



towards a
brighter future

Ramkrishna Forgings Limited

Annual Report 2008-09

FORWARD LOOKING STATEMENT.

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take information investment decision. This report and other statements -written and oral that we periodically make contain forward- looking statements that set out anticipated result based on the management's plans and assumptions We have tried wherever possible to identify such statements by using words such as anticipate ,estimate ,expects, projects, intends, plans, believes and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized although we believe we have been prudent in assumption .The achievement of results is subject to risks uncertainties and even inaccurate assumption. Should known or unknown risks or uncertainties materialize or should underlying assumption prove inaccurate actual result could vary materially from those anticipated estimated or projected Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements whether as a result of new information, future events or otherwise.

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Corporate Information



Directors

Mr. Mahabir Prasad Jalan	Chairman
Mr. Naresh Jalan	Managing Director
Mr. Pawan Kumar Kedia	Finance Director
Mr. Ram Prasad Saraf	Non-Executive Director
Mr. Padam Kumar Khaitan	Non-Executive Director
Mr. Satish Kumar Mehta	Non-Executive Director
Mr. Randhir Khandelwal	Non-Executive Director
Mr. Subhasis Majumder	Non-Executive Director
Mr. Surendra Mohan Lakhotia	Additional Director
Mr. Laxminarayan Jhavar	Additional Director
Mr. Satyanarain Agarwal	Whole Time Director (resigned w.e.f. 31.10.08)
Mr. Supriya Gupta	Non-Executive Director (expired on 7.02.09)
Mr. Shailesh Ramanlal Parikh	Non-Executive Director (resigned w.e.f. 28.05.09)

Company Secretary

Mr. Rajesh Mundhra

Chief Financial Officer (CFO)

Mr. Alok Kumar Sharda

Registered and Corporate Office

L & T Chambers, 16, Camac Street,
6th Floor, Kolkata -700 017

Telephone

033-39840999

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033-39840998

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

Statutory Auditors

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

Principal Bankers

State Bank of India
Kotak Mahindra Bank
Citibank N.A.
HSBC
IDBI
Indian Overseas Bank

Registrar and Share Transfer Agents

M/s Karvy Computershare (P) Ltd.
Plot No. 17-24
Vittal Rao Nagar
Madhapur, Hyderabad-500 081
Andhra Pradesh, India



Directors' Report

Your Directors take pleasure in presenting the 27th Annual Report of your Company along with the audited statement of accounts for the financial year ended 31st March 2009.

Highlights 2008-09

(Rs. in Lakhs)

Particulars	Year ended 31st March 2009	Year ended 31st March 2008
Sales and Operating Income	25368.91	22865.62
Other Income	106.52	73.79
Profit before Interest, Depreciation and Tax	3608.97	3967.30
Interest and Finance charges	1775.39	977.88
Depreciation	1095.64	963.19
Profit before Tax	737.94	2026.23
Provision for Taxation		
- Current Tax	81.09	228.55
- MAT Credit Entitlement	(81.09)	(228.78)
- Deferred Tax	268.00	694.41
- Fringe Benefit Tax	12.00	9.00
- Income Tax of earlier years	3.66	20.19
Profit after Tax	454.26	1302.63
Add: Surplus brought forward	3731.01	2657.71
Surplus available	4185.27	3960.34
Appropriations:		
- Transfer to General Reserve		50.00
- Dividend		153.28
- Tax on distributed Profits		26.05
Balance carried to balance sheet	4185.27	3731.01

Financial highlights

- 14. % increase in Net Turnover from Rs.200.72 cr to Rs.299 cr .
- 5.50 % increase in exports from Rs.19.30 cr to Rs.20.37 cr.
- 9 % decrease in EBIDTA from 39.67 cr to 36.08 cr .

The Company has posted a profit after Tax of Rs. 4.54 cr compared to Rs. 13.02 cr last year registering a decline of around 65. %. The fall in profits is mainly attributable to a sharp increase in the Interest cost incurred during the year.

The Commercial vehicle Industry has seen

a sharp fall in the demand during the second quarter of the year which has affected the profitability of the company. The Government of India has given a stimulus to this industry by reducing the excise duty on commercial vehicles and also providing an accelerated depreciation of 50 % for commercial vehicles purchased between 1st January 2009 to 31st March 2009, which has been further increased to 30th September, 2009.

The package provided by the company is expected to provide a much needed lifeline to the industry and it is expected that the industry should recover during

the year.

Dividend

On account of economic slowdown resulting in lower profits during the year and in order to conserve the necessary resources your directors decided not to declare any dividend for the year under review.

Forgings and Machining facility

The production of Commercial Vehicles fell by 24.02 percent and the sales declined by 21.69 percent during 2008-09 over same period last year . As the major share of the revenues of the



Company is derived by the commercial vehicle segment your company produced only 17027 tons during the year under review as compared to 22810 Tons last year registering a decline of about 25 %.

The Company has augmented its Machining Facilities by procuring the CNC Gear Hobbing Machines, CNC Gear Shaving Machine and CNC Gear Shapping Machine from Mitsubishi Heavy Industries Limited which will help the company to add more value to the components supplied to the OEM and will also help to balance the capacity utilisation of the Heat Treatment facilities. The company has also installed CNC Gear Hobbing Machines from Premier Limited which will help the company to increase its machining capabilities and the product profile.

The Company has the- state-of-art of CNC Machining and Gear Cutting Facilities in which it has achieved accuracies of DIN class 7 in the soft stage and Class 9 in the hard stage in gear manufacturing.

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. Though the process encompasses a very large domain of ring sizes required for wind mill applications, RKFL equipment is fully capable of meeting the requirements of the automobile industry especially that of commercial vehicles (primarily medium and heavy vehicles) and heavy bearings to cater to the needs of the bearing industry

During the year, the Company has stabilised the production of the Ring Rolling Facility. This will help the company

to produce the components with better productivity and precision and improved quality of the components.:

During the year your Company has also further augmented the machining facilities by installation of 10 CNC Vertical Turning Centres from Korea which will help the company to increase its share of business in the market for machined components.

Credit Rating

Your company has the rating of LBBB for its Long term fund based facilities and A2 for its commercial paper /short term debt size of Rs.50 Crore from ICRA Ltd.

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 forming part of the Annual Report.

Pollution Control Measures

Your Company has installed adequate pollution control equipment in all its units.

Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Outgo

The information relating to energy conservation, technology absorption, foreign exchange earnings and outgo required to be disclosed under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure A and forms part of the Directors' Report.

Fixed Deposits

Your Company did not invite/accept any fixed deposits within the meaning of Section 58A of the Companies Act, 1956

and the rules made thereunder.

Stock Exchange

The equity shares of your Company are listed on two stock exchanges:

- National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.
- Bombay Stock Exchange Limited, Phiroz Jeejeeboy Towers, Dalal Street, Mumbai 400 001.

The annual listing fees for 2009-10 were paid to both the stock exchanges where the shares of your Company are listed.

Auditors

The Auditors of the Company, M/s Singhi & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting and have given their consent for re-appointment. The Company has received a certificate from them under Section 224 (1B) of the Companies Act, 1956.

Directors

.In terms of Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Mahabir Prasad Jalan and Mr. Ramprasad Saraf are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr Supriya Gupta passed away in the month of February, 2009. Your Directors place on record the appreciation of the valuable services rendered by Late Supriya Gupta to the Company during his association.

Mr. Surendra Mohan Lakhotia and Mr.Laxminarayan Jhavar have been appointed as Additional Directors of the



company and hold office till the conclusion of the ensuing Annual General Meeting of the Company . The Company has received notice pursuant to section 257 of the Companies Act, 1956 proposing their candidature for the office of the Directorship of the Company

Mr. Satyanarayan Agarwal and. Mr. Shailesh Raman Parikh resigned from the Board and the Board acknowledges their contribution to the Company.

Corporate Governance

Your Company attached considerable significance to sound Corporate Governance. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a compliance report on Corporate Governance forms a part of this annual report along with the Auditor's Certificate on its compliance.

Directors' Responsibility Statement

Your Directors confirm that:

- i) In the preparation of annual accounts for the year ended 31st March 2009, applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) They 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 2008-09 and of the profit or loss of the Company for that period;
- iii) They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies

Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

- iv) They have prepared the annual accounts for 2008-09 on a going concern basis.

Particulars of employees

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report as Annexure B.

Appreciation

Your Directors would like to convey their appreciation for all the co-operation and assistance received from the Government, Financial Institutions, Bankers and Stakeholders of the Company. Your Directors also express their appreciation of the dedication of employees in meeting all targets. We look forward to receiving the continued patronage of all our business partners to become a better and stronger company.

On behalf of the Board.

Mahabir Prasad Jalan

(Chairman)

Place: Kolkata

Dated : 28.05.09



ANNEXURE A TO THE DIRECTORS' REPORT

I. Conservation of Energy :

Measures taken:

(a) Energy conservation measures taken.

The company provides high Priority to energy conservation schemes to conserve natural resources and remain competitive. Some of the significant measures adopted are:

- (1) Installation of Continuous Pusher type Fuel Efficient Furnace.
- (2) Installation of Flameless Electrically Heated Furnace.
- (3) Modification of the Lining of the furnace to preserve heat in the furnace.

(4) Modify the design of the furnace to improve the load ability of the furnace on a continuous basis.

5) Introduction of production of Kangaroo Forgings.

(b) Additional Investment Proposals, if any, being implemented for reduction of consumption of energy.

The company has taken a Line from JUSCO in the Ring Rolling plant and also plans to take a line in the Forgings Plant which will ensure uninterrupted power and thus help in maintaining productivity and quality of the forgings.

(c) Impact of the Measures at (a) and (b) above for reduction of the energy

consumption and consequent impact on the cost of production of goods.

On account of the measures taken and proposed to be taken by the company, it is confident of reducing the cost incurred towards fuel costs. This will in turn help to reduce the cost of production of the goods and will make our products more competitive

II. Technology Absorption:

The Company is manufacturing the Forgings on the basis of the drawings for the forgings provided by the Buyer. The Company has facilities for the manufacture of Forgings through Upset Technology and Ring Rolling Technology.

[C] FOREIGN EXCHANGE EARNING AND OUTGO

The Company has identified Exports to be a thrust area.

Rs in Lakhs

	2008-09	2007-08
Earned:		
Exports (FOB)	1934.43	1792.78
Die Design & Preparation Charges	132.86	21.69
Sale of Capital Goods	NIL	NIL
Spent:		
Capital Equipments	1134.62	5508.77
Components & Spare Parts	8.56	19.51
Travelling	38.85	18.25
Foreign Bank Charges	8.33	11.06
Commission	0.46	1.26

ANNEXURE

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

Energy Consumption and Consumption per Unit of Production

Particulars	2008-09	2007-08
1. Electricity		
A) Purchased		
Units (KWH)	15529954	7998991
Total Amount (Rs.)	68548814	32837187
Rate / Unit (Rs.)	4.41	4.11



Particulars	2008-09	2007-08
B) Own Generation		
Units (KWH)	340382	854200
Ltrs Consumed	120322	254975
Cost/Unit (Rs.)	12.19	9.81
C) Total (A+B)		
Units (KWH)	15870336	8853191
Total Amount	72699189	41214282
Rate/Unit	4.58	4.66
2. Coal (Hard Coke Used in Smithy)		
Quantity (in Kgs)	24107	26809
Total cost (Rs.)	151872	131771
Average Cost (Rs.)	6.30	4.9
3. Furnace Oil		
Quantity (in Ltrs.)	3005310	3435204
Total cost (Rs.)	77043739	67438179
Average Cost (Rs.)	25.64	19.63
Consumption per unit of Production		
Product: Steel Forging in Tons		
Electricity (KWH)	700.05	388.1
Coal (Hard Coke Used in Smithy) (Kgs)	1.42	1.18
Furnace Oil (Ltrs)	176.76	150.60

On behalf of the Board.

