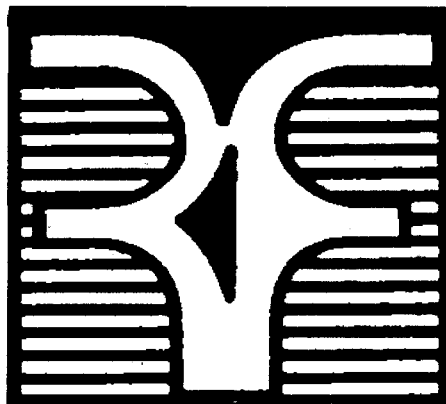
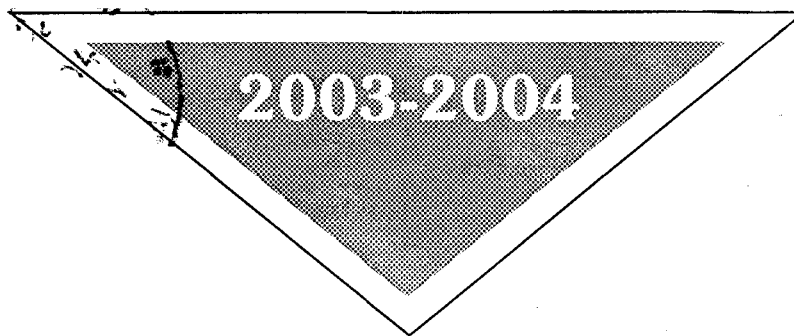

NUAL REPORT



RAJKUMAR FORGE LIMITED

RAJKUMAR FORGE LIMITED**FOURTEENTH ANNUAL REPORT 2003-2004**

BOARD OF DIRECTORS : **P. B. Kore**
N. Ramakrishna
S. R. Kothavale
S. Siddheshwara
R. S. Kothavale Chairman & Managing Director

COMPANY SECRETARY : **Rekha Sharma**

AUDITOR : **M/S Bapat & Company**
Chartered Accountants

Report Junction.com
Pune

BANKERS : **Bank of Baroda**

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

FACTORY : **Gat No. 357, Kharabwadi,**
Chakan - Talegaon Road,
Chakan - 410 501, Taluka - Khed
District - Pune

RAJKUMAR FORGE LIMITED**FOURTEENTH ANNUAL REPORT 2003-2004****NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Rajkumar Forge Limited will be held on 17th July, 2004 at 11.00 AM at Poona Club, 6 Boat Club Road, Pune - 411 001 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2004, and the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri. P.B. Kore who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri. S. Siddheshwara who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass, with or without modification, the following Resolution, which will be proposed as on **ORDINARY RESOLUTION :**

RESOLVED THAT in accordance of the provisions of Section 198, 269,309,310 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the members approval is hereby accorded to the re-appointment of Shri R.S. Kothavale as the Managing Director of the Company for a period of 5 (Five) years with effect from 1st July, 2004 upon the terms and conditions as set out in the agreement to be entered into between the Company and Shri R.S. Kothavale.

NOTES :

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and proxy need not be a member.
2. The instrument appointing a proxy, in order to be effective shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
3. Members are requested to intimate to the company, changes, if any, in their addresses.
4. The Register of Members and Share Transfer Books of the company will remain closed from 7th July, 2004 to 10th July, 2004 both days inclusive.
5. The explanatory statement, pursuant to Section 173 of the Companies Act, 1956 in respect of item No. 5 of Special Business, is annexed hereto.

On behalf of the Board,

Place : Pune

Date : 8th May, 2004

R.S. Kothavale
Chairman & Managing Director

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

Special Business Item No. 5

Shri R. S. Kothavale is a promoter director of your company. He has been serving as a Managing Director since inception. His third term expired on 30th June, 2004.

