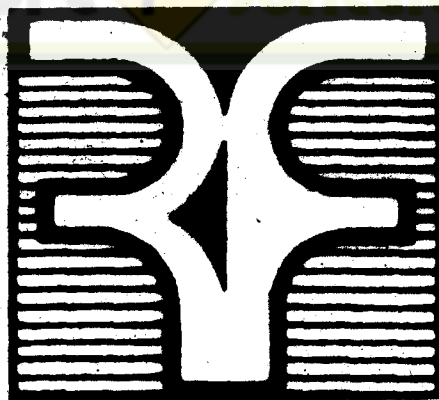


# ANNUAL REPORT

2001-2002

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## RAJKUMAR FORGE LIMITED

**RAJKUMAR FORGE LIMITED**TWELVETH ANNUAL REPORT 2001-2002

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**BOARD OF DIRECTORS : P. B. Kore****N. Ramkrishna****S.R. Kothavale****S. Siddaswara** (w.e.f. April 30, 2002)**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 LIMITED**

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**NOTICE**

Notice is hereby given that the Twelveth Annual General Meeting of the members of Rajkumar Forge Limited will be held at Poona Club, 6, Boat Club Road, Pune - 411 001 on Saturday the 16<sup>th</sup> November 2002 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 2002, 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 the place of Shri P. B. Kore who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS :**

4. To appoint Shri. S. Siddeswara (who was appointed as additional director by the Board pursuant to Article 118 of Articles of Association and who holds office under the said Article and section 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 along with deposit as prescribed under section 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. S. Siddeswara be and is hereby 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) Members are requested to intimate to the Company changes, if any, in their addresses.
- c) The register of members and share transfer books will remain closed from 26th November 2002 to 28th November 2002 both days inclusive.
- d) Documents and/or letters referred to in the Resolutions and in the explanatory statement 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 the Annual General Meeting.

On behalf of the Board  
RAJKUMAR FORGE LIMITED

S/d  
R. S. KOTHAVALA  
MANAGING DIRECTOR

Place : Pune  
Date : October 17, 2002

**RAJKUMAR FORGE LIMITED**TWELVETH ANNUAL REPORT 2001-2002

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**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956  
in respect of item No. 4 is follows****Special Business item -4**

Shri S. Siddeswara was appointed as additional director of the Company by the Board Pursuant to Article 118 of the Articles of Association of the Company and section 260 of the Company Act, 1956 As required under section 257 of the Companies Act, 1956 notice has been received from a member signifying his intention to propose Shri .S. Siddeswara as a candidate for the office of director alongwith deposit of Rs. 500/-

Shri. S. Siddeswara is Diploma in Mechanical Engineer and has more than 30 years of experience in Forging Industry. He is managing partner of Forging unit in Pune.

Your directors, in the circumstances, recommended his appointment on the Board. None of the director is concerned or interested in the proposed resolution.

On behalf of the Board

RAJKUMAR FORGE LIMITED

S/d

R. S. KOTHAVAL  
MANAGING DIRECTOR

Place : Pune

Date : October 17, 2002

## TWELVETH ANNUAL REPORT 2001-2002

**RAJKUMAR FORGE LIMITED****DIRECTORS' REPORT**

To,  
The Members,  
Your Directors present their Twelveth Annual Report for the year ended 31st March 2002

**FINANCIAL RESULTS**

	Year ended 31-03-2002 (Rs. in lacs)	Year ended 31-03-2001 (Rs. in lacs)
Profit/(Loss) for the year before Interest,		
Financial charges & Depreciation	604.13	(53.50)
Less :		
Interest, Finance		
Charges for the year	53.06	456.09
Depreciation	65.34	65.41
Profit /(Loss) for the year	485.73	(575.00)
Less : Deferred Tax Provision	142.73	0.00
Less : Prior Period Adjustment	0.00	1.08
Net Profit/(Loss) for the period	343.00	(573.92)

**DIVIDEND**

Your Directors do not recommend the dividend , due to accumulated losses of the Company.

**OPERATIONS**

During 2001-2002, the Production of Forgings was 1069 MTs (previous year 1729 MTs) and Sales Income was Rs 823.22 Lacs (previous year Rs. 997.10 Lacs). During the year, capacity utilization has remained the same as last year, However, sales realization has increased by Rs. 19,340/- per ton as compared to that during the pervious year. This increase has occured due to change in product mix.

Company has earned Net profit of Rs 343.00 Lacs as compared to net loss of Rs.573.92 Lacs during the preious year mainly due to write back of interest of Rs. 606.26 lacs waved by Industrial Development Bank of India as part of OTS (One-time settlement)

Expot earnings has increased from Rs129.94 Lacs to Rs. 414.43 Lacs during the year.

Increased exports and increased sales realizations have positive impact on the current year's operating performance. Yet, industrial recession continues to affect company's overall performance. Growth has been hindered due to stagnating domestic sales. Company is concentrating on in-creasing exports.

During the year due to accumulated losses company on refernce registered itself with Board for Industrial and Financial Reconstruction.

**OUTLOOK FOR THE CURRENT YEAR**

The business scenario in the current year has not changed as compared to that in the year under report. However, the export performance has been quite encouraging. Company's products are well received abroad and export sales during the current year are expected to be better than that during the year under consideration.

