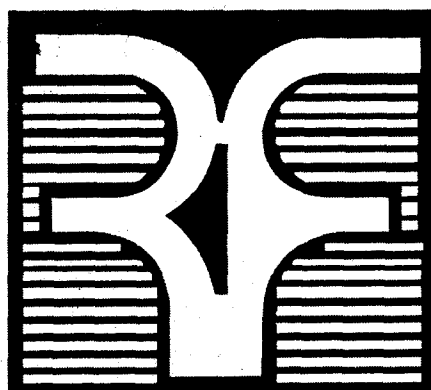
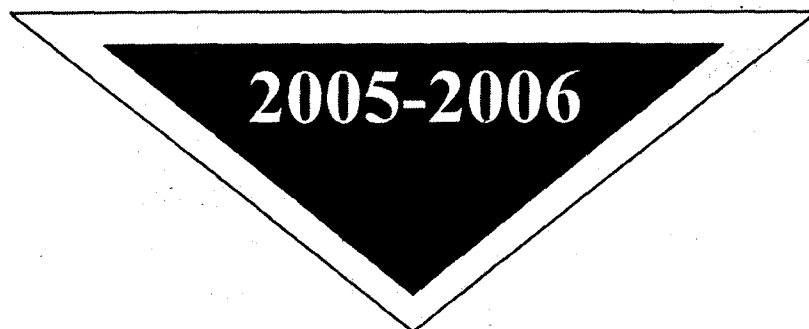


# ANNUAL REPORT



***RAJKUMAR FORGE LIMITED***

**RAJKUMAR FORGE LIMITED****SIXTEENTH ANNUAL REPORT 2005-2006**

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**BOARD OF DIRECTORS**

**S. PADMANABHAN** Chairman  
**R.S. KOTHAVALA** Managing Director  
**P.G. CHITALE**  
**P. B. KORE**  
**SWASTIK SIRSIKAR**  
**S. R. KOTHAVALA**

**COMPANY SECRETARY**

SONAL R. TIWARI

**AUDITOR**

M/S. BAPAT & COMPANY  
CHARTERED ACCOUNTANTS

**BANKERS**

BANK OF BARODA

**REGISTRAR &  
TRANSFER AGENT**

INTIME SPECTRUM REGISTRY LIMITED  
**MUMBAI OFFICE**

C 13, PANNALAL SILK MILLS COMPOUND,  
LAL BHADUR SHASTRI MARG,  
BHANDUP (WEST), MUMBAI - 400078.

**PUNE OFFICE**

"BHAGIRATHI" BUILDING,  
1202/3/11, SHIVAJINAGAR, OFF., GHOLE ROAD,  
OPP. HOTEL SURYA, PUNE - 411 004.

**REGISTERED OFFICE**

18, SHIVAJI CO-OP. HSG. SOC. LTD.  
OFF SENAPATI BAPAT ROAD,  
PUNE - 411 016.  
PHONE: (020) 25659050, 25659051 & 25659052  
FAX: (020) 25659049  
WEBSITE: [www.rkforgings.com](http://www.rkforgings.com)

**FACTORY**

GAT NO. 357, KHARABWADI,  
CHAKAN - TALEGAON ROAD,  
CHAKAN - 410 501, TALUKA-KHED,  
DISTRICT-PUNE.

**RAJKUMAR FORGE LIMITED****SIXTEENTH ANNUAL REPORT 2005-2006****NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Rajkumar Forge Limited will be held on Saturday, the 26<sup>th</sup> day of August, 2006 at 11 a.m. at Poona Club, 6 Boat Club Road, Pune 411001 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2006, 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. Prabhakar B. Kore who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

**SPECIAL BUSINESS:**

4. To appoint Mr. P.G. Chitale, as Director. Mr. P.G. Chitale was co-opted by the Board as an Additional Director of the Company with effect from 25 November 2005. Pursuant to Section 260 of the Companies Act, 1956 read with Article 118 of the Articles of Association of the Company, Mr. P.G. Chitale holds office of Director up to the date of this Annual General Meeting and is eligible for appointment.

A notice in writing under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mr. P.G. Chitale for the office of Director.

5. To appoint Mr. Swastik Sirsikar, as Director. Mr. Swastik Sirsikar was co-opted by the Board as an Additional Director of the Company with effect from 25 November 2005. Pursuant to Section 260 of the Companies Act, 1956 read with Article 118 of the Articles of Association of the Company, Mr. Swastik Sirsikar holds office of Director up to the date of this Annual General Meeting and is eligible for appointment.

A notice in writing under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mr. Swastik Sirsikar for the office of Director.