Mahabir Prasad Jalan
(Chairman)

Place: Kolkata
Dated : 28.05.09

Annexure B to Directors' Report

Sl. No.	Name	Age (years)	Designation/ Nature of Duties	Gross Remuneration (Rs)	Qualification	Total Experience (years)	Date of commencement of employment	Previous Employment
A. Employed throughout the year and in receipt of remuneration aggregating Rs 24,00,000/- or more :								
1	Mr. Mahabir Prasad Jalan	60 yrs.	Chairman cum Whole Time Director	12294000/-	B. Tech	45 yrs.	12/11/1981	NA
2	Mr. Naresh Jalan	34 yrs.	Managing Director	4830000/-	B. Com(H), MBA (Marketing & Finance)	14 yrs.	25/01/1995	NA
B. Employed for a part of the financial year and in receipt of remuneration aggregating Rs 2,00,000/- or more per month								
1	Mr. Alok Kumar Sharda	41 yrs.	Chief Financial Officer	1385489/-	B Com (H), FCA	17 yrs	12/9/2008	Adhunik Metaliks Ltd, CFO

Notes

- Gross Remuneration includes Basic Pay, Allowances, monetary value of perquisites, and Company's contribution to the Provident .
- Mr. Mahabir Prasad Jalan, Chairman cum Wholetime Director and Mr. Naresh Jalan, Managing Director are related to each other.
- Mr. Alok Kumar Sharda is not a relative of any of the Directors of the Company.
- The nature and terms of the employment are as per resolution/appointment letter.



Management Discussion and Analysis Report

1. Industry Structure and Developments

The Indian Forging Industry has emerged as a major contributor to the manufacturing sector of the Indian economy.

Forging industry is a basic industry and such industries tend to grow in a country in relation to the rate of growth of its GDP. As far as India is concerned, we expect our GDP to continue to grow and therefore, the basic industries will grow and so will the industry. Since the forging industry is largely dependent on the automotive sector, the forging industry will also continue to grow and do well. Thanks to outsourcing, opportunities for exports are huge. An increasing number of companies from all over the world are coming to India to procure components and products. Many companies are working hard to capitalise on this. Hence, the optimism that the forging industry will continue to grow and do well in the immediate future.

Briefly, the composition of the Indian forging industry can be categorized into four sectors - large, medium, small and tiny. As is the case world over, a major portion of this industry is made up of small and medium units/enterprises (SMEs).

Only about 5% is made up by the large enterprises in terms of number. Out of the 330 odd units the large sector consists of about 9-10 units, the medium and small sectors consists of about 100 units and under the tiny sector, the units functioning are far too many and the number is difficult to estimate.

The industry was previously more labour

intensive (it is estimated that this industry provides direct employment to about 38000 people), but now with increasing globalization it is becoming more capital intensive. The total investment in the large and medium sectors is estimated to be around US\$600 million. The small scale units too are increasing their capital investment to keep pace with the increasing demand especially in the global markets as also to broaden the areas of demand for forgings. Many of them are now suppliers to Original Equipment Manufacturers (OEMs) in the automobile sector also, which speaks volumes about efforts at technology and quality up gradation.

While the automotive industry is the main customer for forgings, the industry's continuous efforts in upgrading technologies and diversifying product range have enabled it to expand its base of customers to foreign markets. The Indian forging industry is increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in low-cost countries. As a result, Indian forging industry has been making significant contributions to country's growing exports.

According to McKinsey Report, "Auto Components Industry: Vision 2015," the Indian Auto Components Industry is expected to grow to US\$ 33-40 Billion, by 2015 from around US\$ 7 Billion, at present. By 2016, the automotive sector is expected to contribute 10% of the country's GDP and 30-35% of the Industry.

(Source: AIFI)

Performance Scenario

The year 2008-09 was not a good year for the Industry as it was plagued with huge fluctuation in the raw material prices and sudden fall in demand. However the industry experienced a better demand on the last quarter.

The cumulative production data for April 2008 – March 2009 shows a growth of 2.96 percent over April 2007 – March 2008. Overall production in March 2009 grew by 5.17 percent over the same month last year.

In 2008-09, production of Passenger Vehicles segment and Two Wheelers segment recorded single digit growth with the growth rates being 3.44 percent and 4.88 percent respectively. Three Wheelers segment registered marginal growth in production at 0.07 percent. However, production of Commercial Vehicles fell drastically by 24.02 percent.

Domestic Sales

Passenger Vehicles segment registered growth with 0.13 percent growth during 2008-09 over 2007-08. Passenger Cars and Multi Purpose Vehicles grew by 1.31 percent and 5.69 percent respectively during this period. However, sales of Utility Vehicles fell by 7.94 percent. The sales in March 2009 for passenger vehicles declined at 1.15 percent over March 2008.

The sales of Commercial Vehicles declined by 21.69 percent during 2008-09 over same period last year. Medium & Heavy Commercial Vehicles declined by 33.16 percent and Light Commercial Vehicles recorded de-growth at 7.10 percent.

Three Wheelers sales registered a decline



of 4.13 percent in 2008-09. While Passenger Carriers grew by 14.36 percent during 2008-09, Goods Carriers declined at 37.52 percent. In March 2009, three wheelers sales grew by 11.40 percent over same month last year.

Two Wheelers registered marginal growth of 2.60 percent during 2008-09. Mopeds and Scooters grew by 4.22 percent and 9.11 percent. Motorcycles also grew

marginally at 1.16 percent. Electric two wheelers segment grew by 49.48 percent. Two Wheelers sales grew at a growth rate of 3.65 percent in March 2009 over same month last year.

(Source:SIAM)

Exports

The year 2008-09 saw automobile exports registering a growth of 23.61 percent with

all segments except Commercial Vehicles, registering positive growth.

Passenger Vehicles and Two Wheelers segment grew by 53.73 percent and 22.50 percent respectively. Three Wheelers exports grew by 4.85 percent. However, exports of Commercial Vehicles declined at (-) 27.67 percent during this period.

(Number of Vehicles)

Automobile Production Trends							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Commercial Vehicles	203,697	275,040	353,703	391,083	519,982	549,006	417,126

(Number of Vehicles)

Automobile Domestic Sales Trends							
Category	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Commercial Vehicles	190,682	260,114	318,430	351,041	467,765	490,494	384,122

(Source : SIAM)

2. Opportunities and threats

A) Opportunities

The Automotive mission plan 2016(AMP 2016) aims to make India a global automotive hub. India holds huge potential in the automobile sector including the automobile components sector owing to its technological, cost and manpower advantage. The Cost pressure on global auto makers and suppliers are driving them to outsource from low cost countries like India.

The Industry also has opportunity to buy sick plants in Europe /North America and other parts of the world to operate them in a cost effective manner. This can provide opportunities to the Indian manufactures to access global markets.

Many foreign companies have been investing in the Indian Automobile Market

in various ways such as technology transfers, joint ventures, strategic alliances, exports, and financial collaborations. The auto market in India can boast of attractive finance schemes, increasing purchasing power, and launch of the latest products.

The growth of auto ancillary players is mostly dependant to the growth of OEMs besides growth in replacement and export segment. The Indian OEMs have large scope for growth in almost all segments.

Reason for the same can be attributed to:

- Growth in Economy
- Reduction in Excise duty from 10 % to 8% in December 08 for commercial vehicle.
- Accelerated Depreciation of 50 % on commercial vehicles purchased between 1st Jan 09 and 31st March'

09. This benefit was further extended upto 30th September 09.

- Ample room for volume growth
- Increased affordability due to increased access to credits and lower interest rates
- Rise in export potentials
- Lower labour cost

B) Threats

The present economic scenario is full of uncertainties. Some of the issues to be addressed would mainly depend on the following points-

- Foreign competition.
- The industry's reactive rather than proactive nature.
- Shortage of power and lack of infrastructure.
- Impact of the volatile foreign exchange



rates.

- Volatile international prices of forging quality steel.
- Inadequate research and development expenses and training for coping with the demands of the export market.
- Inadequate overseas marketing support facilities.

3. Outlook

The future looks encouraging for the forging industry in terms of the expected surge in global demand. As a result of liberalisation, more MNCs have entered the domestic automobile market. This has opened up more business opportunities for the forging industry.

There are now clear-cut indications that India is beginning to get noticed and recognized as a global strategic necessity. This is evident in the Auto world and there is a distinct shift now to focus towards India. The global OEMs and Tier I companies are increasingly appreciating the advantages of India's open market economy, transparent and liberal policies, its engineering and manufacturing skills as well as its ability to handle global business.

In view of the above, the market potential continues to grow for the auto component sector. The future is undoubtedly contingent on the growth of the automobile industry. The liberalization of automobile industry has resulted in greater opportunities and greater demand potential for the future. Within the auto industry, commercial vehicles remain the mainstay of the forging industry, with passenger cars still an important segment. The newer generation cars will require better quality forgings. Looking at the

overall long term picture, the vehicle industry seems well poised to achieve a figure of 3 million passenger cars by the year 2015. The estimates for the Indian Auto component industry are US\$ 30 -40 billion by 2015. The growth is expected to be led by exports which could be worth US\$ 20-25 billion by 2015. Going by these estimates a conservative estimate (15-20%) of the production of forgings by 2015 would be to the tune of US\$ 6 billion. India with growing middle class, strong economy and with trained workforce has a strong future of automobile industry. All the big foreign players are eyeing on Indian market.

The Railway sector has also unveiled a good opportunities for the sector and the company. It plans to procure 18000 new wagons under the rolling stock program as against 11000 wagons in 2008-09. The Ministry also plans to take over sick wagon unit of Burn Standard and Braithwaite. It also plans manufacture 1562 coaches from the Rail Coach Factory and 1433 Coaches from Integral Coach Factory. The Ministry also plans to set up a coach factory at Kanchrapara – Halisahar Railway complex for manufacture of 500 EMN/MEMU and Metro Coaches per annum.

4. SWOT Analysis.

Strengths:

1. The company is the single largest forging and machining facility in Eastern India with a very specialized hi- tech product portfolio.
2. Customer retention, repeat clients.
3. A fully automatic Ring Rolling facility which has enhanced the company's product basket .

4. Product mix, comprising of niche critical and safety equipment.
5. Efficient manpower management.

Weakness:

1. Fragmented and unorganized Industry
2. Inadequate technical competence compared to global companies.
3. Relatively weak R & D facilities.

Opportunities:

1. Enhanced program for the wagons and coaches from the Railway sector.
2. Better outsourcing opportunities in India.
3. Growth in export opportunities.

Threats:

1. Volatile Raw material prices.
2. Fall in demand from the Commercial vehicle segment.

5. Internal Control Systems and their adequacy

The Company has in place adequate systems of internal controls and documented procedures covering all financials and operating function. These has been designed to provide reasonable assurance with regard to maintaining proper accounting control, monitoring economy and efficiency of the Company, protecting assets from unauthorized use or losses and ensuring reliability of financial and operating information.

The Internal Controls are designed to ensure that financial and other records are reliable for preparing financial statements and collating other data and for maintaining accountability of assets. The Internal Control systems and their adequacy are being periodically reviewed by the Audit Committee.



6. Discussion of Financial Performance with respect to Operational Performance

(Rs. in Crores)

Particulars	2008-09	2007-08	Change	Percentage
Net Revenue	229.00	200.72	28.28	14.09
Exports	20.37	19.3	1.07	5.54
Interest & Finance Charges	17.75	9.77	7.98	81.68
Depreciation	10.95	9.63	1.32	13.71
EBIDTA	36.08	39.67	(3.59)	(9.05)
Profit before Tax	7.37	20.26	(12.89)	(63.62)
Profit After Tax	4.54	13.02	(8.48)	(65.13)
Net worth	94.77	90.23	4.54	5.03
Secured Loans	18455.28	14278.15	4177.13	29.26
Gross Block incl. CWIP	22465.75	18693.01	3772.74	20.18

7. Material Developments in Human Resource/Industrial Relations front, including no. of people employed

The company considers human resources as its most important asset. Greater emphasis on training and development of employees at all levels leading to greater alignment between the objectives of the individual and the organisation is a key factor to the performance of your company. The company has around 800 employees. It is their invaluable contribution that has primarily resulted in your company's position of strength in the industry.

In order to protect health of employees and to ensure healthy working environment, your Company has taken Group Health (Floater) Insurance policy and Group Personal Accident Insurance policy from ICICI Lombard General Insurance Company Limited.

8. 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 results might differ materially from those either expressed or implied.

Managing Our Risks

The company's risk mitigation strategy is an integrated framework comprising prudential norms, structured reporting and control. This approach ensures that the risk management discipline is centrally initiated by the senior management but prudently decentralized across the organization, percolating to the managers at various levels to mitigate risks at a basic transactional stage.

The Company has identified the key areas to concentrate on, which it believes to be critical for the achievement of organisational goals. A well defined structure has been laid down to assess, monitor and mitigate risks associated with these areas, briefly enumerated below:

1. Technology Risk:

The technology should help the industry to improve production process, eliminating post-forging processing and improve utilization of raw materials by reducing waste. The industry needs to develop and put in place programs and systems to help find the strategically significant technologies and find ways to deploy those technologies to the industry.