The Board of Directors has approved the re-appointment, at its meeting held on 8th May, 2004 and Remuneration Committee has approved remuneration at its meeting held on 7th May, 2004, of Shri R. S. Kothavale as Managing Director for a further period of five years w.e.f July 1st, 2004 subject to approval by the members.

Shri. R. S. Kothavale shall not, while he continues to be the Managing Director, be subject to retirement by rotation pursuant to the provisions of Section 255 of the Companies Act, 1956.

The Board of Directors is of the opinion that re-appointment of Shri R. S. Kothavale as Managing Director is in the best interests of the Company and therefore, recommends the passing of resolution at item no. 5 of Special Business of the Notice.

The draft agreement between the Company and Shri R. S. Kothavale contains the following terms and conditions :

A. BASIC SALARY : Rs. 60,000/- per month.

B. PERQUISITES

(a). In addition to the aforesaid salary, the Managing Director shall be entitled to the following perquisites :

- i. **HOUSING :** The company will provide unfurnished accommodation. Where the Company hires the accommodation, expenditure incurred for the hiring of such accommodation is 120000/- Per Annum.
- ii. **MEDICAL REIMBURSEMENT :** Expenditure actually incurred for self & family subject to a ceiling of 36000/- Per Annum.
- iii. **LEAVE TRAVEL CONCESSION :** For self and family once in a year for any destination in India subject to a ceiling 60000/- Per Annum.
- iv. **CLUB FEES :** Fees subject to a maximum of two clubs 6000/- Per Annum.
- v. **PERSONAL ACCIDENT INSURANCE AND MEDI CLAIM. :** Premium Rs. 24000/- Per Annum.
- vi. **TELEPHONE AND FAX FACILITIES :** Telephone and Fax facilities are 60000/- Per Annum.

Explanation : For the purpose of items (ii) & (iii) above 'family' means the spouse, the dependent children and dependent parents,

(b) Other Benefit : It's not part of salary (excluding)

- i) Contribution to Provident Fund, Super Annuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961.
- ii) Gratuity at a rate not exceeding half month's salary for each completed year of service.
- iii) Encashment of leave at the end of tenure.

(c) Minimum Remuneration

The above remuneration shall be paid as minimum remuneration even in case of no Profit or inadequacy of profit.

The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board of Directors as it may, in its discretion deem fit so as not to exceed the limits specified in schedule XIII to the Companies Act, 1956, or any amendment made hereinafter in that regard.

None of the Directors except Shri R. S. Kothavale is interested or concerned in this resolution.

The aforesaid may be treated as an abstract of the terms of Shri R.S. Kothavale appointment as Managing Director pursuant to section 302 of the Companies Act 1956.

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 Secretarial Department of the Company, on all working days between 10.30 A.M. and 12.30 P.M. upto the date of Annual General Meeting.

RAJKUMAR FORGE LIMITED**FOURTEENTH ANNUAL REPORT 2003-2004****MANAGEMENT DISCUSSION AND ANALYSIS**

Due to sustained efforts during last 3 years in transforming the Company to producer of High-tech, high quality products, obtaining ISO 9001-2000 certification, Focus on export in big way have paid rich dividends. Company is now recognized in the Global market as supplier of high quality forged items at competitive prices with good delivery performances.

MARKETS:

Beginning of year 2003 showed signs of improvement in the domestic market. Government's initiative on various projects such as Roads, surge in the export of Steel products, Boost to wind energy sector, export pick-up in various heavy industries products have resulted in considerable improvement in the domestic market.

Export market is very large and company is now targeting more exports. Our export customer base has increased during the year. Company's export is now approximately 50% of the total sales turnover.

Export performance for the last four years is tabulated below :

Year	Export Value (Rs)	Total Sales Value (Rs.)
2000-2001	1,30,28,544/-	10,56,36,776/-
2001-2002	4,14,43,698/-	8,53,21,068/-
2002-2003	2,91,51,849/-	6,43,60,811/-
2003-2004	4,89,30,657/-	11,35,06,993/-

OPERATIONS & FINANCIAL PERFORMANCE

Performance for the year under review has considerably improved. Sales turnover improved by 76% compared to last years sales. Following is the summary of performance.