6. To appoint Mr. S. Padmanabhan, as Director. Mr. S. Padmanabhan was co-opted by the Board as an Additional Director of the Company with effect from 24 April 2006. Pursuant to Section 260 of the Companies Act, 1956 read with Article 118 of the Articles of Association of the Company, Mr. S. Padmanabhan holds office of Director up to the date of this Annual General Meeting and is eligible for appointment.

A notice in writing under Section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mr. S. Padmanabhan for the office of Director.

7. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

RESOLVED THAT pursuant to Section 314(1) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to appoint Mr. Amit P. Kore as Executive Assistant to Managing Director of the Company, holding office of profit under the Company, he being a relative of Mr. Prabhakar B. Kore, Director of the Company, for a period of 5 years with effect from 1<sup>st</sup> July 2006 pursuant to the terms and conditions including those relating to remuneration as per the draft placed before the meeting.

**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 later than 48 hours before the time for holding the meeting. Proxies shall not have any right to speak at the meeting.
- 3) Members are requested to advise Intime Spectrum Registry Limited, Registrar and Transfer Agent of the Company having its Head Office at C-13, Pannaalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 and having its Local Office at "Bhagirathi" 1202/3/11, Shivajinagar, Off Ghole Road, Opposite Hotel Surya, Pune 411 004 immediately or any change in their address.
- 4) The Register of Members and Share Transfer Books of the company will remain close from 7<sup>th</sup> August 2006 to 10<sup>th</sup> August 2006, both days inclusive.
- 5) The explanatory statement, pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 4, 5, 6 & 7 of Special Business, is annexed hereto.

On behalf of the Board,

R.S.Kothavale,

Managing Director

Place: Pune

Date: 24<sup>th</sup> April, 2006.

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

Note : Information given here is also in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

**Item No. 4**

Pursuant to Article 118 of the Articles of Association of the Company, the Board of Directors co-opted Mr. P.G. Chitale as an Additional Director of the Company with effect from 25 November 2005.

Mr. P.G. Chitale is B.E. (Elec) & (Mech) (Hons) from University of Bombay, M.B.A. from Harvard

Business School, U.S.A. and M.I.E. from Institution of Engineers India. He is presently on the Board of the following Companies viz: Marmagao Steel Ltd, Clancy Precision Components Pvt. Ltd, Vist Overseas Private Limited, Amcan India Ltd., Sanghvi Movers Ltd., Deccan Mechanical & Chemical Ltd. He is also a visiting Professor since 1993 at Symbiosis Institute of Management, Pune and Symbiosis Institute of International Business, Pune.

He has the rich experience of working in the following companies viz. Mahindra UGINE Steel Co. Ltd as Managing Director from April 1996 to Mar 2004, Mahindra & Mahindra Financial Services Ltd, Mumbai as Chief Executive Officer (CEO) from March 1994 to March 1996, Kalyani Steels Ltd. as its Managing Director from January 1976 to November 1993, Sandoz India Limited as Materials Manager and Manager Exports from November 1970 to December 1975, Esso Standard Eastern, Inc. Mumbai as Sales Engineer from March 1960 to August 1968.

Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice from a member proposing the candidature of Mr. P.G. Chitale for the office of Director of the Company.

None of the Directors of the Company other than Mr. P.G. Chitale is concerned or interested in the above item.

**Item No. 5**

Pursuant to Article 118 of the Articles of Association of the Company, the Board of Directors co-opted Mr. Swastik Sirsikar as an Additional Director of the Company with effect from 25 November 2005.

Mr. Swastik Sirsikar is Diploma in Civil Engineering and Masters in Business Administration and Diploma in Finance Management. He has the rich experience of 25 years in construction business. He is a Director in Swank Engineers Private Ltd. and also a member of various social/service International NGOs holding responsible and key portfolios in the administrative capacities.

Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice from a member proposing the candidature of Mr. Swastik Sirsikar for the office of Director of the Company.

None of the Directors of the Company other than Mr. Swastik Sirsikar is concerned or interested in the above item.

**Item No. 6**

Pursuant to Article 118 of the Articles of Association of the Company, the Board of Directors co-opted Mr. S. Padmanabhan as an Additional Director of the Company with effect from 24 April 2006.

