

# BUILDING FUTURE CAPABILITIES



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**Ramkrishna Forgings Limited**

ANNUAL REPORT 2014-15

BUILDING FUTURE CAPABILITIES



Ramkrishna Forgings Limited  
ANNUAL REPORT 2014-15



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## Corporate Information

### CIN

L74210WB1981PLC034281

### DIRECTORS

**Mr. Mahabir Prasad Jalan**  
*Chairman*

**Mr. Naresh Jalan**  
*Managing Director*

**Mr. Pawan Kumar Kedia**  
*Wholetime Director*

**Mr. Padam Kumar Khaitan**  
*Independent Director*

**Mr. Satish Kumar Mehta**  
*Independent Director*

**Mr. Ram Tawakya Singh**  
*Independent Director*

**Mr. Yudhisthir Lal Madan**  
*Independent Director*

**Mr. Ravi Lekhrajani**  
*Nominee Director*  
(Resigned w.e.f 15.01.2015)

**Mr. Amitabha Guha**  
*Additional Independent Director*  
(Appointed on 14.08.14)

**Ms. Aditi Bagri**  
*Additional Independent Director*  
(Appointed on 01.11.14)

### CHIEF FINANCIAL OFFICER (CFO)

Mr. Alok Kumar Sharda

### COMPANY SECRETARY

Mr. Rajesh Mundhra

### REGISTERED AND CORPORATE OFFICE

"Ramkrishna Chambers"  
72, Shakespeare Sarani  
Kolkata -700 017  
Telephone : 033-39840900  
Fax : 033-39840998  
Email id : [neha.gupta@ramkrishnaforgings.com](mailto:neha.gupta@ramkrishnaforgings.com)

### WORKS

- i) Plot No. M-6, Phase-VI, Gamaria,  
Jamshedpur-832 108
- ii) 7/40, Duffer Street, Liluah,  
Howrah-711 204
- iii) Plot No. M-15, 16 & NS-26,  
Phase VII, Adityapur Industrial Area,  
Jamshedpur-832109
- iv) Baliguma, Kolabira, Saraikela,  
Kharsawan – 833220

### STATUTORY AUDITORS

M/s Singhi & Co  
1B, Old Post Office Street,  
Kolkata- 700 001

### INTERNAL AUDITORS

M/s. Deloitte Haskins & Sells  
Bengal Intelligent Park, Building Alpha,  
1st Floor, Block-EP & GP, Sector-V  
Salt Lake Electronics Complex,  
Kolkata - 700091

### COST AUDITORS

M/s U. Sharma & Associates  
Cost & Management Accountants  
Hotel Mayur Building, 1st floor,  
Diagonal Road, Bistupur,  
Jamshedpur-831001

### SECRETARIAL AUDITORS

M/s MKB and Associates,  
Company Secretary in Practice  
Shantiniketan, 5th Floor, Room No.511,  
8 Camac Street, Kolkata-700017

### PRINCIPAL BANKERS

State Bank of India  
IDBI Bank Limited  
Export Import Bank of India  
DBS Bank Limited  
DCB Bank Limited  
ICICI Bank Limited  
Standard Chartered Bank  
RBL Bank  
Karur Vysya Bank  
Federal Bank Limited  
International Finance Corporation  
Landesbank Baden, Wurttemberg

### REGISTRAR AND

### SHARE TRANSFER AGENTS

M/s Karvy Computershare (P) Ltd  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli  
Financial District, Nanakramguda,  
Hyderabad - 500 032  
Ph : 040 - 6716 1565  
E mail : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website : [www.karvycomputershare.com](http://www.karvycomputershare.com)

## FOCUS ON UPCOMING PAGES

Directors' Report **1** Annexure to Directors' Report **10** Management Discussion and Analysis **40** Corporate Governance Report **51**  
Independent Auditors' Report **74** Balance Sheet **78** Statement of Profit and Loss **79** Cash Flow Statement **80**  
Notes to Financial Statement **82** Consolidated Accounts **107**

# Directors' Report

*Dear Shareholders,*

Your Directors are pleased to present the 33rd Annual Report of your Company along with the Audited Accounts for the financial year ended 31st March, 2015.