Risk Mitigation:

(i) The Company has the state-of-art of CNC Machining and Gear Cutting Facilities in which it has achieved accuracies of DIN class 7 in the soft stage and Class 9 in the hard stage in gear manufacturing.

(ii) The Company has already installed the fully automated Ring Rolling Line which has helped the company to produce components with higher strength on account of better grain flow, economical use of raw materials and fewer secondary operations.

2. Competition:

To achieve the industry's vision of the future, forgers must pursue dramatic forging process breakthroughs-looking at the end product and radically changing the existing process to produce parts that satisfy the customer. Taking ownership of the end product will advance the forging industry on the path toward being the most competitive forgers in the world.

Risk Mitigation:

(i) The business segments- Forgings, Machining and Heat Treatment and Ring Rolling- helps to enhance Company's competitiveness edge through significant value addition at each leg.

(ii) The Company endeavors to increase



the product basket by production of more value added items.

(iii) The Company has the Seal quench furnaces, Induction furnace and other allied equipments which has helped the company to move one notch ahead in the value chain and produce ready to use components

(iv) The prime focus of the company is to identify the customer need and attain customer satisfaction.

(v) The specializations and integration has helped the company emerge as a preferred component vendor and a one stop shop for OEMs.

3. Raw Material Risks:

Steel (various grades and compositions) represents a critical raw material for the forging industry, any non availability could disrupt the production cycle.

In this context it required to take the materials of right quantity, at right time from right source.

Risk Mitigation:

(i) The company purchases the raw material from the best names in the Indian Steel Industry- Usha Martin, Kalyani Steels, Remi Metals Gujarat, Rashtrya Ispat Nigam Ltd, SAIL etc. which helps to source quality materials at economical prices.

(ii) The company has been procuring raw material from these agencies for a prolonged period an insurance against any unexpected disruption.

(iii) The Company is having a vendor rating system to compare the quality, price offered by the vendor and thus making the best purchases.

(iv) Its organised forecasting system of raw material requirement ensures uninterrupted raw material supply.

4. Client Concentration Risks:

The Commercial Vehicle segment has reported a de-growth in this year. Over dependence on few clients could hamper the progress of the company.

Risk Mitigation:

(i) The Company has taken steps to de-risk its sales mix by increasing its presence in the mining sector and making inroads in the farm equipment business.

(ii) The Company has taken steps to diversify the customer base through aggressive marketing and participating in the fairs.

(iii) The Ring rolling facility has helped the company to increase its focus on the export market and to receive enlistment from some reputed international clients.

5. Quality Risks:

Forged items are being used in the manufacture of critical items where even minor quality lapses could have serious implications

Risk Mitigation

(i) The company is a TS-16949, ISO 9001(2000) and QS-9000 from TUV Nord Cert, GmbH. The company is also registered with RDSO (Railway Design and Standard Organisation) for the supply of critical safety items for Railway.

(ii) The Company has instituted a system of inspection of every process at every stage of production and the frequency of the quality checks is also maintained as per the norms.

(iii) The Company has installed Coordinate Measuring Machine to ensure dimensional accuracy and CNC Gear Testing Machine from Klinsberg, GmbH for measuring critical gear dimensions and a state of art laboratory for a quality check

of raw material.

(iv) It has employed a trained workforce of employees leading to consistent quality control.

6. Human Risks:

Human resources are among the most important keys to the future success of forging enterprises. This must be a cultural change to an environment supportive of technology; creating an opportunity for career advancement for technically qualified employees within their company the forging industry must establish programs and mechanisms to develop knowledgeable and skilled employees. The forging industry must find effective ways to identify, recruit, train, and retain management staffs that are capable of supporting the industry's drive toward its vision.

Risk Mitigation:

(i) The existence of renowned engineering colleges in the eastern regions helps the company to have a rich pool of talented professionals.

(ii) The Company has a regular training module for its operators/engineers which help them to update their knowledge and skill for achieving the organization goals.

(iii) The company has an incentive system linked to productivity and has instituted awards to recognize the performance of its employees.

(iv) The company also plans to implement the scheme of ESOP for its key employees which will help them to share the growth of the company.

(v) This has helped the company to operate without losing any man day during the year under review.



Corporate Governance Report for the year 2008-09

The Company's shares are listed on The National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. Accordingly, the Corporate Governance Report for the year 2008-09, which has been prepared pursuant to the provisions of Clause 49 of the Listing Agreements, contains details relating to previous year.

Company's Philosophy on Corporate Governance

Your Company adheres good corporate practices and is constantly striving to better them and adopt the best practices. Your company believes that sustainable and long term growth of every shareholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of the society, building of the environmental balance and significant contribution in economic growth. The company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly forging company, while upholding the core value of transparency, integrity, honesty and accountability, which are fundamental.

Corporate Governance at Ramkrishna Forgings Ltd. (RKFL) has been a continuous journey and the business goals of the Company are aimed at the overall well being and welfare of all the constituents of the system. The Company has laid a strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the organisation and putting in place the best system, process and technology. The Company combines leading edge technology and innovation with superior application and customer service skills.

The Company is committed to pursue growth by adhering to the highest standards of Corporate Governance. The Company aims to maximise shareholder value through achieving business excellence. The Company is driven by the demands of its customers and it cares to meet their needs. It is committed to maintain the international quality standards, efficient delivery schedule and competitive prices. The Company is also committed to its social initiatives. The corporate philosophy of the Company has helped in adding value to the interest of

its stakeholders viz, customers, employees and owners in a socially responsible way.

(A) Board of Directors

The Company understands that good and quality governance is a powerful competitive differentiator and critical to economic and social progress. The Board of the Company is independent in making its decisions and also capable and committed to address conflicts of interests and impress upon the functionaries of the Company to focus on transparency, accountability, integrity and responsibility.

The Company's Board presently consists of Ten Directors out of which seven are Non-Executive Directors. The Company has an Executive Chairman and six Non-Executive Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Public companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2009 have been made by the Directors.

The Board meets regularly to review the strategic, operational and financial matters of the Company. The Board also delegates its powers to the Committees. Information is provided in advance of every meeting and it is ensured that all the Directors are briefed on the matters being discussed. The Board reviews the compliance of the applicable laws in the Board meeting.

Meetings, Attendance, Directorships/Chairmanships-

Attendance of each Director at the Board meeting, last Annual General Meeting and the number of other Directorship and Chairmanship/ Membership of Committee of each Director in various companies are as follows:-



Name of the Director	Category	Attendance particulars		No. of Directorship and other Committee Membership/ Chairmanship		
		Board meeting	Last AGM	Directorship	Committee membership	Committee chairmanship
Mr. Mahabir Prasad Jalan (Chairman)	Executive	4	Yes	Nil	Nil	Nil
Mr. Naresh Jalan (Managing Director)	Executive	4	Yes	Nil	Nil	Nil
Mr. Pawan Kumar Kedia (Finance Director)	Executive	4	Yes	Nil	Nil	Nil
Mr. Satyanarayan Agarwal ¹	Executive	1	NA	NA	NA	NA
Mr. Ramprasad Saraf	Non-Executive	4	No	Nil	Nil	Nil
Mr. Randhir Khandelwal	Non-Executive	4	No	Nil	Nil	Nil
Mr. Padam Kr. Khaitan	Non-Executive	1	Yes	11	2	1
Mr. Satish Kumar Mehta	Non-Executive	4	No	Nil	Nil	Nil
Mr. Shailesh Ramanlal Parikh ²	Non-Executive	4	No	Nil	Nil	Nil
Mr. Subhasis Majumder	Non-Executive. Nominee	3	No	Nil	Nil	Nil
Mr. Supriya Gupta ³	Non-Executive	3	Yes	NA	NA	NA
Mr. Surendra Mohan Lakhota ⁴	Non-Executive	NA	NA	Nil	Nil	Nil
Mr. Laxminarayan Jhavar ⁵	Non-Executive	NA	NA	Nil	Nil	Nil

1 Mr. Satyanarayan Agarwal resigned the Board on 31.10.2008

2 Mr. Shailesh Ramanlal Parikh resigned the Board on 28.05.2009

3 Mr. Supriya Gupta passed away on 07.02.09.

4 Mr. Surendra Mohan Lakhota joined the Board on 28.05.09

5 Mr. Laxminarayan Jhavar joined the Board on 28.05.09

Notes:

a) Number of Directorship excludes directorship in foreign companies, Alternate Directorship, Companies registered under section 25 of the Companies Act, 1956 and Private Ltd. Companies.

b) Committees include Audit Committee and Shareholders/ Investor Grievance Committee of only other Public Limited Companies.

None of the Directors except Mr. Mahabir Prasad Jalan and Mr. Naresh Jalan are related to any other Director.

Board Meetings

During the Financial Year 2008-2009 the Company has held four Board meetings. The gap between two meetings did not exceed four months. The details of the Board meetings are as follows:



Sl.No.	Board Meeting Dates	Board Strength	Presence of Directors
1	26.05.08	12	12
2	31.07.08	11	9
3	31.10.08	10	9
4	29.01.09	10	7

(B) COMMITTEES OF THE BOARD

At present, there are three Board Committees viz. the Audit Committee, the Remuneration Committee, and the Shareholders/ Investors' Grievance Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the respective Committee Chairman. Signed minutes of Board Committee meetings are placed for the information of the Board. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.

1. Audit Committee

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the responsibilities of the Board, an Audit Committee has been constituted as a sub committee of the Board in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee helps to enhance the shareholders' confidence by promoting accountability and also acts as a catalyst for effective financial and auditing practices.

Terms of Reference

The terms of reference of the Audit Committee as stipulated by the Board are as follows:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position, sufficient and credible.
- b) Recommending to the Board the appointment, reappointment and, if required, replacement of the Statutory Auditor and the fixation of audit fees.
- c) Approval of the payment to Statutory Auditors for any other service rendered by the Statutory Auditor.
- d) Discussion with external auditors of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- e) Reviewing with the management the annual financial statement before submission to the "Board" focusing primarily on:
 - Change in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on exercise of judgement by the management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statement
 - Disclosure of any related party transactions
 - Qualification in the draft audit report
 - The going concern assumption
- f) Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- g) Reviewing with the management, performance of Statutory and Internal Auditors and adequacy of the internal control systems.
- h) Reviewing the adequacy of the internal audit function and frequency of the internal audit.
- i) Discussion with the internal auditors about any significant findings and follow-up thereon.
- j) Reviewing the findings of the



internal investigations by the internal auditors into the matters where there is a suspected fraud or irregularity or the failure of internal control systems of a material nature and reporting the matter to the Board.

- k) Discussion with the Statutory Auditor before the audit commences, nature and the scope of the audit as well as post – audit discussions to ascertain any area of concern.
- l) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- m) Reviewing the functioning of the

Whistle Blower mechanism, in case the same is existing.

The Audit Committee inter alia reviewed the following information:

1. Management Discussion and Analysis of financial conditions and results of operations.
2. Statement of the related party transactions submitted by the management.
3. Management letter / letter of internal control weakness issued by the Statutory Auditors.
4. Discussion on the internal audit report and the appointment, removal and terms of remuneration of the auditor.

The Chairman of the Audit Committee briefs the Board about the significant

discussions of Audit Committee meeting.

Composition

Presently the Audit Committee consist of four Non- Executive Directors out of which three are Independent Directors. The Audit Committee meetings were also attended by the Finance Director, Chief Finance Officer (CFO), the Statutory Auditors and the Internal Auditors. The Company Secretary is the Secretary of the Committee.

Meetings and Attendance

During the year 2008-09 the Committee has met four times.

1. The details of the Audit Committee meetings held during the Financial Year 2008-09 are as follows:

Sl.No.	Dates	Strength	Presence of Directors
1	26.05.08	4	3
2	31.07.08	3	3
3	31.10.08	3	3
4	29.01.09	4	2

2. Attendance record at the Audit Committee meeting:

Name	Category	No. of meetings held during the year	No. of meetings attended
Mr.Ramprasad Saraf	Independent, Non-Executive	4	4
Mr.Supriya Gupta ¹	Chairman (w.e.f. 26.05.08 to 07.02.09) Independent, Non-Executive	3	3
Mr.Subhasis Majumder	Non-Independent, Non-Executive	4	3
Mr.Satish Kumar Mehta ²	Independent, Non-Executive	4	1
Mr. Surendra Mohan Lakhotia ³	Independent, Non-Executive	NA	NA



1- Mr. Supriya Gupta is not associated with Audit Committee w.e.f. 07.02.09.