Mr. S. Padmanabhan is M.Sc. Physics-Delhi University, Bachelor of General Law-Bombay University, Diploma in Developmental Economics-University of Cambridge (U.K.), Diploma in Management-Bajaj Institute of Management Accounting Studies (Bombay University). Being an IAS officer he worked as Chief Executive Officer of Zilla Parishad, Collector of a District in charge of the Koyna Earthquake Rehabilitation in Satara, Director of Tourism, Government of Maharashtra; Director-Dept. of Atomic Energy-Govt of India, Managing Director of The State Industrial & Investment Corporation of Maharashtra Ltd. (SICOM), Commissioner-Aurangabad Division. He is also having rich experience as Corporate Advisor to Chhabria Group, Bharat Forge, Dunlop, Deepak Fertilisers, Walchandnagar Ind. Ltd., Premier Automobiles Ltd, Videocon Group. He is on the Board of Videocon Group viz. Videocon Industries Limited, Videocon Appliances Limited, Videocon Power Limited & Videocon Communications Limited and also on the Board of other companies like AppliComp (India) Limited, Sudarshan Chemical Industries Limited, Kitchen Appliances (India) Limited, Asian Electronics Limited, Desai Brothers Limited, Premier Automobiles Limited, Aquapharm Chemicals Private Limited & Goa Energy Private Limited.

Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice from a member proposing the candidature of Mr. S. Padmanabhan for the office of Director of the Company.

None of the Directors of the Company other than Mr. S. Padmanabhan is concerned or interested in the above item.

**Item No. 7**

Mr. Amit P. Kore, B.E. (Mech) from Vishveshwaraya Technological University of Karnataka and MBA (Finance) from University of Illinois, Chicago, USA, is proposed to be appointed as Executive Assistant to Managing Director of the Company holding office of profit under Section 314(1), he being a relative of Mr. Prabhakar B. Kore, Director of the Company, for a period of 5 years with effect from 1<sup>st</sup> July 2006. On a consolidated Remuneration Of Rs. 25000/- per month with such Annual Increment as may be decided by the Board Of Directors from time to time within the Prescribed limits under section 314(1) & the rules made there under. The Selection Committee and the Board of Directors has approved his appointment in its meeting held on 7<sup>th</sup> July 2006 and 29<sup>th</sup> July 2006 respectively. None of the Directors of the Company other than Mr. Prabhakar B. Kore is concerned or interested in the above resolution.

**AN ABSTRACT PURSUANT TO SECTION 302 OF THE COMPANIES ACT, 1956**

The Company has entered into an agreement with Mr. Rajkumar S. Kothavale, Managing Director of the Company for his appointment and terms of appointment pursuant to the resolution passed in the Annual General Meeting held on 17<sup>th</sup> July 2004. The Board of Directors within the authority given by the said resolution by the shareholders of the Company have revised the basic remuneration of Rs. 60,000/- to Rs. 75,000/- per month w.e.f. 1<sup>st</sup> April 2006. All other terms and conditions including perquisites remains unchanged.

Mr. R.S. Kothavale is concerned or interested in the resolution. Mr. R.S. Kothavale and Mr. Prabhakar B. Kore being relative of Mr. R.S. Kothavale are also deemed to be concerned or interested in this resolution.

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

On behalf of the Board,

R.S.Kothavale,

Managing Director

Place: Pune

Date: 24<sup>th</sup> April, 2006

**RAJKUMAR FORGE LIMITED****SIXTEENTH ANNUAL REPORT 2005-2006****MANAGEMENT DISCUSSION AND ANALYSIS**

The year 2005-2006 has witnessed very good economic growth. Company's market industries like power, steel, cement, sugar, windmill etc showed strong growth. Demand for company's products are growing substantially. Due to this heavy demand one or two new players are likely to emerge on the scene and this may result in increase in competition.

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Export market is also very buoyant and demand for our products is ever increasing. Many of our customers have 3 years major contracts which will translate into good orders for our Company for next 2-3 years.

There are about four players in the market meeting the demand and everybody is fully booked. Our Company has undertaken expansion in Heat Treatment and other balancing facilities. This expansion is likely to be completed by July/August 2006. With this expansion Company's production capacity will go up by about 50% as compared to present production capacity.

**OPERATIONS & FINANCIAL PERFORMANCE:**

Sales & profit performance for the year ended 31<sup>st</sup> March 2006 showed considerable improvement. Sales turnover improved by 94% compared to last years sales. Following is the summary of performance.

Year	2005-2006 (Rs. Lacs)	2004-2005 (Rs. Lacs)	2003-2004 (Rs. Lacs)
<b>Sales</b>	3,423.97	1,768.48	1,135.07
<b>Cost of Operation</b>	3,210.18	1,504.00	948.07
<b>Interest &amp; Depreciation</b>	158.69	144.35	100.48
<b>Net Profit/(Loss)</b>	55.10	120.13	86.52

Export performance of the Company for the last three years is tabulated below:

Year	Export Value(Rs.)	Total Sales Value (Rs.)
<b>2003-2004</b>	4,89,30,657	11,35,06,993
<b>2004-2005</b>	10,70,94,981	17,68,48,658
<b>2005-2006</b>	13,84,16,611	34,23,97,360

**GENERAL:**

Company was registered under BIFR. Since Net Worth of the Company became positive, Company made an application to BIFR for deregistering itself from BIFR. Company is pleased to inform that BIFR has issued deregistration letter no.236/2003 dated 16/06/2005. Thus Company is now out of BIFR.