## Financial Highlights 2014-2015

(₹ in Lacs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
<b>Sales and Operating Income (Net)</b>	<b>74,075.95</b>	<b>42,952.78</b>
Other Income	573.32	238.69
<b>Profit before Interest, Depreciation &amp; Tax (incl Exceptional Item)</b>	<b>13,993.38</b>	<b>5,996.47</b>
Finance Cost	3,029.55	2,226.38
Depreciation	3,121.65	2,491.79
<b>Profit Before Tax (before Exceptional Items)</b>	<b>7,095.96</b>	<b>1,278.30</b>
Exceptional Items	746.22	-
<b>Profit Before Tax</b>	<b>7,842.18</b>	<b>1,278.30</b>
Provision for taxation :		
- Current Tax	1,642.00	526.00
- MAT Credit Entitlement	(1,642.00)	-
- Deferred Tax	353.99	(93.08)
- Tax adjustments for earlier years (Net)	14.61	0.12
<b>Profit After Tax</b>	<b>7,473.58</b>	<b>845.26</b>
Add: Surplus Brought Forward	9,685.51	9,195.60
<b>Surplus available</b>	<b>17,159.09</b>	<b>10,040.86</b>
Appropriations :		
Dividend and Tax on Dividend paid for 2014-15		
- Transfer to General Reserve	750.00	50.00
- Dividend	549.40	260.99
- Tax on Distributed profits	109.85	44.36
<b>Balance carried to Balance Sheet</b>	<b>15,749.84</b>	<b>9,685.51</b>

## Directors' Report (Contd.)

### State of Company's Affairs and Future Outlook

#### Financial Performance

- Net Sales increased by 72.46% from ₹ 42952.78 Lacs in 2013-14 to ₹ 74075.95 Lacs in 2014-15.
- Export Sales increased by 241.85% from 10274.72 Lacs in 2013-14 to ₹ 35123.71 Lacs in 2014-15.
- EBITDA (excluding exceptional items and other income) increased by 107.16% from ₹ 5,757.77 Lacs in 2013-14 to ₹ 11,927.61 Lacs in 2014-15.
- PAT increased by 784.18% from ₹ 845.26 Lacs in 2013-14 to ₹ 7473.58 Lacs in 2014-15.

The sales in domestic CV industry has shown some signs of recovery in FY 2015. It closed the fiscal at 614961 units, reflecting a 2.83% de-growth over the previous year – a significant improvement over the 20.23% de-growth in 2013-14.

Within the CV space, the Medium & Heavy Commercial Vehicle (M&HCV) Truck segment has in fact posted a positive growth. While the M & HCV segment has been witnessing strong demand (up 16.02% YoY) on back of replacement demand (following two years of deferment) and capacity addition by organized fleet operators to some extent.

The LCV Truck segment experienced sluggish trends (down 11.57% YoY) as significant capacity addition over the past few years and constrained financing environment amidst rising delinquencies continued to challenge the segment.

The bus segment, which contributes nearly more than 10% to industry sales, also started witnessing an improvement from Q3 FY15 onwards after various State Road Transport Undertakings (SRTUs) started placing orders for new buses as part of the JNNURM II programme.

The production of medium & heavy commercial Vehicles (M&HCVs) segment registered a growth at 21.21% during the year 2014-15 and Light Commercial Vehicles registered a de- growth of 10.25%.

In USA the Vehicle registrations increased for a record sixth year running in 2014, with registrations of passenger cars and light commercial vehicles reaching 16.4m units. This was the highest total since 2006 and a 5.7% increase from the previous year. The US accounts for around one-fifth of global automotive sales. New medium and heavy commercial vehicle registrations have recovered strongly from the lows recorded following the global financial crisis, although the pace of growth slowed to single digits in 2012-14, partly owing to the higher baseline.