2- Mr. Satish Kumar Mehta joined the Audit Committee w.e.f. 31.10.08.

3- Mr. Surendra Mohan Lakhotia joined the Audit Committee w.e.f. 28.05.09 and appointed as Chairman w.e.f. 28.05.09.

The necessary quorum was presented at all the meetings.

2. Remuneration Committee

The Board of Directors on its meeting held on 31/10/08 constituted a committee called Remuneration Committee.

Composition

It was decided that the Remuneration Committee shall comprise of at least three Non Executive Directors, and

the chairman of the committee shall be the independent Director.

The Remuneration Committee was formed with the following members

1. Mr. Satish Kumar Mehta
2. Mr. Shailesh Ramanlal Parikh
3. Mr. Supriya Gupta

However due to sad demise of Mr Supriya Gupta, he is not associated with the Committee w.e.f 07.02.09. Mr. Surendra Mohan Lakhotia joined the committee on 28.05.09.

Terms of Reference

Terms of reference of Remuneration Committee broadly includes the roles, powers and duties as vested under Schedule XIII to the Companies Act, 1956, and Clause 49 of the Listing Agreement with Stock Exchanges. It

mainly comprises decision for remuneration payable to managerial personnel from time to time, deciding remuneration policy of the Company, etc.

The Committee is responsible to determine the:

- i) Policy on the remuneration package for executive directors.
- ii) Determine the remuneration package of the executive directors.
- iii) Such other matters as may be required to be considered as per the provisions of the Companies Act, 1956, Listing Agreement and other applicable statutes.

During the Financial year 2008-09, the Committee has met only once on 29th January, 2009. The details of attendance are as follows.

Sl. No.	Name	Category	Meeting details of F.Y. 2008-09	
			Held during F.Y. 2008-09	Attendance
1	Mr. Satish Kumar Mehta	Independent , Chairman	1	Yes
2	Mr. Shailesh Ramanlal Parikh ¹	Independent	1	Yes
3	Mr. Supriya Gupta ²	Independent	1	No
4	Mr. Ram Prasad Saraf ³	Independent	NA	NA
5	Mr. Surendra Mohan Lakhotia ⁴	Independent	NA	NA

1- Mr. Shailesh Ramanlal Parikh is not associated with the Committee w.e.f. 28.05.09

2- Mr Supriya Gupta is not associated with the Committee w.e.f 07.02.09

3- Mr Ram Prasad Saraf joined the Committee w.e.f. 28.05.09

4- Mr. Surendra Mohan Lakhotia joined the Committee w.e.f. 28.05.09



Details of Remuneration to Managing / Wholetime Directors

The details of the remuneration paid to the Managing/ Wholetime Directors for the year 2008-09 are as follows:

Sl. No.	Name of Director	Salary	Others	Total
1	Mr. Mahabir Prasad Jalan	8196000	4098000	12294000
2	Mr. Naresh Jalan	3450000	1380000	4830000
3	Mr. Pawan Kumar Kedia	480000	441100	921100
4	Mr. Satyanarayan Agarwal (resigned w.e.f 31.10.08)	326403	548864	875267
	Total			18920367

Note:

Salary represents Basic Salary and Dearness Allowance. Others include House Rent Allowance and other Allowances, Medical Reimbursement, LTA and Contribution to Provident Fund but exclude Leave Encashment and Gratuity which is based on actuarial valuation provided on overall basis in the books of accounts.

The Company does not have any Stock Option Scheme.

The Company has paid the Managerial Remuneration in excess of the limit as specified under Section 309 read with Schedule XIII of the Companies Act, 1956. The Company has made an application for the approval of Central Government which is awaited till date.

Details of Remuneration/Sitting Fees to Non-Executive Directors

The details of the remuneration paid to the Non-Executive Directors for the year 2008-09 are as follows.

SL. No.	Name of the Director	Sitting Fees (Rs.)
1	Mr. Ram Prasad Saraf	65000
2	Mr. Padam Kumar Khaitan	5000
3	Mr. Shailesh Ramanlal Parikh	40000
4	Mr. Satish Kumar Mehta	50000
5	Mr. Subhasis Majumder	45000
6	Mr. Randhir Khandelwal	35000
7	Mr. Supriya Gupta	45000
	Total	285000



Details of Shareholding in the Company by Directors

Details of shares of the company held by the Directors as on 31st March, 2009 are as below:-

SL. No.	Name of the Director	No. of shares held	% on Total Holding
1	Mr. Mahabir Prasad Jalan	451000	2.94
2	Mr. Naresh Jalan	285750	1.86
3	Mr. Pawan Kumar Kedia	35250	0.22
4	Mr. Shailesh Ramanlal Parikh	2000	0.01

All other Directors do not hold any shares in the company. The Non- Executive Directors do not hold any Convertible Instruments.

Service Contracts, Severance Fees & Notice Period

The appointment of Executive Directors is governed, in general, by resolution passed by the Board & Shareholders of the Company which covers the terms and conditions of such appointment. No separate Service Contract is being/has been entered with the Company. There are no specific provisions prevailing regarding severance fee in the resolution for the appointment. The Notice period is governed by the applicable provisions and guidelines.

3. Shareholder/ Investors' Grievance Committee

The Committee has constituted a Shareholders/Investors Grievance Committee of Directors to oversee and redress the shareholders' complaints and to oversee the performance of the Registrar and Transfer agents. The Company has appointed Mr. Rajesh Mundhra, Company Secretary, as the Compliance Officer.

The Company also has a Share Transfer Committee wherein the powers for the share transfers, rematerialisation, splits and consolidation of shares has been delegated by the Board.

The particulars of the Directors seeking appointment/ re-appointment are given in the notice to the ensuing Annual General Meeting.

The composition of the Shareholders/Investors Grievance Committee is given below:

Name	Category
Mr. Ram Prasad Saraf	Independent, Non-Executive
Mr. Randhir Khandelwal	Independent, Non Executive

Compliance Officer

Mr. Rajesh Mundhra, Company Secretary, who is the Compliance Officer, can be contacted at:
Ramkrishna Forgings Ltd.

L & T Chambers, 6th floor, 16, Camac Street, Kolkata-700017

e-mail: company_affairs@ramkrishnaforgings.com

Tel: 033-39840999 Fax: 033-39840998



Details of complaints received and redressed:

The details regarding complaints received and resolved during the financial year 2008-09 are as follows:

Opening balance	Received during the year	Resolved during the year	Closing balance
0	8	8	0

(C) General Body Meetings:

The details of the last three years' Annual General Meetings are given below:

Financial Year	Details of Location	Date of AGM	Time	No. of Special Resolution Passed
2007-08	Kalakunj	30.08.08	11.30 A.M.	Nil
2006-07	48, Shakespeare Sarani	15.09.07	11.45 A.M.	Nil
2005-06	Kolkata 700 017	09.09.06	10.30 A.M.	Nil

No Special resolution was passed in the year 2008-09 through postal ballot and hence the provisions relating to the postal ballot were not applicable. The Company shall comply with the requirements of the postal ballot as and when required.

(D) Disclosures.

a) Disclosure on materially significant related party transactions:

Your Company places the statement of the related party transactions at every Audit Committee meetings. The Registrar of Contracts containing the transactions in which the Directors are interested are placed regularly at the Board meetings. The disclosure of the related party transaction as per the Accounting Standard (AS-18) are set out in the Note 38 of the Notes to the Accounts. However these transactions are not likely to have any

conflict with the Company's interest.

b) Details of non-compliance by the Company ,penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets, during the last three years:

The Company has complied with the requirements of the Stock Exchange, SEBI and other Statutory Authorities on all matters related to the capital market during 2006-07, 2007-08 and 2008-09.

There are no penalties or strictures being imposed on the Company by the Stock Exchange, SEBI or any other Statutory Authorities on the Company.

c) Code of Conduct:

The Board at its meeting held on 28th October, 2005 has adopted the code of conduct which lays down the

procedures to be adhered by the Board members and the Senior Management Personnel of the Company. The code of conduct is posted on the website of the Company. The declaration that the code of conduct has been complied by the Board members and the Senior Management is given below:

Declaration:

The Board has laid down the code of conduct for all the Board members and Senior Management of the Company which is posted on the website of the Company. The Board members and the Senior Management have affirmed compliance with the code of conduct.

Naresh Jalan
(Managing Director)



d) Disclosure of Accounting

Treatment: Your Company has followed all relevant accounting standards while preparing the financial statements.

e) CEO / CFO Certification:

As per Clause 49 (v) of the Listing Agreement, the Managing Director and the Finance Director of the Company certifies to the Board regarding the review of the financial statement, compliance with the accounting standard, maintenance of the internal control for financial reporting, accounting policies etc.

f) Management Discussion and Analysis:

It forms part of the Annual Report.

g) Secretarial audit for reconciliation of Capital:

The Securities and Exchange Board of India has directed vide Circular No. D and CC/FITTC/CIR-16/2002 dated 31st December, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid-up capital.

The said certificate, duly certified by the Company Secretary in practice is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors

of the Company.

h) Details of Directors seeking appointment at the ensuing Annual General Meeting

(i) Mr. Surendra Mohan Lakhotia:

Mr. Lakhotia is a Chartered Accountant (Rankholder) with an experience of more than 4 decades. He had worked in diversified companies in the corporate sector. In early 80's, he joined as the Vice-President in Indian Rayon Industries Limited.

He also worked as

- Senior Vice – President in Hindalco Industries Limited;
- Joint President in Hindalco Industries Limited
- Executive President in the management services Division of the Aditya Birla Group.

He has won several awards for professional excellence in Aditya Birla Group. He represented group in several conferences abroad including at Harvard. He has been invitee faculty and speaker at IIM-Kolkata.

He is about 67 years of age and has gained extensive experience in all commercial and financial related matters.

He is not holding any shares of the Company.

He is not holding Directorship in any other company.

He is not the Chairman/ Member of any committee in any other company.

(ii) Laxmi Narayan Jhavar:

Mr. Jhavar is a graduate from IMI London. He is of 76 years of age. He has done the PG Diploma in Engineering (London) in 1959, from College of Aeronautical & Automobile Engineering, Chelsea (London).

He is a member of the Institute of Engineering Technology- London.

He is having more than 40 years of broad, in-depth experience with technical and managerial achievements to growth in Productivity and bottom line profitability.

He has undergone training abroad for two years.

He has been associated with the following Organizations:

1. Hindustan Motors Ltd., Calcutta-General Manager
2. HM Ltd.- In charge of Manufacturing Division (Mechanical)
3. Jayaswal NECO Ltd.- Automotive and Allied castings division Nagpur, India- Vice President (Corporate Planning)
4. M/s NSSL Ltd.(Group of Jayaswals Neco Ltd., Nagpur) –Technical Advisor

He is not holding any shares of the Company.

He is not holding Directorship in any other Company.

He is not the Chairman/ Member of



any committee in any other Company.

(E) Means of Communication:

In compliance with the requirements of the Listing Agreement, the Company regularly intimates the Stock Exchange of the unaudited as well the audited financial results of the Company after being adopted by the Board of Directors. Further the results of the Company are normally published in the Business Standard (all edition) and Aaj Kal Bengali (vernacular) newspaper.

The Company does not send the half – yearly report to the shareholders.

The website of the Company is www.ramkrishnaforgings.com.

The Company has not made any presentations to the institutional investors or to the analysts during the financial year 2008-09.

(F) General Shareholders Information

1. Annual General Meeting:

Date : 22nd August, 2009

Time : 11.45 AM

Venue : Gyan Manch,
11, Pretoria Street, Kolkata-700071

2. Financial Calendar:

The Financial Year of the Company is April 2008 to March 2009.

The probable dates for the publication of the quarterly results for the Financial Year 2009-10 will be the last week of the month following the respective quarter and the audited results for the year will be published by the end of June 2010.

Date of Book Closure : 17th August 2009 to 22nd August, 2009 (both days inclusive).

Listing on Stock Exchange and Depositories:

- 1) Bombay Stock Exchange Limited (BSE)
- 2) The National Stock Exchange of

India Ltd.(NSE)

3) National Securities Depository Ltd. (NSDL)

4) Central Depository Services India Ltd. (CDSL)

The Company confirms that it has paid the Annual Listing Fees to both the Stock Exchanges for the year 2009-10.