As per One Time Settlement with IFCL, Company paid all installments as per schedule and last installment was paid in the first week of November 2005. Company is now awaiting no dues certificate. IFCL is wanting to apply "right to recompense" clause as per One Time Settlement. Company is having discussions to sort out this matter.

Company is now totally debt-free. In view of the large potential in export market, Company has undertaken expansion to increase its production capacity. Company has taken effective steps to convert both plant at Chakan & Registered Office in Pune into "World Class" level. Company is negotiating with prospective suppliers for supply of ERP system. This will enable the Company to successfully meet international competition.

Company has undertaken itself to get certified under ISO 14001 for environment management system and OHSAS 18001 for Occupational Health. This is expected to be completed by December 2006.

**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.

**CONCERNS & THREATS:**

Steel prices and DEPB benefits are two major causes of concern. Steel prices which were stable for last 6 months have again started moving up. Government has declared that DEPB will continue for one more year until new alternative is found as replacement.

Rupee which was appreciating against US dollar is now in reverse mode and has started depreciating. This will help in our competitiveness in the export market.

**OUTLOOK:**

During the year under review, we have successfully improved our export sales and also domestic sales. We hope to continue the same growth during next financial year. Company expects that similar trend will continue for next 3-4 years.

**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.

**HUMAN RESOURCES:**

The Company has total 65 people employed as on 31<sup>st</sup> March 2006. Company has very cordial industrial relations. The current wage agreement with elected representatives is valid till 30<sup>th</sup> June 2007.



# RAJKUMAR FORGE LIMITED

# SIXTEENTH ANNUAL REPORT 2005-2006

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Rajkumar Forge Limited's philosophy on Corporate Governance aims at establishing the mechanism by which the most effective and efficient values, principles, management policies and procedures of the company are inculcated. The essence of Corporate Governance for the Company lies in promoting and maintaining integrity, transparency and accountability throughout the organization. It is not only a sine qua non for facing intense competition for sustainable growth in the emerging global business scenario but is also an embodiment of the parameters of fairness, accountability and transparency to maximize value for the stakeholders.

This chapter of the Report, plus the information given under the Management Discussion and Analysis and Shareholder Information constitutes the report on Corporate Governance for the year 2005-2006.

### 2. BOARD LEVEL ISSUES

#### • Composition of the Board.

The Board of Directors consists of five Directors as on 31<sup>st</sup> March 2006, comprising of Chairman who is a non-executive Director. All the Directors are non-executive except Managing Director out of which two are independent.

#### • Number of Board Meetings.

During the year, five (5) Board Meetings were held on 8<sup>th</sup> April 2005, 30<sup>th</sup> July 2005, 28<sup>th</sup> October 2005, 25<sup>th</sup> November 2005 and 16<sup>th</sup> January 2006.

#### • Directors' Attendance Record.

Table 1 gives the composition of the Board, the category of the Directors and their attendance at the Board Meetings and the Annual General Meeting held on 18-6-2005

Table 1

Name of Director	Category	No. of Board Meetings held	No. of Meetings attended	
			Board	Last AGM Present (P)
R. S. Kothavale Managing Director	Promoter, Executive	5	5	P
N. Ramakrishna *	Promoter, Non Executive, Independent	5	4	P
S. Siddheshwara **	Non Executive, Independent	5	4	P
P. B. Kore Chairman	Promoter and Non Executive	5	5	P
S. R. Kothavale	Non Executive	5	4	P
P. G. Chitale ***	Non Executive, Independent	5	1	N. A
Swastik Sirsikar ***	Non Executive, Independent	5	2	N. A.

\* He ceases to be the Director of the Company w.e.f. 2<sup>nd</sup> December 2005.

\*\* He ceases to be the Director of the Company w.e.f. 7<sup>th</sup> December, 2005.

\*\*\* They are appointed as Additional Director of the Company w.e.f. 25<sup>th</sup> November 2005.

### Outside Directorships

Table 2 gives the details of the Outside Directorships and Committee positions as on 31<sup>st</sup> March 2006.

Table 2

Name of Director	Directorships in Public Limited Companies	Directorships in Private Limited Companies
R.S Kothavale Managing Director	1	1
P.B Kore Chairman	1	1
P.G. Chitale	5	2
Swastik Sirsikar	Nil	1
S.R Kothavale	Nil	Nil

None of the Directors is a member of more than 10 Board level committees of public companies in which they are Directors, nor is chairman of more than five such committees.