Year ->	2003-2004 (Rs.Lacs)	2002-2003 (Rs.Lacs)
Sales	1135.07	643.61
Cost of Operation	948.07	674.91
Interest & Depreciation	100.48	108.37
Net Profit / Loss	86.52	(139.67)

GENERAL

Company's reference registered as Case No. 172/2002 under BIFR was dismissed due to timebar. However, Company had filed one more application on the basis of results of 2003 and got registered as Case No. 236 / 2003.

As regards one time settlement with financial institutions, only IFCI is yet to be settled. Other two institutions, namely IDBI & ICICI stand settled and their charge is also vacated with Registrar of Companies. Company has to pay IFCI balance 75% of one time settlement amount Rs. 212.75 Lacs plus some interest. Company is negotiating with IFCI regarding total amount to be paid as balance of settlement amount. Once this balance amount is paid, Company will be out of BIFR.

5) INTERNAL CONTROL SYSTEM & THEIR ADEQUACY :

Company has adequate internal control system to safeguard all assets of the Company and detect frauds or irregularities, if any. The internal control systems are designed to ensure reliability in financial records and other records for preparing financial information.

6) HUMAN RESOURCES :

Company has very cordial industrial relations. Company has received full co-operation and support during bad times. Company has internal training programmes for enhancing knowledge and skills.

7) CONCERNS & THREATS :

Company's growth is mainly due to exports. Steel prices have hardened by more than 50% during last one year. Government has reduced DEPB benefits for exports. Both these factors are likely to affect competitiveness in Export Market.

Another concern is that Rupee has appreciated by about 8% during last 12 months. This has adverse effect on competitiveness.

Company has under taken cost reduction programmes to counter these effects to some extent.

8) OUTLOOK :

Steel prices have hardened all over the world including in India. With cost reduction measures in place, we hope to successfully compete in the export market and are confident that our export growth during the year can be about 30-40%.

Domestic market has improved considerably. "Feel Good" scenario is also helping industries and growth in heavy industry sector will sustain for few more years and thus our domestic sales will also see reasonable growth.

9) CAUTIONARY STATEMENT :

Statements in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual result might differ materially from those either expressed or implied.

RAJKUMAR FORGE LIMITED**FOURTEENTH ANNUAL REPORT 2003-2004****CORPORATE GOVERNANCE**

Transparency and accountability leading to management reliability are the touchstone of the Corporate Governance at Rajkumar Forge Limited. The ultimate objective of the Corporate Governance at Rajkumar Forge Limited is to enhance trust with shareholders, employees, customers, suppliers, vendors in the long term.

This chapter of the Report, plus the information given under the Management Discussion and analysis and Shareholder information constitutes such a compliance report on Corporate Governance for the year under review i.e. 2003-2004.

1. BOARD LEVEL ISSUES.

- Composition of the Board.**

The Board of Directors of the company comprises of the Chairman and Managing Director, who is the Promoter Director and 4 other Directors, of whom three are independent. Details are given in Table 1.

- Number of Board Meetings.**

During the year, five Board Meetings were held on 5th April 2003, 5th June 2003, 28th July 2003, 20th October 2003 and 20th January 2004.

- Directors' Attendance Record.**

Table gives the composition of the Board, the category of the Directors and their attendance record.

Table 1

Name of Director	Category	No. of Board Meetings held	No. of Board Meetings attended
R.S. Kothavale Chairman and Managing Director	Promoter Executive	5	5
N Ramakrishna	Promoter, Non Executive, Independent	5	4
S Siddheshwara	Non Executive, Independent	5	5
P.B. Kore	Promoter, Non Executive, Independent	5	1
S.R. Kothavale	Non Executive	5	Nil

Table 1 A shows the attendance of Directors at General Meetings.