Stock Code : The Scrip code as provide by Bombay Stock Exchange Limited is 532527

The symbol as provided by National Stock Exchange is RKFORGE

The ISIN no. as provided by the depositories is INE399G01015

Market Price Data and the performance in comparison to NSE (NIFTY)

The high and low closing prices during each month of the year 2008-09 at NSE and BSE and the NSE NIFTY are as given below:

Months	Share Price NSE		Share Price BSE		S & P CNX Nifty	
	High	Low	High	Low	High	Low
April'08	213.15	180.00	217.35	180.00	5230.75	4628.75
May'08	224.95	180.00	222.90	182.00	5298.85	4801.90
June'08	186.00	132.10	187.00	135.90	4908.80	4021.70
July'08	137.75	120.00	140.00	111.60	4539.45	3790.20
August'08	136.15	105.00	135.45	108.10	4649.85	4201.85
September'08	130.50	82.00	132.00	78.00	4558.00	3715.05
October'08	96.80	51.00	96.30	52.00	4000.50	2252.75
November'08	58.70	41.15	56.15	42.00	3240.55	2502.90
December'08	44.05	38.00	44.80	37.70	3110.45	2570.70
January'09	42.00	25.75	41.40	25.05	3147.20	2661.65
February'09	29.00	23.00	29.30	23.00	2969.75	2677.55
March'09	29.65	20.50	29.40	21.30	3123.35	2539.45



Registrar and Share Agents : M/s. Karvy Computershare (P) Ltd.
Plot No. 17-24,
Vittal Rao Nagar,
Madhapur, Hyderabad-500 081
Andhra Pradesh, India.
inward@karvy.com

Distribution of shareholding as on 31st March, 2009

Category (No. of Shares)	No of shareholders	%	No of shares	%
1 - 500	3295	86.51	444938	2.9
501 - 1000	226	5.93	179795	1.17
1001 - 2000	114	2.99	181505	1.18
2001 - 3000	38	1	100649	0.66
3001 - 4000	27	0.71	98677	0.64
4001 - 5000	18	0.47	87071	0.57
5001 - 10000	33	0.87	255119	1.67
10001 and above	58	1.52	13980786	91.21
Total	3809	100	15328540	100

Pattern of Shareholding as on 31st March, 2009:

Sl. No.	Category	No. of shares held	%
1	Promoters & Associates	7582207	49.46
2	Mutual Funds	3692185	24.09
3	Foreign Institutional Investor	227892	1.49
4	Non Resident Indians	28083	0.18
5	Bodies Corporates	1922311	12.54
6	Trusts	30000	0.20
7	Indian Public/Others	1841871	12.02
8	Clearing Members	3991	0.03
	Total	15328540	100.00



The shares of the Company are traded only in dematerialised form. 15323402 shares which consist of about 99.97% of the total issue share capital of the Company are held in a dematerialised form as on 31st March, 2009.

Outstanding GDRs / ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has allotted in March 2008, 2581000 warrants with an option to convert into 2581000 Equity Shares of Rs.10 each at a price of Rs.215 per share and which are still outstanding.

Share Transfer System

The shareholders submit their share transfer related documents to the share registrar and transfer agent whose address is mentioned in the record. The Board has delegated the power to transfer the shares to the Share Transfer Committee. If the transfer documents are in order, the transfer is approved by the Share Transfer Committee.

Plant Locations:

1. Plant 1 : Plot No.M-6, Phase VI, Gamaria, Jamshedpur-832108. Jharkhand.
2. Plant 2 : 7/40, Duffer Street, Liluah, Howrah- 711204, West Bengal.
3. Plant 3 & 4 : Plot No. M-15,16 and NS-26, Phase – VII , Adityapur Industrial Area, Jamshedpur- 832109, Jharkhand.

Address for correspondence:

For shares held in physical and demat form:

M/s. Karvy Computershare (P) Ltd.
Plot No. 17-24,
Vittal Rao Nagar,
Madhapur, Hyderabad-500 081
Andhra Pradesh, India.
inward@karvy.com

Non – Mandatory Requirements:

a) Chairman of the Board: The Company has an Executive Chairman.

b) Remuneration Committee: The Company has constituted a Remuneration Committee the details of which are provided in this Report under the section 'Committees of the Board - Remuneration Committee'.

c) Shareholders' Rights: The Company as of now does not send the shareholders' half-yearly declaration of the financial performance. The Financial Results are put up on the Company's website.

d) Postal Ballot: The Company shall comply with the requirement of the postal ballot as and when it is required.

e) Audit Qualifications: During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt the best practices to ensure a regime of unqualified financial statements.

f) Training of Board members: The Directors interact with the management in a very free and open manner on any information that may be required by them on orientation and factory visits. The Independent

Directors are encouraged to attend training programmes that may be of relevance and interest to the Directors in discharging their responsibilities to the Company's stakeholders under the emerging business environment.

g) Mechanism for evaluation of Non-Executive Board members: The performance evaluation of Non-Executive members is done by the Board based on the criteria of attendance and contributions at the Board/Committee meetings as also for the role played or contributions other than at the meetings.

h) Whistle Blower Mechanism: The Company does not have a Whistle Blower mechanism.



Auditors' Report

To the Members of
RAMKRISHNA FORGINGS LIMITED

We have audited the attached Balance Sheet of RAMKRISHNA FORGINGS LIMITED as at 31st March 2009, the Profit & Loss Account for the year ended on that date and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
3. The Balance Sheet and Profit and Loss Account dealt

with by this report are in agreement with the books of account;

4. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said account read with Notes to Account and significant Accounting Policies in Schedule "19" give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009
 - (b) In the case of the Profit and Loss Account, of the PROFIT for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Singhi & Co.
Chartered Accountants
(Rajiv Singhi)
Partner
Membership No.53518

1-B, Old Post Office Street,
Kolkata-700 001

Dated, the 28th day of May, 2009



Annexure to the Auditors' Report

(Referred to in Paragraph 3 of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased program of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to size of the Company and nature of its business.
 - (c) There was no substantial disposal of fixed assets during the year.
- ii. (a) The inventories have been physically verified at reasonable intervals during the year by the management except materials lying with third parties, where confirmations are obtained.
 - (b) In our opinion, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. The discrepancies between the physical stocks and book stocks, which are not significant, have been properly dealt with in the books of account.
- iii. (a) As per the information furnished, the Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the Register maintained U/s 301 of the Companies Act, 1956. Hence Clauses 3(b), (c) and (d) of the order are also not applicable to the company.
 - (e) As per the information furnished, the Company has taken interest free unsecured loan from a company covered in the Register maintained U/S 301 of the Companies Act, 1956. The terms and condition of such loan is not prima facie prejudicial to the interest of the company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books of accounts and according to the information and explanation given to us, we have not come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control system.
 - a) In our opinion and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies act, 1956 have been entered.
 - b) As per the information and explanations give to us there are no contract or arrangements made for transactions exceeding Rupees 5,00,000 in respect of each party, for sale and purchase of goods and services in pursuance of section 301 of the company's Act, 1956.
- vi. The Company has not accepted any fixed deposit from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.
- vii. In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
- viii. Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub section (1) of Section 209 of the Companies Act 1956, for the Company.
- ix. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty



and Cess during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.

As per the information and records of the company there are no dues of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute.

- x. The Company has no accumulated losses as at 31st March 2009 and has not incurred cash losses in the current financial year ended on that date and in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given to us the Company has not defaulted in repayment of dues to financial institutions, banks.
- xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. Provisions of any special statute applicable to chit fund are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. As per the information the Company has not given any guarantee for loans taken by others from Bank or financial institutions.
- xvi. According to the information and explanations given to us, the Company has applied term loans for the

purpose for which they were obtained during the year.

- xvii. On the basis of our examination of the Balance Sheet and Cash Flow Statement and according to the information and explanations given to us, the fund raised on Short Term basis, during the year, have not been used for Long Term investments.
- xviii. The Company has not made preferential allotment of equity share to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued debentures during the year.
- xx. The Company has not raised any money by Public Issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Singhi & Co.
Chartered Accountants
(Rajiv Singhi)
Partner
Membership No.53518

1-B, Old Post Office Street,
Kolkata-700 001

Dated, the 28th day of May, 2009



Balance Sheet >> as at 31st March, 2009

Particulars	SCHEDULE	March, 2009 Rs	March, 2008 Rs
I. SOURCE OF FUND			
SHAREHOLDERS FUNDS			
a) Share Capital	1	208,776,900	208,776,900
b) Reserves & Surplus	2	738,924,227	693,497,583
LOANS FUND			
a) Secured Loan	3	1,845,527,878	1,427,814,994
b) Unsecured Loan	4	89,432,563	90,453,401
DEFERRED TAX LIABILITIES		171,567,092	144,766,615
		3,054,228,660	2,565,309,493
II. APPLICATION OF FUND			
FIXED ASSETS	5		
a) Gross Block		2,030,102,458	1,784,607,716
b) Less: Depreciation		305,751,481	195,817,237
c) Net Block		1,724,350,977	1,588,790,479
d) Capital Work In Progress		216,473,327	84,694,561
		1,940,824,304	1,673,485,040
INVESTMENT	6	25,498,600	15,912,020
CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	7	830,251,198	854,791,066
b) Sundry Debtors	8	421,632,125	352,489,574
c) Cash & Bank Balance	9	98,180,403	12,461,154
d) Loans, Advances & Deposits	10	171,682,392	242,828,306
		1,521,746,118	1,462,570,100
Less: Current Liabilities & Provisions	11	433,840,362	586,657,667
Net Current Assets		1,087,905,756	875,912,433
Total		3,054,228,660	2,565,309,493
Accounting Policies & Notes to the Accounts	19	-	-

As per our attached report of even date

For and on behalf of the Board

For Singhi & Co.

Chartered Accountants

Rajiv Singhi

Partner

Membership No. 53518

1B, Old Post Office Street

Kolkata - 700 001

Date : 28th day of May 2009.

Mahabir Prasad Jalan

Chairman

Naresh Jalan

Managing Director

Pawan Kumar Kedia

Finance Director

Alok Kumar Sharda

Chief Financial Officer

Rajesh Mundhra

Company Secretary



Profit & Loss Account >> for the Year Ended 31st March' 2009

Particulars	SCHEDULE	March, 2009 Rs	March, 2008 Rs
I. INCOME :			
Sales and Operating Income	12	2,536,891,387	2,286,562,442
Less : Excise Duty		246,888,883	279,339,432
Sales and Operating Revenue (Net)		2,290,002,504	2,007,223,010
Other Income	13	10,652,189	7,379,505
Increase / (Decrease) in Stock	14	208,269,407	98,236,922
		2,508,924,100	2,112,839,437
II. EXPENDITURE :			
Raw Material consumed	15	1,451,837,031	1,137,412,707
Manufacturing and Other Expenses	16	565,725,337	473,669,562
Payment to and Provisions for			
Employees	17	130,464,225	105,027,787
Interest & Finance Charges	18	177,539,166	97,787,844
Depreciation		109,564,640	96,318,625
		2,435,130,399	1,910,216,525
PROFIT BEFORE TAX (I - II)		73,793,701	202,622,912
Less: Provision for Taxation			
Current Tax		8,108,819	22,855,206
MAT Credit Entitlement		(8,108,819)	(22,855,206)
Deferred Tax (Net)		26,800,477	69,441,246
Fringe Benefit Tax		1,200,000	900,000
Income Tax of earlier years		366,581	2,018,806
PROFIT AFTER TAX		45,426,644	130,262,860
Balance b/f from Last year		373,100,510	265,771,276
Profit Available for Appropriation		418,527,154	396,034,136
Appropriations			
Proposed Dividend		-	15,328,540
Tax on Proposed Dividend		-	2,605,085
Transfer to General Reserve		-	5,000,000
Balance carried to Balance Sheet		418,527,154	373,100,510
		418,527,154	396,034,136
Earning Per Share (Weighted Average) (Refer Note No 36 of Schedule 19)			
Basic		2.96	8.53
Diluted		2.53	8.49
Accounting Policies & Notes to the Accounts	19		

As per our attached report of even date

For and on behalf of the Board

For Singhi & Co.

Chartered Accountants

Rajiv Singhi

Partner

Membership No. 53518
1B, Old Post Office Street
Kolkata - 700 001

Date : 28th day of May 2009.