### • 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 in addition to the matters set out in Annexure IA of Clause 49 of the Listing Agreement. Also, extensive information is provided on various critical matters such as production, sales, exports, financial performance, foreign exchange exposure, staff matters, legal proceedings, share transfer compliance, quarterly financial results, significant labour and human relation matters, and other such matters.

### 3. AUDIT COMMITTEE.

The role and terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges, Section 292A of the Companies Act, 1956, other terms as may be referred by the Board of Directors and inter-alia includes the following:

- Reviewing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing with the management the annual and quarterly financial statements before submission to the Board;
- Discussing with internal auditors any significant finding and follow up on such issues;
- Reviewing, with the management, external and internal auditors, the adequacy of internal control systems;
- Reviewing details of related party transactions.
- Reviewing the company's financial and risk management policies.
- Reviewing any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standards etc;
- Discussing with the statutory auditors before the audit commences on the nature and scope of audit, as well as having post audit discussion to ascertain any area of concern.

The present Audit Committee comprises of two (2) non-executive and independent director, Mr. P.G. Chitale and Mr. Swastik Sirsikar and one (1) executive director Mr. Rajkumar S. Kothavale. Mr. P.G. Chitale is the Chairman of the Committee. All members are financially literate and have related financial management expertise. The Audit Committee meetings are also attended by Account Officer, the Statutory Auditors and the Internal Auditors. The Company Secretary acted as a Secretary of the Committee.

During the year under review, four meetings of the Audit Committee were held on 8<sup>th</sup> April 2005, 30<sup>th</sup> July 2005, 28<sup>th</sup> October 2005 and 16<sup>th</sup> January 2006.

Meetings and attendance of members at the Audit Committee meetings is given below:

Name of Director	Category	No. of Audit Meetings held	No. of Audit Meetings attended
N. Ramakrishna *	Promoter, Non Executive, Independent	4	3
S. Siddheshwara *	Non Executive, Independent	4	3
P. B. Kore *	Promoter, Non Executive, Independent	4	3
R. S. Kothavale	Promoter, Executive.	4	1
Swastik Sirsikar	Non Executive, Independent	4	1
P. G. Chitale	Non Executive, Independent	4	1

# RAJKUMAR FORGE LIMITED

# SIXTEENTH ANNUAL REPORT 2005-2006

\* The Audit Committee was reconstituted on 25.11.2005 therefore they cease to be the members of Audit Committee w.e.f. 25.11.2005.

## 4. REMUNERATION COMMITTEE

The Board of Directors re-constituted Remuneration Committee at the Meeting of the Board of Directors held on 24<sup>th</sup> April 2006. The present Remuneration Committee comprises of three non-executive independent Directors, viz., P.G. Chitale, Mr. Swastik Sirsikar and Mr. S. Padmanabhan are the members of the Remuneration Committee, with Shri P.G. Chitale as the Chairman of the Committee. During the year 2005-2006, one meeting of the Remuneration Committee was held on 8<sup>th</sup> April 2005 and it was attended by all the three members who constituted the Committee during that period.

The broad terms of reference of the remuneration committee are as follows:

- To decide on the remuneration policy of the managerial personnel
- To approve of the appointment/reappointment of the managerial personnel for such tenure as they may decide.
- To approve the remuneration package to the managerial personnel within the limits provided in Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the said Act.

Such other powers/functions as may be delegated by the Board from time to time.

## REMUNERATION TO DIRECTORS.

The non-executive directors are not paid any remuneration except sitting fees Rs.2000/- (w.e.f. 30.07.2005 Rs.5000/-) per Board Meeting. The Remuneration Committee meeting held on 7<sup>th</sup> May 2004 has approved remuneration of Shri R.S. Kothavale, Managing Director for a further period of five years w.e.f. July 1, 2004. Also, the same has been approved by the shareholders at Fourteenth Annual General Meeting of the Company held on 17<sup>th</sup> July 2004. Details of the remuneration of the Directors is as given below:

## REMUNERATION DURING THE YEAR 2005-2006.

Directors	Salary	Perquisites	Sitting Fees	Total
R S Kothavale Managing Director	7,20,000	1,78,615	-	8,98,615
N Ramakrishna	-	-	17,000	17,000
S Siddheshwara	-	-	17,000	17,000
P.B.Kore	-	-	22,000	22,000
S R Kothavale	-	-	22,000	22,000
P.G. Chitale	-	-	5,000	5,000
Swastik Sirsikar	-	-	5,000	5,000

Notes: Salary = Basic salary only.

Perquisites include housing, reimbursement of medical expenses, leave travel concession, club fees, personal accident insurance and mediclaim, telephone and fax facilities, contributions to Provident Fund, Super Annuity fund or Annuity fund, provision for gratuity and leave encashment, provision for motor car.

