAPAT AND COMPANY
CHARTERED ACCOUNTANTS
(A.N. BAPAT)
PROPRIETOR.