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

#### Operational Highlights

##### Forgings and Machining facility

The Company derives the major share of its revenues from the commercial vehicle segment. Your Company produced 33267 tons during the year under review as compared to 23466 tons last year registering an increase of about 41.75%. The Company has installed a new 6 inch upsetter during the last quarter of 2014-15 which has enhanced the forgings capacity by around 8000 tons. The Company has the state-of-art of CNC Machining and Gear Cutting Facilities in which it has achieved accuracies of DIN 3962 (Class 8 to 9) in Hobbing Stage, DIN 3962 (Class 7) in Shaving Stage, DIN 3962 (Class 9) in Hard Stage. The Company has made 167 new product development in the CNC machining, 13 new development in Gear cutting and 10 items in the VMC/HMC section, which has helped to enhance the product basket with existing clients and add new clients in the domestic market and more pre-dominantly in the export sector.

##### Ring Rolling Line

Ring rolling is a cost-effective and efficient production process for production of ring-shaped components like crown wheels, bearing rings etc. The equipment is fully capable of meeting the requirements of the automobile industry, especially that of commercial vehicles (primarily medium and heavy vehicles).

The Company has produced 22645 tons during the year as compared to 17794 tons last year thus registering an increase of about 27.25%. It has achieved a capacity utilisation of around 94% during the year as compared to around 74% last year on account of good export demand and demand from the domestic commercial vehicle segment.

## Directors' Report (Contd.)

The Company has developed 90 new products during the year and out of that 76 new parts are towards export. The Company has been able to enhance its export portfolio by adding new clients and enhancing its product range which helped it to augment the export market of the Company.

### Press Facility

The Company has commissioned 3150 ton Pressline and 4500 ton Pressline on 21st July, 2014 which translates into 17500 MT of the Installed Capacity.

During the year the Company has achieved a production of 5596 tons and achieved a capacity utilisation of around 46 %.

During the Year there has been no change in the nature of the business carried by the Company

### Future Outlook

*M&HCV (Truck) segment* : This segment is likely to register a growth of 12-14% in FY 2016 driven by continuing trend towards replacement of ageing fleet and expectations of pick-up in demand from infrastructure and industrial sectors in view of reforms being initiated by the Government. Over the medium term, the demand for new CVs will also be driven by gradual acceptance of advance trucking platforms, progression to BS-V emission norms (possibly by 2017 onwards) and introduction of technologies such as Anti-Lock Braking System (ABS), which may lead to some advance purchases by fleet operators.

As the global economy recovers, commercial vehicle registrations should gather strength. It is expected to rise by 2.1% in 2015 and accelerate into 2016 and beyond, taking the annual average growth to 4.7% over 2015-19. This growth will be driven by rising business confidence, bolstered by the unexpected decision to keep interest rates low in most developed markets. Low global oil prices could also encourage a rise in freight traffic against other shipping methods.

### Transfer to Reserves

Your Company proposes to transfer ₹ 750.00 Lacs to General Reserve out of the amount available for appropriation and an amount of ₹ 15749.84 Lacs is proposed to be carried over to balance sheet.

### Dividend

In view of good performance of your Company, your Directors are pleased to recommend a dividend of ₹ 2 per share for the year 2014-15. The total payout on dividend (including dividend tax), if the dividend is approved by the members at the Annual General Meeting, will be ₹ 659.25 Lacs during the year under review.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid to shareholders whose names appear on the register of shareholders at the close of business on 4th September, 2015 and in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

### Share Capital

During the year the Board of Directors have at its Meeting held on 14th July, 2014 issued and allotted 12,00,000 warrants with an option to subscribe upto 12,00,000 Equity Shares of ₹ 10 each to M/s Riddhi Portfolio (P) Limited, Promoter group, on a preferential basis at a price of ₹ 150 per share.

Further, out of the Warrants issued on 19.01.2013, the Board has allotted 13,70,500 equity shares on 18.07.2014 by conversion of warrants to M/s. Eastern Credit Capital Pvt Ltd, promoter group at a price of ₹ 130 per share on a preferential basis.

On account of this allotment to M/s. Eastern Credit Capital Pvt Ltd, promoter group, the Issued, Subscribed and Paid up Share capital has been increased to ₹ 27,46,99,400 consisting of 2,74,69,940 Equity Shares of ₹ 10.

