

Forging value. Winning trust.



R-450



22nd ANNUAL REPORT 2003-04

Ramkrishna Forgings Limited

VISION

To be the most dependable and preferred supplier of forged and rolled components for railways, automobile, defence, mining and bearing industry by providing world class products and services at a competitive cost through a knowledge based, happy organisation.

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BOARD OF DIRECTORS

Chairman : Mahabir Prasad Jalan

Managing Director : Naresh Jalan

Whole Time Director : Pawan Kumar Kedia

Additional Directors : Ram Prasad Saraf
Sajjan Kumar Naredi
Ramawtar Agarwal
Manish Chaudhari

Company Secretary : Rajesh Mundhra

Auditor : N.K.Tekriwal & Associates
6, Waterloo Street,
Room No. 303
Kolkata - 700069

Audit Committee : Sajjan Kumar Naredi
Ram Prasad Saraf
Ramawtar Agarwal

**Shareholder/Investor
Grievance Committee** : Ramawtar Agarwal
Sajjan Kumar Naredi
Manish Chaudhari

Bankers : Canara Bank

REGD. OFFICE : 6, Waterloo Street,
Room no.- 406, 4th Floor,
Kolkata - 700069

REGISTRAR : Karvy Computer Share (P) Ltd.
46, Road No. 4, Street No. 1,
Banjara Hills, Hyderabad - 500 034
Tel : (040) 23312454, 23320251-53
Fax : (040) 23311968

RAMKRISHNA - AT A GLANCE

FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
INCOME					
Sales, Operating Income, etc. (Net of Excise Duty)	938.29	1389.00	2013.94	2593.03	3155.87
Increase/Decrease in stock	18.23	74.48	20.40	(3.53)	123.47
Total	956.52	1463.48	2034.34	2589.50	3279.34
EXPENDITURE					
Raw Material consumed	439.37	609.78	957.02	1273.64	1533.55
Other Expenditure.	414.86	667.68	835.23	1067.46	1305.34
Interest	28.07	50.34	71.99	56.84	75.61
Depreciation	31.72	49.88	74.24	95.90	132.38
Total	914.02	1377.68	1938.48	2493.84	3046.88
Profit Before Taxation	42.50	135.68	95.86	95.66	232.46
Provision for Taxation	8.86	6.80	9.07	11.90	19.25
Provision for Deferred Tax	—	—	—	22.98	65.61
Profit After Taxation	33.64	128.88	86.79	60.78	147.60
EBIDTA	102.29	235.90	242.09	248.40	440.45
Net worth	207.44	302.28	380.55	533.77	1193.35
Return on Net Worth%	12.00	18.00	16.00	11.00	12.37
Earning Per Share (Weighted Average)	3.31	3.58	3.60	3.16	4.04
Net Block	412.35	578.81	652.42	879.52	1850.00

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NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held on 16th day of September, 2004 at 2 P.M at Gyan Manch, 11, Pretoria Street. Kolkata-700071 to transact the following business.

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2004 and the Balance Sheet as on date along with the Director's Report and the Auditors Report thereon.
2. To appoint a director in place of Mr. Mahabir Prasad Jalan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their Remuneration.

"RESOLVED THAT M/s. Lodha & Co, Chartered Accountants, be and is hereby appointed as the Auditors of the company till the conclusion of the next annual general meeting of the company at such remuneration to be fixed by the Board of Directors."

SPECIAL BUSINESS

4. To consider and if thought to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that Mr. Sajjan Kumar Naredi who was appointed as an Additional Director of the company by the Board of Directors under section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of the Annual General Meeting of the Company and in respect of which the company has received a notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director of the company liable to retire by rotation."

5. To consider and if thought to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that Mr. Manish Choudhari who was appointed as an Additional Director of the company by the Board of Directors under section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of the Annual General Meeting of the Company and in respect of which the company has received a notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director of the company liable to retire by rotation."

6. To consider and if thought to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that Mr. Ramprasad Saraf who was appointed as an Additional Director of the company by the Board of Directors under section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of the Annual General Meeting of the Company and in respect of which the company has received a notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director of the company liable to retire by rotation."

7. To consider and if thought to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that Mr. Ramawtar Agarwal who was appointed as an Additional Director of the company by the Board of Directors under section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office upto the date of the Annual General Meeting of the Company and in respect of which the company has received a notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director of the company liable to retire by rotation."