Your company has entered in to an agreement with the Term-lending Institutions, The Industrial Finance Corporation of India Limited, Industrial Development Bank of India and Industrial Credit and Investment Corporation of India towards "One-time Settlement" of dues owing to them. According to the terms of One time Settlement, your company was required to settle all dues to them before March 31, 2002. As you are aware that the Company had proposed to raise funds for such OTS by issue and allotment of shares to Shri. Shantanu R. Kothavale. However due to sudden change in market conditions he could not subscribe all shares which were offered to him. Therefore the company couldnot fulfill the terms of OTS agreement with The Industrial Finance Corporation of India Limited and Industrial Credit and Investment Corporation of India. The Company has made requeat to these institutions to extend the date for balance payment of OTS amount.

**PUBLIC DEPOSITS**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuance to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' responsibility statement, it is hereby confirmed :

- i) that in preparation of the annual accounts for the financial year ended on March 31,2002, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and 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 fiancial year and of the profit of the company for the financial year under review;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for the safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the accounts for the financial year ended March 31,2002 on "going concern basis".

**RAJKUMAR FORGE LIMITED**

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**DIRECTORS**

During the year Shri N.D. Prabhu & Shri A.R. Page the directors resigned from the board with effect from 18.12.2001 & 20.12.2001 respectively. The board has recorded its appreciation for the valuable contribution made by the above directors in the growth of the company.

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company Mr P.B.Kore is liable to retire by rotation at this Meeting and being eligible, offer himself for re-appointment.

The Board of Directors appointed Mr S. Siddeswara as additional director, will hold office upto the date of ensuing Annual General Meeting. The company has received a notice under Section 257 of the Companies Act, 1956, from a member along with deposit of Rs. 500/- proposing his appointment as director subject to retirement by rotation.

**NOTE ON IMPLEMENTATION OF CORPORATE GOVERNANCE**

SEBI, secondary market division vide their letter no. F.No. SMDRP/POLICY/CIR-10/2000 dated 21/2/2000 has advised about incorporation of new clause no. 49 about Corporate Governance in the listing agreement.

The SEBI vide said letter has specified schedule of implementation of the said clause to various listed companies.

Accordingly, as on 1st April, 2001 as the Paid Up capital of the company was less than Rs.10 crore, the company did not implement the conditions/stipulations of Corporate Governance.

Thereafter, on 26-11-2001 the company's capital exceeded Rs. 10 crore on allotment of 28,74,000 Equity shares. Since the said increase in paid up share capital occurred during the financial year 2001-2002 the company thought fit to implement provisions of Corporate Governance from the year commenced from 1st April, 2002.

The company has initiated action of implementation of Corporate Governance by appointment of audit committee by the Board of Directors in their meeting held on April 30, 2002.

**AUDITORS**

M/s Bapat & Company, Chartered Accountants, Pune hold office till the conclusion of ensuing Annual General Meeting and are eligible for reappointment.

**PERSONNEL**

There is no employee in respect of whom particulars are required to be disclosed pursuant to 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**

Your Directors wish to record their deep gratitude to the Government Authorities, Financial Institutions and Bank for their continued support and co-operation. Your directors also wish to thank management and staff of the company for the continuous guidance and support received from them. Your directors express their appreciation for the dedicated and sincere services rendered by employees of the company.

On behalf of the Board

Pune  
October 17, 2002.

R.S.Kothavale  
S/d  
Managing Directors

**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 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 Furnance 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..

**RAJKUMAR FORGE LIMITED**

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- 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 Schedules thereto

<b>Power and Fuel Consumption</b>	<b>2001-02</b>	<b>2000-01</b>
<b>1. Electricity Purchases</b>		
Units (in KWH)	8,98,160	1,020,156
Total Cost (Rs.)	52,86,583	63,68,827
Rate/Unit (Rs.)	5.89	6.24
<b>2. Fuel</b>		
Oil Quantity (K.L.)	12,61,315	14,87,220
Total Cost (Rs.)	14,759,425	18,559,073
Rate /K.Ltr. (Rs.)	11,702	12,749
<b>Consumption per Unit of production</b>		
1. Steel Forgings Production (MT)	1,069	1,729
Electricity (Unit-KWH)	840	590
Fuel oil (Ltrs)	1180	860

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

- 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
- 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.
- 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**

	<b>2001-02</b>	<b>2000-01</b>
Foregin Exchange inflow		
FOB value of Exports (Rs. Lacs)	417.35	129.94
Foreign Exchange outflow (Rs. Lacs)	Nil	3.97

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**RAJKUMAR FORGE LIMITED**

TWELVETH ANNUAL REPORT 2001-2002

**AUDITOR'S REPORT**

To  
The Members of  
RAJKUMAR FORGE LIMITED.,  
Pune

1. We have audited the attached Balance Sheet of RAJKUMAR FORGE LID., as at 31st March 2002 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of Sec.227 (4A) of the companies Act, 1956, we give in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the company. Further to our comments in the Annexure referred to in Para.3, Above, we report as follows :-
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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;
  - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet and the Profit and Loss account dealt with by this report are in compliance with the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - e. On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors, is disqualified as on 31st March 2002 from being appointed as Director in terms of Clause (g) of sub-section (1) of section 274 of the companies Act. 1956.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and in particular, note number 6 (iv) of Schedule 'N' regarding Sundry Debtors and note No.3 and 4. of Schedule 'N' regarding the one time settlement with financial institutions, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2002; and
  - b) In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.

**FOR BAPAT AND COMPANY  
CHARTERED ACCOUNTANTS**

PUNE

Date : October 17, 2002

**(A.N. BAPAT)  
PROPRIETOR**