### Project

The Company had embarked upon a project to manufacture front axle beams, crankshafts, stub axles and connecting rods (Products) on press lines. The Project consists of 12500 Ton pressline imported from SMS, GmbH, 6300 Ton pressline, 4500 Ton press line and 3150 ton pressline. It also includes installation of state of the art Machining Centers and Heat Treatment facilities for supply of the machined Products. The Project will enhance the forging capacity of the Company by 80000 Tons.

## Directors' Report (Contd.)

The Company has already commenced commercial production of 3150 Ton pressline and 4500 Ton pressline on 21st July, 2014. The Company has also commenced hot trails of 12500 ton pressline from 10th May, 2015

### Pollution Control Measures

Your Company has installed adequate pollution control equipment in all its units as per the legal requirement and has the requisite approvals from the concerned authorities.

### Credit Rating

Your Company's long term rating is BBB+ (Positive outlook) from CRISIL and A- (Stable outlook) from ICRA.

### Details of Directors and Key Managerial Personnel

#### (A) Appointment of Independent Directors

Mr. Amitabha Guha and Ms. Aditi Bagri have joined the Company as Additional Independent Directors on 14.08.2014 and 1.11.2014 respectively for a period of 5 years. Their appointment will be placed for approval by the members at the forthcoming Annual General Meeting. As per the provisions of Section 149(1) of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement, the Company is required to have atleast one Woman Director on its Board. The Company complies with the aforesaid requirement with the appointment of Ms. Aditi Bagri.

#### (B) Statement on declaration given by Independent Directors under sub-section (6) of section 149

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

None of the Directors of the Company are disqualified for being appointed as Directors, as specified in section 164(2) of the Companies Act, 2013 and rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules 2014.

#### (C) Familiarization Programme undertaken for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://ramkrishnaforgings.com/familiarisatio%20n-program-of-independent-directors.pdf>.

#### (D) Resignation of Director(s) during the year

Mr. Ravi Lekhrajani, Nominee Director, resigned from the Directorship of the Company with effect from 15th January, 2015 as per the stipulations of Shareholders Agreement. Your Directors places on record the valuable contributions of Mr. Ravi Lekhrajani towards the progress of the Company during his association with the Company.

#### (E) Re-appointment of Directors retiring by rotation

In accordance with the provisions of the Companies Act, 2013 Mr. Naresh Jalan and Mr. Satish Kumar Mehta, Directors, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting. Their appointment will be placed for approval by the members at the Annual General Meeting .

#### (F) Key Managerial Personnel

The Board of Directors at its meeting held on 19th May, 2014, recognised and noted the Key managerial personnel pursuant to Section 203(1) of the Companies Act, 2013. No changes in the Key Managerial Personnel position took place during the year under review.

### Remuneration Policy

The Nomination and Remuneration Committee has formulated a policy relating to the appointment, remuneration and removal of Directors, Key Managerial Personnel and other senior management personnel of the Company, in accordance with the provisions of Section 178 of the Act. The Remuneration policy for Directors, Key Managerial Personnel and senior management personnel of the Company is attached herewith and marked as **Annexure A** and is also available at the website of the company at the following link: <http://ramkrishnaforgings.com/remuneration-policy.pdf>.

## Directors' Report (Contd.)

### Performance Evaluation

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors. On the basis of the policy for performance evaluation, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

### Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Director's Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of annual accounts for the year ended 31st March 2015, applicable accounting standards have been followed and there are no material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 financial year 2014-2015 and of the profit or loss of the Company for that period;
- iii) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts for 2014-2015 on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and are operating effectively; and
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Subsidiaries

The Company has one Subsidiary i.e. Globe Forex & Travels Limited. It is a wholly owned subsidiary of the Company and is in Travelling, MICE & Leisure business. A brief operational performance is as below :

(₹ in Lacs)

Particulars	2014-15	2013-14
<b>Revenue from operations</b>	<b>1,144.48</b>	<b>781.56</b>
Profit for the year after meeting all expenses (before Interest, Depreciation & Tax)	355.78	194.35
Less :		
Interest	226.61	163.03
Depreciation & Amortization	42.15	15.65
Provision for Taxation	19.65	15.22
<b>Net Profit</b>	<b>67.37</b>	<b>0.45</b>

In accordance with the Accounting Standard AS-21 on consolidated financial Statements the audited consolidated financial statements are provided in the Annual Report. In addition the financial data of the subsidiary has been furnished under note 38 of the Consolidated Financial Statements and forms part of this Annual Report.