Table 1 A

Name of Director	No. of General Meetings held	No. of General Meetings attended
R.S. Kothavale Chairman and Managing Director	1	1
N. Ramakrishna	1	1
S. Siddheshwara	1	1
P. B. Kore	1	Nil
S.R. Kothavale	1	Nil

Outside Directorships

Table 2 gives the details of the Outside Directorships and Committee positions as on 31st March 2004.

Table 2

Name of Director	Directorships in Public Limited Companies	Directorships in Private Limited Companies
R.S. Kothavale Chairman and Managing Director	Nil	3
N. Ramakrishna	Nil	2
S. Siddheshwara	Nil	2
P.B. Kore	1	1
S.R. Kothavale	Nil	Nil

None of the Directors are on the Board level Committees in any other company.

- Information placed before the Board.**

The Board of Rajkumar Forge Ltd. is presented with all relevant information on various vital matters affecting the working of the company. Extensive information is provided on various critical matters such as production, sales, exports, financial performance, staff matters, legal proceedings, share transfer compliance, quarterly financial results, significant labour and human relation matters, and other such matters.

- Directors with materially, pecuniary or business relationship with the company.**

The company has hired premises for its Registered Office from Late Shri A.S. Kothavale and Shri Ravi S. Kothavale, on a monthly rent of Rs. 12,000/- and also pays Rs. 5,749/- per month towards reimbursement of Security charges. Late Shri A.S. Kothavale and Shri Ravi S. Kothavale are brothers of Shri Rajkumar Kothavale Managing director of the company. Shri S.R. Kothavale has let out his bungalow to the company on a monthly rent of Rs. 12,500/- Shri S.R. Kothavale himself is also a Director of the company and son of Shri R.S. Kothavale, Managing Director of the company.

RAJKUMAR FORGE LIMITED**FOURTEENTH ANNUAL REPORT 2003-2004**

- **Remuneration Committee**

The Board of Directors constituted Remuneration Committee at the Meeting of the Board of Directors held on 20th January, 2004. Shri P.B. Kore, Shri S. Siddheshwara and Shri N. Ramakrishna are the members of the Remuneration Committee, with Shri S. Siddheshwara as the Chairman of the Committee. All the members of the Remuneration Committee are independent and non-executive directors.

- **Remuneration to Directors.**

The Remuneration Committee meeting held on 7th May, 2004 for approval of remuneration of Managing Director. Remuneration Committee has approved remuneration of Shri R.S. Kothavale as Managing Director for a further period of five years w.e.f. July 1st, 2004, subject to approval by the members.

The Managing Director Shri R.S. Kothavale on re-appointment will receive a monthly salary of Rs. 60,000/- and perquisites relating to housing, medical reimbursement, level travel concession, club fees and personal accident insurance are under the limit of Schedule XIII of the Companies Act, 1956.

The Directors do not receive any remuneration other than the Sitting Fees for Board meeting.

- **Audit Committee.**

The Audit Committee consists of qualified, independent and non-executive directors. Shri P.B. Kore, Shri S. Siddheshwara and Shri N. Ramakrishna are the members of the audit Committee, with Shri N. Ramakrishna as the Chairman of the Committee. The Committee met four times during the year under report on 5th April 2003, 28th July 2003, 20th October 2003 and 20th January 2004. The Statutory auditors / representatives of the statutory auditors and the internal auditors also attend the Meetings of the Audit Committee.

2. MANAGEMENT :

- **Management Discussion and Analysis**

This annual Report has a detailed chapter on Management Discussion and analysis.

- **Disclosures by Management to the Board.**

The Company has not entered into any financial and / or commercial transactions where directors may have a potential interest, except the transactions, which have been discussed above.

3. SHAREHOLDERS :

- **Disclosures regarding Appointment or Re-appointment of Directors**

Shri S. Siddheshwara and Shri P.B. Kore Directors, retire

by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

Shri R.S. Kothavale, Managing Director, his term will expire on 30th June, 2004 For his re-appointment the resolution was passed in Board meeting held on 8th May, 2004.