Mahabir Prasad Jalan

Chairman

Naresh Jalan

Managing Director

Pawan Kumar Kedia

Finance Director

Alok Kumar Sharda

Chief Financial Officer

Rajesh Mundhra

Company Secretary



Schedules forming part of the accounts

Particulars	March, 2009 Rs	March, 2008 Rs
SCHEDULE - 1:		
SHARE CAPITAL:		
Authorised:		
18000000 Equity Shares of Rs.10 each	180,000,000	180,000,000
(Previous year 18000000 Equity Shares of Rs. 10 each)		
Issued		
17909540 Equity Shares of Rs.10 each	179,095,400	179,095,400
Subscribed & Paid up		
15328540 Equity Shares of Rs.10 each fully paid up.	153,285,400	153,285,400
(Out of above 1306750 Equity Shares of Rs. 10/- each fully paid have been issued as Bonus Shares by capitalisation of Revenue Reserve)		
Warrant Allotment Money	55,491,500	55,491,500
	208,776,900	208,776,900
SCHEDULE - 2:		
RESERVES & SURPLUS		
Security Premium Account		
As per last Balance Sheet	306,081,818	292,374,958
Add : Received during the year	-	13,706,860
	306,081,818	306,081,818
General Reserve		
As per last Balance Sheet	14,315,255	10,000,000
Less : Retirement Benefits adjustment (Net of Tax) (Refer note no. 25 of schedule 19)	-	684,745
Add : Transfer from Profit & Loss Account	-	5,000,000
	14,315,255	14,315,255
Profit & Loss Account		
	418,527,154	373,100,510
	738,924,227	693,497,583



Schedules forming part of the accounts

Particulars	March, 2009 Rs	March, 2008 Rs
SCHEDULE - 3:		
SECURED LOANS (Refer Note No. 18 of Schedule 19):		
From Scheduled Banks :		
a) i) Cash Credit	906,596,017	517,890,595
ii) Pre-Shipment Credit in Foreign Currency Loan	47,201,978	83,989,934
b) Term Loans :		
Rupee Loan	875,473,017	779,113,400
Foreign Currency Loan	13,575,118	27,484,174
(Instalment repayable within one year Rs. 1653,48,000)		
c) Premises Loan :		
(Secured against the Specific Premises)	-	14,906,105
d) Vehicle Loan :		
(Secured against Hypothecation of Car)	2,200,605	4,076,294
e) Interest accrued and due on item (a) & (b) above :	481,144	354,492
	1,845,527,878	1,427,814,994
SCHEDULE - 4:		
Unsecured Loans		
Vat under Defferment	19,432,563	-
From Bank (Short Term)	-	90,453,401
From Bodies Corporate	70,000,000	-
	89,432,563	90,453,401

Schedules forming part of the accounts



SCHEDULE : 5 FIXED ASSETS

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening Balance As On 01/04/08	Addition During The Year	Sales/Adj. During The Year	As On 31/3/2009	Balance As On 1/4/2008	For The Year	Sales During The Year	Depr. As On 31/3/2009	As At 31/3/2009	As At 31/3/2008
(A)											
1]	Land & Land Development										
(a)	Lease Hold Land	13,834,224	-	-	13,834,224	1,624,840	522,807	-	2,147,647	11,686,577	12,209,384
(b)	Free Hold Land	18,676,265	21,696,053	-	40,372,318	-	-	-	-	40,372,318	18,676,265
	Total	32,510,489	21,696,053	-	54,206,542	1,624,840	522,807	-	2,147,647	52,058,895	30,885,649
2]	Factory Shed & Building	180,863,333	13,810,735	-	194,674,068	12,440,160	6,045,669	-	18,485,829	176,188,239	168,423,173
3]	Office Building	67,033,919	-	-	67,033,919	1,094,579	1,092,653	-	2,187,232	64,846,687	65,939,340
4]	Plant & Machinery	1,444,859,742	200,002,126	273,926	1,644,587,942	172,692,328	97,552,112	50,924	270,193,516	1,374,394,426	1,272,167,414
5]	Vehicles	10,385,103	3,119,306	1,752,978	11,751,431	1,890,469	1,066,431	523,232	2,433,668	9,317,763	8,494,634
6]	Furnitures & Fixtures	30,692,881	2,517,439	-	33,210,320	1,879,606	2,088,215	-	3,967,821	29,242,499	28,813,275
7]	Computer (Inc. Software)*	9,515,153	2,034,458	-	11,549,611	3,122,458	1,587,494	-	4,709,952	6,839,659	6,392,695
8]	Office Equipments	4,122,256	1,201,279	-	5,323,535	513,412	254,272	-	767,684	4,555,851	3,608,844
9]	Air Condition Machine	4,624,840	3,175,250	35,000	7,765,090	559,386	311,272	12,527	858,131	6,906,959	4,065,454
	TOTAL (A)	1,784,607,716	247,556,646	2,061,904	2,030,102,458	195,817,238	110,520,926	586,683	305,751,481	1,724,350,977	1,588,790,478
(B)	Capital work-in-progress	84,694,562	324,955,590	193,176,825	216,473,327	-	-	-	-	216,473,327	84,694,562
	Grand Total (A+B)	1,869,302,278	572,512,237	195,238,729	2,246,575,785	195,817,238	110,520,926	586,683	305,751,481	1,940,824,304	1,673,485,040
	Previous year	1,000,788,085	1,762,827,538	894,313,346	1,869,302,277	104,758,189	96,318,625	5,259,577	195,817,237	1,673,485,040	878,518,745
a)	Include Software which are integral part of Computer										
b)	Depreciation for the year includes Rs. 956286/- Capitalised during Trail Run										



Schedules forming part of the accounts

Particulars	March, 2009 Rs	March, 2008 Rs
SCHEDULE - 6:		
INVESTMENT		
Long Term Investment (at Cost)		
A) Mutual Fund-other than Trade		
(a) Reliance Diversified Power Sector Fund 164201.361 per Units @ Rs. 25.115 per Unit of monthly income plan (Aggregate Market Value Rs 41,23,342/-)	7,050,000	3,150,000
(b) Reliance Growth Fund, 99116.791 Units @ Rs. 29.3961 per Units as per Unit of Growth Fund Dividend Plan (Aggregate Market Value Rs 29,13,647/-)	5,700,000	3,900,000
(c) Reliance Vision Fund, 196081.877 Units @ Rs. 25.9406 per Units of Vision Fund Dividend Plan (Aggregate Market Value Rs 50,86,482/-)	9,750,000	6,000,000
B) In Equity Shares (Quoted-fully Paidup) other than Trade		
17268 Nos of Rs. 10 each fully paid up of Essar Shipping Ltd. (Aggregate Market Value Rs 5,08,543/-)	2,998,600	-
C) Current investment -other then trade		
(at cost or market value which ever is lower)		
In Equity Shares (Quoted)		
15000 Nos of Rs. 10 each fully paid up of Essar Oil Ltd.	-	2,862,020
	25,498,600	15,912,020
SCHEDULE - 7:		
INVENTORIES:		
(As taken valued & certified by the Management)		
(At lower of cost or net realisable value)		
Raw Material	157,602,778	425,973,621
Work-in-progress	417,752,907	209,138,505
Forgings Scrap	10,130,247	1,308,725
Stores, Spares, Dies & Block(At cost)	244,765,266	218,370,215
	830,251,198	854,791,066



Schedules forming part of the accounts

Particulars	March, 2009 Rs	March, 2008 Rs
SCHEDULE - 8:		
SUNDRY DEBTORS (Unsecured considered good)		
Debts outstanding for a period exceeding six months	86,228,412	32,093,445
Other debts	335,403,714	320,396,129
	421,632,125	352,489,574
SCHEDULE - 9:		
CASH & BANK BALANCE		
Cash on hand (As certified by the Management)	798,455	66,990
With Scheduled Bank-		
a) Fixed deposit Account	97,067,069	11,000,000
b) Current Account *	314,879	1,394,164
* Includes Rs. 173882/- (Rs. 158321/-) being balance in unclaimed dividend account)		
	98,180,403	12,461,154
SCHEDULE - 10:		
LOANS, ADVANCES & DEPOSITS		
(Unsecured considered Good)		
Advances (Recoverable in cash or in kind or for value to be received)	71,849,789	55,925,681
MAT entitlement Receivable	30,964,025	22,855,206
Loan to Body Corporate	-	55,327,764
Balance with Central Excise Authority	47,366,959	87,014,078
Deposits	21,501,619	21,705,576
	171,682,392	242,828,306



Schedules forming part of the accounts

Particulars	March, 2009 Rs	March, 2008 Rs
SCHEDULE - 11		
CURRENT LIABILITIES & PROVISIONS:		
Current Liabilities :		
Sundry Creditors For Goods, Services & Expenses etc		
To Others	421,345,832	563,445,586
Advance from Customers	7,697,482	1,671,317
Investor's Education & Protection Fund shall be credited by		
Unclaimed Dividend	173,882	158,321
Provisions for:		
Retirement Benefit	4,423,166	3,100,047
Income Tax (Net of Payment)	-	248,771
Fringe Benefit Tax (Net of Payment)	200,000	100,000
Proposed Dividend	-	15,328,540
Tax on Proposed Dividend	-	2,605,085
	433,840,362	586,657,667
SCHEDULE - 12:		
SALES, OPERATING INCOME ETC.		
Sales (Including excise, sales tax, net of returns)	2,032,344,890	1,879,194,982
Sales (Export)	203,715,368	193,023,561
Job Work Receipts	72,913,717	83,186,046
Sale of Manufacturing Scrap (Including excise, sales tax)	164,602,887	117,887,947
Claim Received	30,976,266	-
Die Design & Preparation Charges	18,380,675	2,251,441
Export Incentives	13,957,585	11,018,466
	2,536,891,387	2,286,562,442



Schedules forming part of the accounts

Particulars	March, 2009 Rs	March, 2008 Rs
SCHEDULE - 13:		
Other Income:		
Misc. Receipts	6,075,206	2,038,067
Sundry Balances Written Back (Net)	3,929,822	1,407,280
Income from Investment other than Trade: (Current)		
Profit on Sale of Units of Mutual Fund/Investment	219,346	399,537
Dividend (Tax Free)	10,250	-
Income from Investment other than Trade: (Long Term)		
Dividend (Tax Free)	1,024,246	1,434,831
Profit on Sale of Fixed Assets	(606,681)	2,099,790
	10,652,189	7,379,505
SCHEDULE - 14:		
INCREASE / (DECREASE) IN STOCK:		
(A) CLOSING STOCK IN TRADE:		
Work in Progress	417,752,907	209,138,505
Forging Scrap	10,130,247	1,308,725
	427,883,154	210,447,230
Less: Stock of Trial Run	8,560,266	-
	419,322,888	210,447,230
(B) OPENING STOCK IN TRADE:		
Work in Progress	209,138,505	111,660,973
Forging Scrap	1,308,725	447,749
	210,447,230	112,108,722
INCREASE/(DECREASE) IN STOCK (A-B)	208,875,658	98,338,508
Less: Excise Duty on Increase/(Decrease) in Stock	606,251	101,586
	208,269,407	98,236,922
SCHEDULE - 15:		
CONSUMPTION OF RAW MATERIALS:		
Stock at commencement	425,973,621	234,567,497
Add: Purchases	1,188,485,505	1,328,818,832
	1,614,459,126	1,563,386,329
Less: Closing Stock	157,602,778	425,973,621
Less: Trial Run Consumption	5,019,318	
	1,451,837,031	1,137,412,707



Schedules forming part of the accounts

Particulars	March, 2009 Rs	March, 2008 Rs
SCHEDULE - 16		
Manufacturing and Other Expenses		
Carriage Inward Expenses	9,062,580	8,869,148
Electric Charges	85,244,455	71,953,638
Fuel Consumption	129,033,288	115,764,771
Processing Charges	63,608,708	83,136,702
Stores, Spares & Die Blocks Consumed (Including Packing Material)	118,412,050	90,175,376
Repairs to :-		
- Plant & Machinery	5,856,898	6,365,285
- Factory Shed & Building	753,046	1,227,635
Rent	566,777	293,029
Rates & Taxes	322,930	703,033
Insurance Charges (Including Keyman Insurance)	5,181,668	3,904,114
Repairs & Maintenance	2,945,529	2,829,393
Miscellaneous Expenses	12,120,782	15,961,700
Bank Charges & Commission	12,438,996	7,985,584
Postage, Telegraph & Telephone	3,467,578	2,659,985
Legal & Professional Expenses	7,908,266	7,168,942
Travelling & Conveyance Expenses (Including Directors Travelling Rs. 4214030/-, previous Year Rs. 3128259/-)	10,013,614	6,761,899
Advertisement Expenses	595,322	1,135,135
Auditors Remuneration	966,178	980,053
Brokerage & Commission Expenses	4,420,975	5,142,752
Vehicle Running Expenses	2,918,530	2,478,998
Carriage Outward Expenses	29,125,061	20,469,016
Export Expenses	23,390,120	21,786,348
Discount & Rebate (Net)	5,689,944	1,259,212
Exchange Rate Difference	31,682,041	(5,342,185)
TOTAL	565,725,337	473,669,562