The Annual accounts of the subsidiary and other related detailed information will be kept at the Registered Office of the Company and also at the Registered Office of the subsidiary company and will be available to the investors seeking information at any time during the working hours of the Company except Saturday. Further as per section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of the subsidiaries are available at our website at [www.ramkrishnaforgings.com](http://www.ramkrishnaforgings.com).

## Directors' Report (Contd.)

A Policy has been formulated for determining the Material Subsidiaries of the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges. The said Policy has been posted on the Company's website at the weblink <http://ramkrishnaforgings.com/material-subsiadiary-company-policy.pdf>.

However the Company does not have a Material unlisted Subsidiary.

The Company does not have any Joint Venture or Associate company and no Company has ceased to be a Subsidiary or Associate of the Company for the Financial Year 2014-2015.

During the Year there has been no change in the nature of the business carried by the Subsidiary Company.

### Auditors

The Members at the 32nd Annual General Meeting held on 17th June 2014 had appointed M/s Singhi & Co, Chartered Accountants, as the Statutory Auditors of the Company pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 to hold office from the conclusion of that Annual General Meeting till the conclusion of the 3rd consecutive Annual General Meeting, i.e. till the conclusion of the 35th Annual General Meeting, subject to ratification by the Members at every Annual General Meeting, at a remuneration to be decided by the Board of Directors. Accordingly, the Board recommends to the Members of the Company for ratification of the appointment of M/s Singhi & Co. Chartered Accountants as the Statutory Auditors of the Company. In this regard, M/s Singhi & Co, Chartered Accountants have submitted their written consent that they are eligible and qualified to be re-appointed as Statutory Auditors of the Company in terms of Section 139 of the Companies Act, 2013 and also satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Auditors' Report to the shareholders for the year under review does not contain any qualifications or adverse remarks.

### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. MKB & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2014-15. The Secretarial Audit Report is given as **Annexure B** forming part of this Report.

With regard to the qualification in the Secretarial Audit Report, the Management would like to state that the Chairman of the Audit Committee could not attend the Annual General Meeting held on 17th of June, 2014 as he was out of India. Similarly, the Chairman of the Nomination and Remuneration Committee could not attend the Annual General Meeting of the Company because of his ill health.

### Cost Auditors

As per Section 148 and other applicable provisions of the Companies Act, 2013, the Board of Directors based on the recommendation of the Audit Committee had appointed M/s. U. Sharma and Associates, Cost Accountants, as Cost Auditors to carry out the audit of the Cost Records of the Company for the Financial Years 2014-15 and 2015-2016. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. The remuneration payable to M/s. U. Sharma & Associates, Cost Accountants, will be placed for approval by the members at the Annual General Meeting.

### Risk Management Policy

The Company has a Risk Management Policy duly approved by its Board. Risk evaluation and management is an ongoing process within the organisation and is periodically reviewed by the Board of Directors.

### Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. The Company's Internal Control Systems are commensurate with the nature, size and complexity of its business and ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information. Pursuant to the provisions of Section 138 of the Act read with Rule 13 of the Companies (Accounts) Rules 2014 M/s. Deloitte, Haskins & Sells are appointed as the Internal Auditor of the Company who also evaluates the functioning and quality of internal controls and reports its adequacy and effectiveness through periodic reporting.

## Directors' Report (Contd.)

### Corporate Social Responsibility Policy

CSR for your Company means Corporate Sustainable Responsibility and this means embedding CSR into its business model.

With the enactment of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Corporate Social Responsibility (CSR) Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

Your Company has launched two Programs under its CSR activity i.e Ramkrishna Jan Kalyan Yojana (RJKY) & Ramkrishna Shiksha Yojana (RSY).