8. To Consider and if thought fit to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT the consent be and is hereby accorded under section 293 (1) (a) of the companies Act, 1956 to the Board of Directors of the company including any committee thereof (hereinafter referred to as Board) for mortgaging, charging and hypothecation from time to time in addition to the existing mortgage, charges created by the company in such form and on such terms and conditions as it may think fit on such assets ,both moveable and immoveable of the company wherever situated, present and future properties , in favour of any Financial Institution(s), bank(s) and /or any other lender (s) whatsoever for securing any Term Loan / Corporate Loan, Advance, Working Capital, Bonds, External Borrowings or any Financial Accommodation granted or to be granted or Debenture raised or to be raised or any obligation incurred or to be incurred towards such Financial Institution(s), bank(s) and /or any other lender (s) as the case may be ,together with interest thereon at the agreed rates, compound Interest ,additional Interest , Liquidated Damages, Commitment Charges ,premium on Prepayment or on redemption, costs ,charges ,expenses and any money payable in connection thereon within the overall limit of 700 Million with power to such Financial Institution(s), bank(s) and /or any

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other lender (s) as the case may be to take over the management of the business and concern of the company in certain events or to lease out the assets of the company for any other purpose within the said limit."

"RESOLVED further that the Board be and is hereby authorized to finalise with any or all concerned parties aforesaid the documents for creating the mortgage ,charges and hypothecation accepting or making any alterations ,changes,variations to or in terms and conditions as aforesaid and to do all acts, deeds and things including execution of the documents as may be required or expedient for giving effect to the resolution."

9. To Consider and if thought fit to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that in supersession of the resolution passed in the earlier General Meeting the consent of the company be and is hereby accorded in terms of section 293(1)(d) of the Companies Act, 1956 to borrowings from time to time by the Board of Directors for the purpose of the Company's business ,notwithstanding that the monies so borrowed together with the monies already borrowed by the company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business)may exceed the aggregate of the Paid up Share Capital and its Free Reserves i.e reserves which have not been set apart for any specific purpose but so that the total amount of monies borrowed and to be borrowed and outstanding at any one time shall not exceed 700 Million."

10. To Consider and if thought fit to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of section 198,309,310 and 311 and all provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, the consent of the company be and is hereby accorded for the increase of the remuneration of Mr. Mahabir Prasad Jalan ,Chairman, as set out in the Explanatory Statement which shall be payable, if approved, to him with effect from 1st August, 2004 subject to that the remuneration paid to Managing Director and all other Whole Time Director shall not exceed 10% of the Net profits of the Company for that Financial Year."

"FURTHER RESOLVED that all other terms and conditions of Mr. Mahabir Prasad Jalan's appointment as approved by the shareholders at the Extra- Ordinary general meeting on 3rd December, 2001 shall remain in force."

11. To Consider and if thought fit to pass with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of section 198,309,310 and 311 and all provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, the consent of the company be and is hereby accorded for the increase of the remuneration of Mr. Naresh Jalan ,Managing Director, as set out in the Explanatory Statement which shall be payable ,if approved, to him with effect from 1st August, 2004 subject to that the remuneration paid to Managing Director and all other Whole Time Director shall not exceed 10% of the Net profits of the Company for that Financial Year."

"FURTHER RESOLVED that all other terms and conditions of Mr. Naresh Jalan's appointment as approved by the shareholders at the Extra- Ordinary General Meeting on 3rd December, 2001 shall remain in force."

NOTES:

1. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed herewith and forms part of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE THE MEMBER OF THE COMPANY.
3. The instrument of Proxy should however be deposited at the Registered Office of the Company at least 48 Hours before the meeting.
4. The Register of Member and the Share Transfer Books of the Company will remain closed from 13th September, 2004 to 16th September, 2004 (both days inclusive) .
5. Members/ Proxies should bring their attendance slip duly filled in for attending the meeting.
6. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.

Place : Kolkata

Dated: 26th July, 2004

By order of the Board.

RAJESH MUNDHRA

(Company Secretary)

ANNUAL REPORT 2003-2004**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.****Item No.3**

The Board has received a special notice recommending the appointment of M/s. Lodha & Co as the Auditors of the Company till the conclusion of the next Annual General meeting. The Retiring Auditor has also expressed his unwillingness to continue as the Auditor of the Company.

None of the Directors are interested or concerned in the above resolution.

Item No.4.

Mr. Sajjan Kumar Naredi was appointed as the Additional Director of the company in the Board Meeting held on 15th September, 2003 in accordance with section 260 of the Companies Act, 1956 and Article 115 of the Article of Association of the Company and holds office upto the date of the Annual General Meeting of the Company.