Allowances include leave travel concession for the year, whether paid or provided.

There is no Stock Option Scheme of the Company for any director.

## 5. INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee of the Board has been constituted to look into complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of Annual Report etc. The Committee comprises of Mr. P.G. Chitale, non-executive director and Mr. R. S. Kothavale, executive director. Mr. P.G. Chitale as Chairman heads the Committee. The status on complaints, if any, is reported to the Board of Directors at every Board Meeting. Ms. Sonal R. Tiwari, Company Secretary, member of the Institute of Company Secretaries of India, is the Compliance Officer. The Compliance Officer can be contacted at:

Rajkumar Forge Limited,  
18, Shivaji Housing Society,  
Off Senapati Bapat Road,  
Pune 411 016.

Tel: 25659050, 25659051, 25659052 (Ext: 44) Fax: 25659049.  
Email: secretarial@rkforge.com

The total number of complaints received and replied to the satisfaction of shareholders and SEBI during the year ended 31<sup>st</sup> March 2006 were 32 and 2 respectively. There were no complaints outstanding as on 31<sup>st</sup> March 2006.

## 6. GENERAL BODY MEETINGS:

Location and time of last three Annual General Meetings are given below:

Date	Location	Time
17 <sup>th</sup> May 2003	Poona Club, 6 Boat Club Road, Pune - 411 001.	11.00 A.M.
17 <sup>th</sup> July 2004	Poona Club, 6 Boat Club Road, Pune - 411 001.	11.00 A.M.
18 <sup>th</sup> June 2005	Poona Club, 6 Boat Club Road, Pune - 411 001.	11.00 A.M.

One Special Resolution was passed at the Fifteenth Annual General Meeting of the Company for alteration of Articles of Association. No Special Resolutions were passed in the above meetings by postal ballot and the same is not proposed to be conducted. Also, no extraordinary general meeting was held during the year under review.

## 7. PARTICULARS OF REAPPOINTMENT OF DIRECTORS:

### 1. Mr. Prabhakar B. Kore

He is a commerce graduate from Karnataka University, a businessman and a agriculturist. He is a member of Karnataka Legislative Council and Chairman of the Karnataka Liberal Education Society, Belgaum. He holds Directorship in Indian Sugar Exim Corporation Limited and Ramanashree Group, Bangalore. He is holding 1,70,100 Equity Shares of Rs.10/- each and his shareholding is 1.55%.

### 2. Mr. P.G. Chitale

Mr. P.G. Chitale is B.E. (Elec) & (Mech) (Hons) from University of Bombay, M.B.A. from Harvard Business School, U.S.A. and M.I.E. from Institution of Engineers India. He is presently on the Board of the following companies viz: Marmagao Steel Ltd., (Chairman of Audit Committee) Clancy Precision Components Private Ltd., Wist Overseas Private Limited, Amcane (India) Ltd., Sanghavi Movers Ltd., Deccan Mechanical & Chemical Ltd. He is also a visiting Professor since 1993 at Symbiosis Institute of Management, Pune and Symbiosis Institute of International Business, Pune.

He has the rich experience of working in the following companies viz. Mahindra Ugine Steel Co. Ltd as Managing Director from April 1996 to Mar 2004, Mahindra & Mahindra Financial Services Ltd, Mumbai as Chief Executive Officer (CEO) from March 1994 to March 1996, Kalyani Steels Ltd., as its Managing Director from January 1976 to November 1993, Sandoz India Limited as Materials Manager and Manager Exports from November 1970 to December 1975, Esso Standard Eastern, Inc. Mumbai as Sales Engineer from March 1980 to August 1988. He is not holding any shares in the Company.

### 3. Mr. Swastik Sirsikar

Mr. Swastik Sirsikar is Diploma in Civil Engineering and Masters in Business Administration and Diploma in Finance Management. He has the rich experience of 25 years in construction business. He is a Director in Swank Engineers Private Ltd. and also a member of various social/service International NGOs holding responsible and key portfolios in the administrative capacities. He is holding 5100 Equity Shares of Rs.10/- each and his shareholding is 0.05%.