Under the RJKY program, the Company among other things also intends to set up and run a Medical Centre in the Seraikela Kharsawan district in the State of Jharkhand which is supposed to have a full time doctors, Nurses, Medicine Shop and basic medical facilities and under the RSY Program, the Company intends to build and run a school so that the children of that region can be provided quality education at reasonable cost. Significant time was consumed in identification of the location and purchase of land for the medical centre and to finalise the modalities for setting up of the school. Thus the company could not spend any amount in CSR.

However the Company has during 2015-16 has already purchased land for the medical centre and have already spent ₹ 18.60 Lacs towards CSR expense.

Your Company as part of its CSR initiatives has initiated projects as per its CSR Policy.

The details of the CSR Activities are given as **Annexure C** forming part of this Report.

### Related Party Transactions

The Company has formulated a Policy on dealing with Related Party Transactions. The Policy is disclosed on the website of the Company at the weblink: <http://ramkrishnaforgings.com/policy-for-transactions-with-related-parties.pdf>. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the year were in the ordinary course of business and on an arms length basis. There are no materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of the related Party transaction in Form AOC-2 is enclosed and marked as **Annexure D**.

All related party transactions are placed before the Audit Committee for its approval. In accordance with Accounting Standard 18, the Related Party Transactions are disclosed under **Note No. 34** of the Standalone Financial Statements.

### Stock Exchange

The Equity Shares of your Company were listed on two stock exchanges:

- National Stock Exchange of India Limited, Exchange Plaza, Plot no. C/1, G- Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.
- Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

The Annual Listing Fees for the year 2015-16 are paid to both the stock exchanges where the shares of your Company are listed.

### Management's Discussion And Analysis Report

Management's Discussion and Analysis Report for the year under review under Clause 49 of the Listing Agreement with the Stock Exchange in India is presented in the separate section and forms part of the Annual Report.

### Corporate Governance

Adoption of Best ethical business practices in the Company within the regulatory framework is the essence of good Corporate Governance. On one hand good Corporate Governance calls for accountability of the persons who are at the helm of affairs of the Company and on the other hand it also brings benefits to all stakeholders of the Company such as investors, customers, employees and the society at large. Your Company continues to believe in such business practices and gives thrust on providing reliable financial information, maintenance of transparency in all its business transactions and ensuring strict compliance of all applicable laws.

## Directors' Report (Contd.)

The report of Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite certificate from the Statutory Auditors of the Company, confirming the compliance with the conditions of corporate governance as stipulated under the aforesaid clause 49, is attached with the corporate governance report.

### Disclosures

#### a) Meetings of Board of Directors

During the financial year ended 31st March, 2015, 7 (Seven) Board Meetings were held during the financial year under review on 19.05.2014, 30.06.2014, 14.07.2014, 18.07.2014, 14.08.2014, 01.11.2014 and 31.01.2015. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### b) Meetings of Independent Directors

According to Clause 49 of the Listing Agreement, a separate meeting of the Independent Directors was held on 31st January, 2015. In the meeting, the Directors reviewed the performance of Non-Independent Directors, the Chairman of the Board and the Board as a whole and further assessed the quality, quantity and the timeliness of flow of information between the Management and the Board.

#### c) Particulars of Loan & Investment

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement. The details of loans, guarantees and Investments have been provided in Note no. 13(i), 14 and 44 to the Standalone Financial Statements.

#### d) Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings And Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act is given in **Annexure – E** to this Report.

#### e) Extract of the Annual Return

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual Return in Form MGT-9 is given in **Annexure – F** to this Report.

#### f) Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report along with the disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure – G** to this Report.

#### g) Whistle Blower Mechanism

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees and Directors are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Vigilance and Ethics officer who operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The Vigil Mechanism / Whistle Blower Policy of the Company can be accessed at the website of the Company at the following link: <http://ramkrishnaforgings.com/whistle-blower-policy.pdf>.

#### h) Transfer of amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 205C of the Companies Act, 1956, the Company has transferred Rs. 32,341 to the Investor Education and Protection Fund being the unpaid and unclaimed Dividend amount for the financial year 2006-2007. Amount of dividend lying unclaimed and unpaid for the last 7 years as on 31st March, 2015 have been disclosed in the Corporate Governance Report.