Schedules forming part of the accounts

Particulars	March, 2009 Rs	March, 2008 Rs
SCHEDULE - 17:		
PAYMENT MADE TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, Exgratia, Incentive etc.	114,197,487	93,814,343
Gratuity Contribution to Fund	3,881,199	1,909,283
Welfare Expenses	3,231,567	2,138,464
P. F / Employees Pension Fund & E. S. I. Contribution	9,153,972	7,165,697
	130,464,225	105,027,787
SCHEDULE - 18:		
INTEREST PAID		
Interest on Term Loans	60,635,817	55,760,557
Interest on Working Capital	131,767,671	61,783,271
Interest to Others	12,955,951	8,029,787
	205,359,439	125,573,615
Less : Interest Received *		
-Fixed Deposit	957,243	
-Loan	10,880,568	
-Others	2,665,924	
	14,503,735	6,554,586
Less : Capitalised	13,316,538	21,231,185
* Tax deducted at Source Rs. 9,83,894/- (Previous Year: Rs. 12,62,643/-)		
	177,539,166	97,787,844

SCHEDULE – 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT

(A) SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of Preparation:

The Financial Statements have been prepared to comply with the mandatory Accounting Standard as notified by Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the Historical Cost Convention basis.

All the items of Income and Expenditure have been recognised on accrual basis excepting Insurance claim, Sales Tax / Excise claims / refunds which are accounted on cash basis where the amounts are unascertainable.

The accounting policies applied by the Company is consistent with those used in last year except where otherwise stated.



(2) Fixed Assets:

- (a) Fixed assets are stated at cost less accumulated depreciation. Cost includes cost of acquisition, construction and improvement made, which are inclusive of freight, duty (net of cenvat), taxes, incidental expenses, interest and fund raising cost and other pre-operative expenses apportioned.
- (b) Capital work-in-progress are stated at cost including interest, fund raising cost and related expenses incurred during construction or pre-operative period.
- (c) Machinery spares which can be used only in connection with an item of Fixed Assets and whose uses as per technical assessment is expected to be non-regular are capitalised and depreciated prospectively over the residual life of the respective assets.

(3) Depreciation and Amortization:

- (a) Depreciation in Fixed Assets is provided during the year on straight line method (SLM) at the rates and in the manner specified in the Schedule XIV of the Companies Act 1956.
- (b) Depreciation on assets added / disposed off during the year is provided on pro-rata basis
- (c) Depreciation on change in the value of fixed assets due to exchange rate fluctuation has been provided prospectively over the residual life of the respective assets.
- (d) Leasehold lands are amortized over the leased period.

(4) Impairment of Assets:

The Company on an annual basis makes an assessment of any indicator that may lead to Impairment of Assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and charged to Profit & Loss Account. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

(5) Inventories are valued as follows:

Inventories are valued at lower of cost or net realisable value after providing for obsolescence, if any. Cost of inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sale. Cost of Inventories of Raw Materials, Stores and Spares and fuel are determined on FIFO basis. Inventories of Finished Goods and Work in Progress are valued at weighted average which includes Material Cost, Cost of Conversion, Depreciation and other overheads to the extent applicable. Scrap is valued at Net realisable value.

(6) Investment:

- a) Long Term investments are stated at cost less provisions, if any for diminution in value, which are considered as permanent in nature.
- b) Current Investments are stated at lower of cost and fair value.

(7) Foreign Currency Transactions:

- (a) Foreign Currency transactions are recorded on the basis of exchange rate prevailing on the date of their occurrence.



- (b) Any Income or Expense on account of exchange rate difference either on settlement or on translation is recognised in the Profit & Loss Account except in cases where they relate to acquisition of Imported fixed assets in which case they have been adjusted to the carrying cost of such assets.
- (c) In respect of transactions covered under forward foreign exchange contracts the difference between the forwards rate and the exchange rate at the inception of contract is recognised as income or expense over the life of the contract.

(8) Revenue Recognition:

In case of sale of goods in the domestic market revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with the delivery. The export sales are recognised on the basis of the date of the Bill of Lading.

The export benefit under Duty Entitlement Pass Book scheme are accounted when there is no reasonable doubt of collection.

(9) Borrowing Cost:

Interest and other costs in connection with the borrowing of the funds to the extent related/ attributed to the acquisition / construction of qualifying fixed assets are capitalised up to date when such assets are ready for its intended use / commercial production started and other borrowing costs are charged to Profit & Loss Account.

(10) Excise Duty:

Excise Duty and Cess on manufacturing goods is accounted for at the time of their clearances from the factory. Excise Duty and Cess in respect of stock of finished goods and Scrap awaiting clearance from the factory at the year-end are considered for valuation of inventory.

(11) Taxes on Income:

Provision for current Income Tax is made in accordance with the provisions of the Income Tax Act 1961. Deferred Tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets are recognised and carried forward only to the extent that there is a reasonable/virtual certainty that asset will be realised in future. Fringe Benefit Tax is accounted for on the estimated value of Fringe Benefit for the year as per related provisions of the Income Tax Act, 1961.

MAT Credit is recognised as an assets only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an assets in accordance with the recommendations contained in guidance note issued by the ICAI, the said assets is created by way of credit to profit & loss account and shown as MAT credit entitlement. The company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

(12) Employee's Benefits:

- a) Short term employees benefit are recognised as an expense at the undiscounted amount in the profit & loss account of the year in which related service is rendered.



- b) Post employment and other long term benefit are recognised as an expense in the profit & loss account for the year in which the employee has rendered services. The expenses is recognised at the present value of the amount payable determined at the year end using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefit are charged to profit and loss account.
- c) The Company's contribution to the Provident Fund and the Family pension fund are charged to Profit and Loss Account.

(13) Use of Estimates:

In preparing Company's financial statement in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of Contingent Liabilities at the date of financial statement and reported amounts of revenues and expenses during the reporting period. Actual result could differ from those estimates. Difference between actual result and estimates are recognized in the period in which the results are known/materialized.

(14) Earning per Share :

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders are divided with the weighted average number of share outstanding during the year after adjustment for the effects of all dilutive potential equity shares.

(15) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

(B) NOTES ON ACCOUNTS:

(16)		2009	2008
	Estimated amount of contract remaining to be executed on Capital Account and not provided for	2,81,88,240	4,00,43,908
	Advance Paid	85,32,145	1,28,66,367
(17)	Contingent Liability, not provided for in respect of:		
	(a) (i) Claim/Disputed liabilities not acknowledged as debt: - Following demand is disputed by the company and not provided for. Electricity charges demand of Jharkhand State Electricity Board. (appeal pending before Supreme Court)	41,40,674	NIL
	(II) Demand for Income Tax for the AY 2006-07 (Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata) Amount paid Rs. 14,92,050/-	14,92,050	NIL
	(b) Bill discounted with Bank	1,60,81,355	3,14,00,640



18) a) Secured Loans:

Term Loans from SBI are secured by way of Equitable Mortgage by deposit of title deeds of immovable properties (leasehold) at Jamshedpur and hypothecation over movable assets of the Company, both present and future, subject to prior charges of the Company's Bankers created/ to be created in their favour for Working Capital requirements.

Working Capital Loans from Banks are secured by pari-passu hypothecation of all current assets of the Company. Further such loans from Banks are also secured by charge on certain immovable properties located at Jamshedpur and Howrah, subject to prior charges in favour of Banks created/ to be created in respect of any existing/future financial assistance/ accommodation which has been/may be obtained by the Company.

Term Loan from ICICI Bank is secured by the exclusive Mortgage of the properties situated at L & T Chambers, 6th Floor, 16, Camac Street, Kolkata-700017 and land measuring around 18 acres at Mauza Bholadih, Saria Kela.

Term Loan from CITI Bank, HDFC Bank and IDBI bank is secured by the specific charge on the assets financed by them.

Term Loan from HDFC bank is further secured by the personal guarantee of Mr. Naresh Jalan, Managing Director, of the company.

The Term Loan and working Capital from SBI is further secured by the Corporate Guarantee of M/s. Riddhi Portfolio Private Limited. (Formerly known as Basuki Portfolio Private Limited.)

b) Unsecured Loans:

Short term Loan from TATA Capital is secured by the personal guarantee of Mr. Naresh Jalan, Managing Director

- (19) The Company has export obligation against Import License taken for import of Capital Goods under Export Promotion Capital Goods Scheme (In US \$ 333,46,567.07) amounting to Rs. 144,98,81,425 (Previous year US \$ 267,94,062.97 in Rs. 117,50,29,194)
- (20) The Company's significant leasing agreements are in respect of lease for lands. These leasing agreements range between 30 to 99 years. The aggregate lease rental payables are charged as rent in Profit & Loss Account.
- (21) Foreign currency exchange difference of Rs. 6,13,64,740/- (Previous year Rs. 23,32,121/-) on amount borrowed for acquisition of Fixed Assets, has been adjusted to carrying cost of fixed assets which is in compliance with the treatment prescribed under AS 11 notification – Companies (Accounting Standards) Amendment Rules, 2009 (G.S.R. 225 (E) dt. 31.03.2009) issued by Ministry of Corporate Affairs.
- (22) a) The unspent money of Rs. 1,13,73,550 which was received in the previous year against the 10 % amount of issue price for 2581000 warrants has been utilized for the purchase of the Plant and Machinery.
The unspent money of Rs.1,10,00,000 out of the earlier preferential issue is lying in the fixed deposit with the bank.
- b) The diluted EPS for the year ending on 31st March 2009 have been calculated taking into account, the 2581000 nos. of warrants issued to Promoter group and Corporate Bodies on preferential basis which are pending for conversion into equity. The terms of conversion is within 18 months from the date of Allotment
- (23) Rs. 103200/- (Previous year Rs. NIL) has been paid as legal fee to a solicitor firm where one of Director is a partner.
- (24) Miscellaneous Expenses includes Income (Net) relating to earlier years amounting to Rs. 831,196/- (Previous year Income Rs. 12,39,808)



The Company has funded scheme for payment of Gratuity to all eligible employees calculated at specified number of days of last salary drawn depending upon tenure of service for each year of completed service subject to minimum service of five years payable at the time of separation upon superannuation or on exist otherwise and is provided for on the basis of actuarial valuation made at the year ended.

ii) Leave salary – Compensated absents: - The Company also extents defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on basis of actuarial valuation at the year end.

iii) In respect of Defined contribution Scheme: -

The company contributes 12% of salary for all eligible employees towards Provident Fund managed by the Central Government. Total expenses recognized towards Employer's contribution to Provident Fund Rs 68,32,257/- (Previous year Rs. 52,08,891/-)

(26) Details of Pre-operative expenses (Including Trial Run Expenses) are as follows:-

Particulars	2009 (Rs.)	2008 (Rs.)
Salaries, Wages & Allowances	141,67,815	28,89,768
Carriage Inward Expenses	155,890	NIL
Electricity Charges	969,215	186,799
Processing Charges	234,804	NIL
Stores, Spares & Die Blocks Consumed	1391,612	NIL
Depreciation	956,286	NIL
Others Misc. Expenses	245,195	9500
Consultancy Charges	36,00,000	NIL
Bank Interest	1976,975	NIL
Traveling & Conveyance	1706,836	13,83,732
Insurance Charges	NIL	4,38,383
Raw materials (Including Semi finished)	6,00,72,346	423,599
Total	8,54,76,974	53,31,781
Less: Preoperative Income (Including Stock of Scrap)	1,37,15,820	5,56,439
	7,17,61,154	47,75,342
Add: Balance brought forward from previous year	NIL	45,65,848
	7,17,61,154	93,41,190
Less: Allocated to Fixed Assets	7,17,61,154	93,41,190
Balance Carried forward	NIL	NIL

(27) Sales Includes own Manufactured items at cost Capitalised Rs. 5,50,53,029/- (Previous year Rs. NIL)

(28) Loan and Advances includes due from Officers Rs. 103,926/- (Previous Year RS. 5,73,916/-). (Maximum Balance due during the year Rs. 573916/-)

(29) Although the market value of investment in Mutual Funds & Equity Shares (Long Term) is lower than cost, considering the strategic and long term nature of Investment, in the opinion of the management such decline is temporary in nature and accordingly no provision is necessary for the same.