### 4. Mr. S. Padmanabhan

Mr. S. Padmanabhan is M.Sc. Physics-Delhi University, Bachelor of General Law-Bombay University, Diploma in Developmental Economics-University of Cambridge (U.K.), Diploma in Management-Bajaj Institute of Management Accounting Studies (Bombay University). Being an IAS officer he worked as Chief Executive Officer of Zilla Parishad, Collector of a District incharge of the Koyna Earthquake Rehabilitation in Satara, Director of Tourism, Government of Maharashtra, Director-Dept. of Atomic Energy-Govt of India, Managing Director of The State Industrial & Investment Corporation of Maharashtra Ltd. (SICOM), Commissioner-Aurangabad Division. He is also having rich experience as Corporate Advisor to Chhabria Group, Bharat Forge, Dunlop, Deepak Fertilisers, Walchandnagar Ind. Ltd., Premier Automobiles Ltd, Videocon Group. He is on the Board of Videocon Group viz. Videocon Industries Limited, Videocon Appliances Limited, Videocon Power Limited & Videocon Communications Limited and also on the Board of other companies like Applicomp (India) Limited, Sudarshan Chemical Industries Limited, Kitchen Appliances (India) Limited, Asian Electronics Limited, Desai Brothers Limited, Premier Automobiles Limited, Aquapharm Chemicals Private Limited & Goa Energy Private Limited. He is not holding any shares in our Company.

## 8. DISCLOSURES:

i) During the year under review, there has been no materially significant related party transactions made by the Company with its Promoters, Directors or management that may have potential conflict with the interests of the Company at large. Transaction with the related parties are disclosed in Note No. 18 of Schedule N to the Accounts in the Annual Report.

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ii) During the last three years, there were no strictures or penalties imposed by either SEBI or the stock exchanges or any statutory authority for non-compliance of any matter related to the capital markets. However, the company has not complied with the following:

1. The company has not listed the shares issued on preferential allotment after the initial listing at the Stock Exchange, Mumbai and The Stock Exchange, Ahmedabad. However, the same has been listed at The Pune Stock Exchange Limited. We have filed necessary application at The Stock Exchange, Mumbai and The Stock Exchange, Ahmedabad and we are awaiting their permission.
2. The company has not dematerialized its shares. The Company has submitted its application to NSDL & CDSL however the same is pending for Capital Confirmation Letter for total number of issued shares from BSE & ASE. Therefore, the Company can submit the Capital Confirmation Letter for total number of issued shares after we get the permission to list the additional shares issued on preferential basis as mentioned above at point 1.
3. The Stock Exchange, Mumbai has suspended the trading w.e.f. 13<sup>th</sup> May 2002. The main condition for revocation of suspension is to demat the shares.
- iii) The company has not framed any specific whistle blower policy. However, the company affirms that there were no instances of denying access to any personnel to the audit committee.
- iv) Your company conforms to norms of Corporate Governance as envisaged in the Companies Act, 1956 and in the Listing Agreement with the Stock Exchanges. A report of the Corporate Governance, along with the certificate of compliance from the Auditors forms part of this report. However, the Company has not adopted the non-mandatory requirements as mentioned in Annexure - I D of Clause 49 of the Listing Agreement.

**9. MEANS OF COMMUNICATION :**

The Quarterly & Half Yearly results were published in national daily newspapers -The Free Press Journal (English edition) and Navshakti (Marathi edition) on the following dates as given below:

1. Audited Financial results for the period ended on 31.03.2005 on 09.04.2005.
2. Unaudited Financial results-First quarter ended on 30.6.2005 on 31.07.2005.
3. Unaudited Financial results- Second quarter ended on 30.9.2005 on 29.10.2005.
4. Unaudited Financial results- Third quarter ended on 31.12.2005 on 17.01.2006.

The Company Communicates with the Stock Exchanges, SEBI and the Registrar of Companies, Pune by Registered Post and fax. The Company's website address is [www.rkforging.com](http://www.rkforging.com) whereby all the necessary information relating to the Company and its performance is maintained by the Company.

The Management Discussion and Analysis Report forms part of this Annual Report.

**10. GENERAL SHAREHOLDER INFORMATION:****Annual General Meeting:**

- i) Date and Time : 26<sup>th</sup> August 2006.  
Venue : Poona Club, 6 Boat Club Road, Pune 411 001.
- ii) Financial year : 1<sup>st</sup> April 2005 to 31<sup>st</sup> March 2006.
- iii) Date of Book Closure : 7<sup>th</sup> August to 10<sup>th</sup> August 2006 (both days inclusive)
- iv) Dividend payment date: The Board has not recommended any dividend.

**v) Listing on stock exchanges:**

&

**vi) (Stock Code)**

The Company's shares are listed on:

The Pune Stock Exchange Ltd.	13369
The Stock Exchange, Mumbai	13369
The Stock Exchange, Ahmedabad	48230

**vii) Market Price Data : Not Available\*****viii) Performance in comparison to broad-based indices: Not Available\***

\* : No quotations are available on any of the Stock Exchanges, where shares of the company are listed.