The Company has received a notice proposing his candidature for the office of the Director of the Company liable to retire by rotation.

None of the Directors are concerned and interested in the above resolution except Mr. Sajjan Kumar Naredi.

Item No.5.

Mr. Manish Choudhari was appointed as the Additional Director of the company in the Board Meeting held on 15th September, 2003 in accordance with section 260 of the Companies Act, 1956 and Article 115 of the Article of Association of the Company and holds office upto the date of the Annual General Meeting of the Company.

The Company has received a notice proposing his candidature for the office of the Director of the Company liable to retire by rotation.

None of the Directors are concerned and interested in the above resolution except Mr. Manish Choudhari.

Item No.6

Mr. Ramprasad Saraf was appointed as the Additional Director of the company in the Board Meeting held on 15th September, 2003 in accordance with section 260 of the Companies Act, 1956 and Article 115 of the Article of Association of the Company and holds office upto the date of the Annual General Meeting of the Company.

The Company has received a notice proposing his candidature for the office of the Director of the Company liable to retire by rotation.

None of the Directors are concerned and interested in the above resolution except Mr. Ramprasad Saraf.

Item No.7

Mr. Ramawtar Agarwal was appointed as the Additional Director of the Company in the Board Meeting held on 15th September, 2003 in accordance with section 260 of the Companies Act, 1956 and Article 115 of the Article of Association of the Company and holds office upto the date of the Annual General Meeting of the Company.

The Company has received a notice proposing his candidature for the office of the Director of the Company liable to retire by rotation.

None of the Directors are concerned and interested in the above resolution except Mr. Ramawtar Agarwal.

Item No.8.

In the normal course of business, the Company from time to time is required to avail Term Loans, Working Capital, External Borrowings or any other Financial Accommodation. A charge on the assets / properties of the Company, both present and future, is normally given as security for such borrowings. As the documents to be executed for the creation of such charge/ mortgages from time to time to secure such borrowings, may contain the power to take over the management of the Company in certain events, it is necessary for the shareholders to pass a resolution under section 293(1)(a) of the Companies Act, 1956 for the creation of the mortgage /charge as set out in this resolution.

None of the Directors are concerned or interested in this resolution.

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Item No.9

At the Extra -Ordinary General Meeting of the company held on 17th March, 2004 approval of the members was obtained under section 293(1)(d) of the Companies Act, 1956 for borrowing by the Board upto a limit of 350 millions .

Keeping in view the expansion already undertaken by the company and the future plans consent of the company is sought under section 293(1)(d) of the Companies Act, 1956 to enable the Board to borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) upto an increased limit of 700 Million.

Item No.10.

Mr. Mahabir Prasad Jalan was appointed as the Chairman Cum Whole Time Director on 3rd December, 2001 for the period of 5 Years w. e. f 5th November, 2001. The Board of Directors in their meeting held on 26th July, 2004 has recommended the increase in the emoluments paid to Mr. Mahabir Prasad Jalan. w.e.f. 01.08.04.

Emoluments:

Subject to the overall limits as prescribed in Schedule XIII of the Companies Act, 1956 (5% of the Net Profits in case of one Wholetime Director and 10 % of Net Profits in case of more than one wholetime Director)

a) **Salary** : Rs. 85,000 - Rs.1,45,000 per month.

The Increase in remuneration will be made after being approved by the Board of Directors within the above mentioned Limit.

b) **Benefits:**

- i) Accomodation : Fully Furnished Residential Accomodation or House Rent Allowance @ 50% (fifty percent) of the salary.
- ii) Expense pertaining to gas, electricity , water and other utilities borne/reimbursed by the company
- iii) Medical Reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years .
- iv) Leave Travel Concession : For self and family once in a year incurred in accordance with any Rules specified by the Company.
- v) Club Fees : Fees of Clubs, subject to a maximum of two clubs may be provided but no Life membership fee or Admission fee is to be paid by the Company.
- vi) Company's contribution towards Provident Fund as per Rules of the company, but not exceeding 12% of the Salary.
- vii) Company's contributions towards Pension/ Superannuation Fund such amount as together with the Company's contribution to the Provident Fund does not exceed 25% of the salary .
- viii) Gratuity : Not exceeding one-half month's salary for each completed year of service, subject to a maximum limit as prescribed under Schedule XIII to the Companies Act, 1956.
- ix) Provision of Company's Car with driver for use on Company's business. It will not be considered as benefits. He will be however billed by the Company for use of car for private purposes, if any.
- x) Free Telephone facility at Residence. It will not be considered as benefits. Personal long distance calls, if any, will be billed by the company to him.