Re-appointment of Shri R.S. Kothavale as Managing Director is subject to the approval of shareholder in general meeting. Therefore, the item No. 1 of Special Business of Notice is placed before the members for approval at the Annual General Meeting.

- **Communication to shareholders.**

The audited result and quarterly results of first two quarters of the Company's performance were published in Pune Edition newspapers Kesari (Marathi edition) and Maharashtra Herald (English edition). The financial results were published in the aforesaid newspapers on the following dates :

1. Audited Financial results for the period ended 31.3.2003 on 09.04.2003.
2. Unaudited Financial results for the First Quarter ended 30.06.2003 on 29.07.2003.
3. Unaudited Financial results for the half year ended 30.09.2003 on 21.10.2003

The Third quarterly results of the Company's performance were published in Navshakti (Marathi edition) and The Free Press Journal (English edition). The financial result was published in the aforesaid newspapers on the following date :

1. Unaudited Financial results for the Third Quarter ended 31.12.2003 on 21.01.2004

The company sends notices to the shareholders regarding convening of General Meetings and intimation of registering changes in address by Ordinary Post. Share Certificates are sent to the transferees by Registered Post AD.

The Company communicates with the Stock Exchanges, SEBI and the Registrar of Companies, Pune by Registered Post AD and fax.

- **Investor Grievances**

The Company has constituted the Shareholders / Investors' Grievance Committee for redressing the shareholders / investors' complaints. The Committee comprises of Shri N Ramakrishna and Shri S. Siddheshwara, both non-executive directors. The company received 2 complaints through SEBI and 24 complaints directly from the shareholders regarding non-receipt of Annual Returns and enquiry for Demat. The company has cleared all investor and shareholder complaints.

RAJKUMAR FORGE LIMITED**FOURTEENTH ANNUAL REPORT 2003-2004**

- Share Transfer.**

The Company has constituted the Share Transfer Committee with Shri N. Ramakrishna and Shri R.S. Kothavale as the members. During year Shri S. Siddheshwara was inducted in committee as a member on 30th July, 2003. The committee meets at regular intervals to consider and approve the transfer, transmission, consolidation, sub division and issue of duplicate certificates. There are no legal proceedings against the company on any share transfer matter.

- Details of non-compliance.**

The company has not complied with the following :

1. The company has not listed the shares issued on preferential allotment after the initial listing.
The Company has got the permission of Regional Stock Exchange Pune on 27th April, 2004. Now Company is eligible to file application to Stock Exchange Mumbai and Ahmedabad. The necessary applications will be submitted shortly.
2. The company has not dematerialised its shares as required.
After getting permission of Stock Exchange, Mumbai and Ahmedabad for listing of additional securities, Company will be able to do the Demat. It is expected this permission may take 3-4 months time.

- General Body Meetings**

The details of the last three AGMs of the company are given herein below :

Date of the Meeting	Location	Time
18th September, 2001	Poona Club , 6 Boat Club Road, Pune - 411 001.	11.00 AM
16th November, 2002	Poona Club, 6 Boat Club Road, Pune - 411 001.	11.00 AM
17th May, 2003	Poona Club, 6 Boat Club Road, Pune - 411 001.	11.00 AM

During the year under review the company has not convened Extra Ordinary General Meeting and No special resolutions were put to vote through the postal ballot system.

GENERAL SHAREHOLDER INFORMATION.

➤ **Annual General Meeting**

Date : Saturday 17th July, 2004 Venue : Poona Club, 6, Boat Club road, Pune - 411 001.

➤ **Financial Calender**

1st April to 31st March

➤ **Book Closure**

The books will be closed from 7th July, 2004 to 10th July, 2004 as annual closure for the Annual General Meeting.

➤ **Dividend Date.**

The Board has not recommended any dividend on Equity Shares.