**ix) Registrar and Transfer Agents:**

Your company has appointed M/s. Intime Spectrum Registry Limited as its Registrar & Transfer Agent. It is SEBI registered Registrar & Transfer Agent. The entire work relating to processing of transfer of shares has been transferred to M/s. Intime Spectrum Registry Limited.

Intime Spectrum Registry Limited.

Head Office : C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup, Mumbai 400078.  
Telephone No.: (022) 25963838.  
Fax No. (022) 25946979.  
Email ID: [isrl@intimespectrum.com](mailto:isrl@intimespectrum.com)

Pune Office : "Bhagirathi" 1202/3/11, Shivajinagar,  
Off Ghole Road, Opposite Hotel Surya,  
Pune 411 004.  
Telephone No. (020) 56203395.  
Email ID: [pune@intimespectrum.com](mailto:pune@intimespectrum.com)

**x) Share Transfer System:**

The Company has constituted the Share Transfer Committee with Shri N Ramakrishna, Shri S. Siddheshwara and Shri R S Kothavale as the members. However, the Company in its Board Meeting held on 25.11.2005 has reconstituted this committee by delegating the power of share transfer to Mr. Rajkumar S. Kothavale under Clause 49 (IV) (G) (iv) of the Listing Agreement w.e.f. 01.12.2005. The committee meets every fortnightly to consider and approve the transfer, transmission, consolidation, sub division and issue of duplicate certificates. The company's R&T Agent M/s. Intime Spectrum Registry Limited issues share certificates to the shareholders within 30 days of receipt of certificate for transfer. There are no legal proceedings against the company on any share transfer matter.



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## xi) Distribution of Shareholding:

Distribution Schedule.  
Distribution of shareholding as on 31<sup>st</sup> March, 2006

Shareholding of Nominal Value of Rs.	Shareholders Number	Shareholders % to Total	Share Amount In Rupees	Share Amount % to Total
Upto 5,000	13,106	95.0810	1,75,12,000	16.0080
5,001 to 10,000	373	2.7060	32,32,000	2.9540
10,001 to 20,000	118	0.8560	18,48,000	1.6890
20,001 to 30,000	46	0.3340	11,69,000	1.0690
30,001 to 40,000	41	0.2970	15,81,000	1.4450
40,001 to 50,000	41	0.2970	19,93,000	1.8220
50,001 to 1,00,000	25	0.1810	22,47,000	2.0540
1,00,001 and above	34	0.2470	7,98,12,000	72.9580
<b>Total</b>	<b>13,784</b>	<b>100.0000</b>	<b>10,93,94,000</b>	<b>100.0000</b>

Shareholding Pattern (as on 31<sup>st</sup> March, 2006)

Category	No. of shares	% of shareholding.
<b>A. Promoters' holding</b>		
1. Promoters		
Indian Promoters	52,72,100	48.1937
Foreign Promoters	Nil	Nil
2. Persons acting in concert	5,36,300	4.9025
Sub Total	58,08,400	53.0962
<b>B. Non Promoters' holding</b>		
3. Institutional Investors		
a. Mutual Funds and UTI	Nil	Nil
b. Banks, Financial Institutions, Insurance Companies	100	0.0009
c. FII's	Nil	Nil
Sub Total	100	0.0009
4. Others		
a. Private Corporate Bodies.	18,900	0.1728
b. Indian Public	41,12,000	37.5889
c. NRIs/OCBs	10,00,000	9.1413
d. Any others	Nil	Nil
Sub Total	51,30,900	46.9030
<b>Grand Total</b>	<b>1,09,39,400</b>	<b>100.00</b>

## xii) Dematerialisation of Shares:

The shares of your company are not dematerialized.

## xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

Not issued.

## xiv) Plant Locations: Gat No. 357, Kharabwadi, Chakan – Talegaon Road, Chakan 410 501, Taluka – Khed District – Pune.

## xv) Address for correspondence: Shareholders' correspondence should be addressed to M/s. Intime Spectrum Registry Limited, Registrar and Transfer Agent, at the address mentioned above.

**Declaration under Clause 49 I (D) (ii) by the Managing Director of affirmation by the Board of Directors and Senior Management of Compliance with the Code of Conduct**

The Shareholders,

I, Rajkumar S. Kothavale Managing Director of the Company, do hereby declare that all the Board Members & Senior Management personnel have affirmed Compliance with the Code of Conduct for the Board of Directors & Senior Management of Rajkumar Forge Limited made effective from 1 April 2005.

Place : Pune  
Date : 24th April 2006

RAJKUMAR S. KOTHAVALA  
Managing Director

To

**The Members of  
Rajkumar Forge Limited.**

## Auditors Certificate 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, 2006

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 opinions 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 explanation 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

Place : Pune  
Date : 24th April 2006

A.N.Bapat  
Partner