Minimum Remuneration:

In the event of absence or inadequacy of profits of the Company in any financial year ,Mr. Mahabir Prasad Jalan will be entitled to receive such minimum remuneration as it is permissible under Part II Section A of Schedule XIII of the Act.

None of the Directors except Mr. Mahabir Prasad Jalan is concerned or interested in the above resolution.

The above should also be considered as an abstract of the terms of appointment of Mr. Mahabir Prasad Jalan and a memorandum as to nature of concern or interest of the Directors in the said appointment as required under section 302 of the Companies Act, 1956.

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Item No.11.

Mr. Naresh Jalan was appointed as the Managing Director on 3rd December, 2001 for the period of 5 Years w. e. f 5th November, 2001. The Board of Directors in their meeting held on 26th July, 2004 has recommended the increase in the emoluments paid to Mr. Naresh Jalan. w.e.f. 01.08.04.

Emoluments:

Subject to the overall limits as prescribed in Schedule XIII of the Companies Act, 1956 (5% of the Net Profits in case of one Wholetime Director and 10 % of Net Profits in case of more than one Wholetime Director)

a) **Salary** : Rs. 50000 - Rs.1,00,000 per month.

The Increase in remuneration will be made after being approved by the Board of Directors within the above mentioned Limit .

b) **Benefits:**

- i) Accomodation: Fully Furnished Residential Accomodation or House Rent Allowance @ 50% (fifty percent) of the salary.
- ii) Expense pertaining to gas ,electricity , water and other utilities borne/reimbursed by the company
- iii) Medical Reimbursement :Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years .
- iv) Leave Travel Concession:For self and family once in a year incurred in accordance with any Rules specified by the Company.
- v) Club Fees: Fees of Clubs, subject to a maximum of two clubs may be provided but no Life membership fee or Admission fee is to be paid by the Company.
- vi) Company's contribution towards Provident Fund as per Rules of the company, but not exceeding 12% of the Salary.
- vii) Company's contributions towards Pension/ Superannuation Fund such amount as together with the Company's contribution to the Provident Fund does not exceed 25% of the salary .
- viii) Gratuity : Not exceeding one-half month's salary for each completed year of service, subject to a maximum limit as prescribed under Schedule XIII to the Companies Act, 1956.
- ix) Provision of Company's Car with driver for use on Company's business. It will not be considered as benefits. He will be however billed by the Company for use of car for private purposes, if any.
- x) Free Telephone facility at Residence. It will not be considered as benefits. Personal long distance calls, if any, will be billed by the company to him.

Minimum Remuneration:

In the event of absence or inadequacy of profits of the Company in any financial year ,Mr. Naresh Jalan will be entitled to receive such minimum remuneration as it is permissible under Part II Section A of Schedule XIII of the Act.

None of the Directors except Mr. Naresh Jalan is concerned or interested in the above resolution.

The above should also be considered as an abstract of the terms of appointment of Mr. Naresh Jalan and a memorandum as to nature of concern or interest of the Directors in the said appointment as required under section 302 of the Companies Act, 1956.

Place : Kolkata

Dated: 26th July, 2004

By order of the Board
RAJESH MUNDHRA
 (Company Secretary)

RAMKRISHNA FORGINGS LIMITED**Details of Director Seeking Appointment Re- Appointment at the 22nd Annual General Meeting :**

Name of Director	Mahabir Prasad Jalan	Sajjan Kr Naredi	Manish Choudhari	Ramprasad Saraf	Ramawtar Agarwal
Qualification	B.E(Mech)	ACA	MBA	B.Com	B.Com
Expertise in Specific Functional Areas	Has a rich experience in Forging business spanning more 3 decades	Experienced in the field of Accounts, Taxation & Law	In Export business for more than 10 years and has good overseas Marketing skill	Has rich experience in the steel business for more than 10 Years	Has good experience in the field of Accounts and Finance.
List of companies In which other Directorship held	NIL	Pushpak Financial Services Ltd. Pushpak Computers (P) Ltd.	Mantra Exports(P) Ltd. Mantra Fashions (P) Ltd	Atindra Steels Co (P) Ltd Teletone India (P) Ltd. Vinayak Developers & Manufacturer Co (P) Ltd	Teletone India (P) Ltd
Chairman/ Member Of the Committee of The Board of the Companies in which he is a Director.	NIL	NIL	NIL	NIL	NIL