➤ **Listing**

Pune Stock Exchange, The Stock Exchange, Mumbai and the Stock Exchange Ahmedabad.

➤ **Stock codes**

Pune Stock Exchange Ltd.,
The Stock Exchange, Mumbai:
The Stock Exchange, Ahmedabad : 48230

➤ **Stock Data**

The trading in the shares of the company has been suspended at the Stock Exchange Mumbai since 13th May, 2002. For revocation of suspension of trading one main condition is Demat. Reason for not doing demat is explained under the heading of details of non-compliance. No quotations are available on any of the Stock Exchanges, where shares of the company are listed.

➤ **Share Transfer Agents and Share Transfer System**

The Company has no share transfer agents. Securities of the company are transferred in house by the Secretarial department of the company. The Complaints received from the shareholders, investors, etc. is redressed promptly. During the year, the company received queries regarding the demat status of the company's shares and queries regarding the status of trading of the shares on the Stock Exchanges.

RAJKUMAR FORGE LIMITED**FOURTEENTH ANNUAL REPORT 2003-2004**➤ **Shareholding pattern**

Table 3 and 3A give the details.

Distribution of shareholding as on 31st March, 2004**Table 3**

Category	No. of shares	% of shareholding
A Promoters' holding		
1. Promoters		
Indian Promoters	5,11,300	4.67
Foreign Promoters	Nil	Nil
2. Persons acting in concert	52,09,100	47.62
Sub Total	57,20,400	52.29
B. Non Promoters holding		
3. Institutional Investors.		
a. Mutual Funds and UTI	Nil	Nil
b. Banks , Financial Institutions, Insurance Companies	100	0.00
c. FIs	Nil	Nil
4. Others		
a. Private Corporate Bodies.	9,35,400	8.55
b. Indian Public	31,63,500	28.92
c. NRIs/OCBs	11,20,000	10.24
d. Any others	Nil	Nil
Sub Total	52,19,000	47.71
Grand Total	1,09,39,400	100.00

Distribution Schedule**Distribution of shareholding as on 31st March, 2004****Distribution of Holdings.****Table 3 A**

Shareholding of Nominal Value of Rs. Rs.	Share holders Number	Shareholders % to Total	Share Amount In Rupees	Share Amount % to Total
Upto 5,000	13,169	95.17	1,75,76,000	16.07
5,001 to 10,000	374	2.70	32,45,000	2.97
10,001 to 20,000	115	0.83	18,01,000	1.65
20,000 to 30,000	44	0.32	11,14,000	1.02
30,000 to 40,000	41	0.30	15,81,000	1.45
40,000 to 50,000	41	0.30	19,93,000	1.82
50,000 to 1,00,000	25	0.18	22,33,000	2.04
1,00,001 and above	28	0.20	7,98,51,000	72.99
Total	13,837	100.00	10,93,94,000	100.00

➤ **Dematerialisation**

The shares of the company are not dematerialised.

➤ **Plant location :**

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

➤ **Investors Correspondence address :**

Secretarial Department
Rajkumar Forge Ltd.
18, Shivaji Co-op. Housing Socy. Ltd.
Off Senapati Bapat Road, Pune - 411 016.

To,

The Board of Directors
Rajkumar Forge Limited,
18, Shivaji Housing Society,
Off Senapati Bapat Road,
Pune - 411 016.

Re. : REPORT ON CORPORATE GOVERNANCE

We have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on March 31st, 2004.

The objective of our examination is to give our opinion on whether the company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing agreement entered into by the company with the Stock Exchanges of India.

Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the company.

We have conducted our examination on the basis of the relevant records and documents maintained by the company and furnished to us for examination and the information and explanations given to us by the company.

Based on such examination, in our opinion, the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

We further state that such compliance is neither an assurance as to the further viability of the Company nor to the efficiency with which the management has conducted the affairs of the company.

**For Bapat & Company
Chartered Accountants**

(A.N. Bapat)
Proprietor

Place : Pune

Date : 8th May, 2004