(30) During the year Assets of Rs. 1286,40,128/- (including Preoperative Expenses) (Previous year Ring Rolling project Rs. 77,47,80,050/-) has been capitalized.

(31) Segment Information:

(a) Primary Segment Information:

The Company is operating in a single segment namely Forgings.

(b) Secondary Segment Information:

Not applicable, as all the plants of the Company are located in India and Export does not constitute 10% or more of revenue from external sales.

(32) Amount due to Creditors registered under Micro, Small and Medium Enterprises Development Act, 2006 as on 31.03.2009 is Rs. NIL. Further, there is no interest accrued, payable under the said act at the close of the year. The discloser above is based on the information available with the company regarding status of the suppliers under MSME.

(33) Auditors Remuneration:	2009 (Rs.)	2008 (Rs.)
(1) Audit Fee	4,50,000	4,50,000
(2) Tax Audit Fee	100,000	1,00,000
(3) For Certification	410,000	4,13,500
(4) Out of Pocket Expenses	6,178	16,553
T O T A L	9,66,178	9,80,053

(34) a) Details of Remuneration to Chairman, Managing Director/Executive Director and Director Finance:

Auditors Remuneration:	2009 (Rs.)	2008 (Rs.)
Salary *	1,24,52,403	54,07,902
House Rent & Other Allowances	59,30,897	31,87,386
LTA, Medical Reimbursement & Bonus	4,79,467	4,22,748
Contribution to Provident Fund	57,600	38,880
T O T A L	1,89,20,367	90,56,916

b) The Company has paid above managerial remuneration during the financial year 2008-09 which is in excess of the limits as laid down in the section 309 (3) read with schedule XIII of the Companies Act, 1956. The excess remuneration is amounting to Rs. 96,48,960/-

Since the payment of remuneration in excess of the limits requires prior approval of the Central Government, the Company has made an application to the Central Government and the said approval is awaited.

* Excludes leave encashment and gratuity which is based on actuarial valuation provided on overall company basis.



(35) a) The breakup of net deferred tax liabilities at the year end is as under:

	2009 (Rs.)	2008 (Rs.)
(i) Deferred Tax Liability :		
Depreciation	20,93,73,293	17,68,59,070
Total – A	20,93,73,293	17,68,59,070
(ii) Deferred Tax Assets:		
Retirement Benefit	15,03,434	10,53,706
Business Losses including Depreciation	3,60,96,484	3,01,77,934
Others	2,06,283	8,60,815
Total – B	3,78,06,201	3,20,92,455
Net Deferred Tax Liability (A-B)	17,15,67,092	14,47,66,615

- b) The Company has recognised Deferred Tax Assets on business loss including unabsorbed depreciation as in view of the management there is reasonable certainty that assets will be realised in future.
- c) Rs. 81,08,819/- (Previous year 2,28,86,544/-) has been provided in the account towards Minimum Alternate Tax for the year ended 31st March 2009 in terms of Section 115JB of the Income Tax Act, 1961. MAT credit of Rs. 81,08,819/- as been recognised as an assets by crediting Profit & Loss account in the books of accounts, based on the convincing evidence that the company will pay normal income tax during the specified period.

(36) Earnings Per Share: (Basic & Diluted)

EPS is calculated by dividing the profit attributable to the equity shareholder by the average number of equity shares outstanding during the year.

Particulars	2009 (Rs.)	2008 (Rs.)
BASIC:		
Opening number of Equity Shares	1,53,28,540	1,51,99,230
Total Shares outstanding (Weighted Average)	1,53,28,540	1,52,64,945
Profit after Taxation before Extra- Ordinary Items	4,54,26,644	13,02,62,860
Profit after Taxation after Extra- Ordinary Items	4,54,26,644	13,02,62,860
EPS before Extra- Ordinary Item (Rs. per Share)	2.96	8.53
EPS after Extra- Ordinary Item (Rs. per Share)	2.96	8.53



Particulars	2009 (Rs.)	2008 (Rs.)
DILUTED:		
Warrant option outstanding	25,81,000	25,81,000
Total shares outstanding including warrants (weighted average)	1,79,09,540	1,53,49,245
EPS before extra – ordinary item (Rs. per share)	2.53	8.49
EPS after extra- ordinary item (Rs. per share)	2.53	8.49
Reconciliation of basic and diluted shares used in computing EPS:		
Number of shares considered as basic weighted average shares outstanding	1,53,28,540	1,52,64,945
Add: Effect of dilutive warrants	25,81,000	84,301
Number of shares considered as diluted weighted average shares outstanding	1,79,09,540	1,53,49,245

(37) Foreign Currency exposures that are not hedged by derivative instrument or otherwise as on 31st March, 2009 are as under :

(i)	Particulars	Amount	Amount
	Sundry Debtors	(In US\$) 242050 (In EURO) 595111.32 (In PND) 5625	(In US\$) 352354.25 (In EURO) 82136 (In PND) NIL
(ii)	Sundry Creditors	(In EURO) 749500 (In SGD) NIL (In JPY) NIL	(In EURO) 749500 (In SGD) NIL (In JPY) NIL
(iii)	FCNR Term Loan	(In US\$) 265440	(In US\$) 685220
(iv)	Buyer's Credit	(In US\$) 1682599.55 (In JPY) 94019861 (In Euro) 4400000	(In US\$) NIL (In JPY) 20700000 (In Euro) 259100
(iv)	PCFC	(In US\$) 926437.18 (In Euro) NIL	(In US\$) 4192817.97 (In Euro) 113414.82



(38) Related Party Disclosures:

(1) Name of related parties and nature of relationship where control exists are as under:

- (a) Subsidiary Company NIL
- (b) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence. M/s. Riddhi Portfolio (P) Ltd.
(Formerly known as Basuki Portfolio (P) Ltd.)

(c) Key Management Personnel

- (i) Mahabir Prasad Jalan Chairman cum Whole Time Director.
- (ii) Naresh Jalan Managing Director
- (iii) S. N. Agarwal (Since resigned w.e.f. 31.10.08) Executive Director
- (iv) Pawan Kumar Kedia Finance Director

(2) Transaction with related parties:

Nature of Transaction	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence		Key Management Personnel		Total	
	2009 (Rs.)	2008 (Rs.)	2009 (Rs.)	2008 (Rs.)	2009 (Rs.)	2008 (Rs.)
Loan Taken	30000000	NIL	NIL	NIL	30000000	NIL
Interest Paid (Net of TDS)	NIL	NIL	NIL	NIL	NIL	NIL
Loan Repayment	NIL	NIL	NIL	NIL	NIL	NIL
Outstanding Balances	30000000	NIL	NIL	NIL	30000000	NIL
Allotment of Shares (Previous year 129310 Shares)	NIL	13499964	NIL	NIL	NIL	13499964
Allotment of Warrant (Previous year 1766000 Warrant)	NIL	37969000 *	NIL	NIL	NIL	37969000 *
Dividend	5257567	5075933	1584640	1673750	6842207	6749683
Managerial Remuneration **	NIL	NIL	18920367	9056916	18920367	9056916
i) Mahabir Prasad Jalan			12294000	1680067	12294000	1680067
ii) Naresh Jalan			4830000	1185780	4830000	1185780
iii) Pawan Kumar Kedia			921100	455436	921100	455436
iv) S. N. Agarwal (Since Resigned)			875267	646820	875267	646820
Rent Paid (Naresh Jalan)	NIL	NIL	300000	NIL	300000	NIL
Sale of Fixed Assets- Pawan Kumar Kedia	NIL	NIL	103926	NIL	103726	NIL

Note: * Amount received on Allotment being 10% of Rs.215/- per Warrant.

** Excludes leave encashment and gratuity which is based on actuarial valuation provided on overall company basis.



(39) Additional information required by Para 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

(a) Licensed and Installed Capacity	Licensed Capacity	Installed Capacity
Class of Goods		
Forgings of Railway Wagon and Coach Components, Automobiles Components and General Suppliers	N.A.	69100 M.T.

Note: Installed capacity as certified by management.

(b) Cost of Raw Materials consumed:

Item Name	2008 – 2009		2007 – 2008	
	Qty. Kgs.	Value (Rs.)	Qty. Kgs.	Value (Rs.)
Billets and Rounds	34755110	1451837031	34853890	1137412707
Where of				
Imported	345320	16114028	NIL	NIL
Indigenous	34409790	1435723003	34853890	1137412707

(c) Production, Sales and Stocks of each Class of Goods:

(i) Manufactured Goods:

Sl.	Item Name	Production		Net Sales			
		2008 – 09	2007 – 08	2008 – 09		2007 – 08	
		Qty (Pcs.)	Qty (Pcs.)	Qty (Pcs.)	Value (Rs.)	Qty (Pcs.)	Value (Rs.)
1	Automobile Items	1681048	2293638	1681048	1423777882	2293638	1342375114
2	Railway Items	392129	502682	392129	244058600	502682	229111866
3	Defence Items	5483	3801	5483	1579311	3801	1062350
4	Other Items	133769	26975	133769	85671627	26975	46825980
5	Export Items	117890	511957	117890	203736307	511957	193023562
	T O T A L	2330319	3339053	2330319	1958823728	3339053	1812398872

Note: There is no opening and closing stock of Finished Goods in respect of Manufactured Goods.

		2009 (Rs.)	2008 (Rs.)
(d)	Value of Imports on CIF Basis (excluding Goods-in-transit and imported items purchased locally) :		
	Capital Equipments	11,34,62,732	55,08,77,666
	Components & Spare Parts	8,56,040	19,51,693
(e)	Expenditure in Foreign Currency:		
	Travelling	38,85,408	18,25,477
	Foreign Bank Charges	8,32,780	11,06,475
	Commission	45,980	1,26,145



		2009 (Rs.)	2008 (Rs.)
(f)	Earning in Foreign Exchange		
	(i) Export of goods on FOB Basis	19,34,42,530	17,92,78,658
	(ii) Die design & preparation charged (recovered)	132,85,675	21,69,991
	(iii) Sale of Capital Equipments on FOB Basis	NIL	NIL
(g)	Remittance of Foreign Currency on A/c of Dividend to		
	Non Resident Shareholders	NIL	NIL

(40) Previous year figures have been regrouped / rearranged wherever necessary to conform to this year's classifications.

**41 Balance Sheet Abstract and Company's General Business Profile:**

a. Registration No.

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 State Code

2	1
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 Balance Sheet Date

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b. Capital Raised During the period (Amount in Rs. 000)

Public Issue

N	I	L
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 Right Issue

N	I	L
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 Bonus Issue

N	I	L
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 Private Placement (Including Premium)

1	5	0	0	0
---	---	---	---	---

c. Position of Mobilisation and Deployment of funds (Amount in Rs. 000)

Total Liabilities

3	0	5	4	2	2	9
---	---	---	---	---	---	---

 Total Assets

3	0	5	4	2	2	9
---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

1	5	3	2	8	5
---	---	---	---	---	---

 Reserves & Surplus

7	3	8	9	2	4
---	---	---	---	---	---

 Secured Loans

1	8	4	5	5	2	8
---	---	---	---	---	---	---

 Unsecured Loan

8	9	4	3	3
---	---	---	---	---

 Deffered Tax Liability

1	7	1	5	6	7
---	---	---	---	---	---

 Warrant Allotment Money

5	5	4	9	2
---	---	---	---	---

Application of Funds

Net Fixed Assets

1	9	4	0	8	2	4
---	---	---	---	---	---	---

 Investments

2	5	4	9	9
---	---	---	---	---

 Net Current Assets

1	0	8	7	9	0	6
---	---	---	---	---	---	---

 Miscellaneous Expenditure

N	I	L
---	---	---

d. Performance of the company (Amount in Rs. 000)

Turnover

2	3	0	0	6	5	4
---	---	---	---	---	---	---

 Total Expenditure

2	2	2	6	8	6	0
---	---	---	---	---	---	---

 Profit/ (Loss) Before Tax

7	3	7	9	4
---	---	---	---	---

 Profit/ (Loss) After Tax

4	5	4	2	7
---	---	---	---	---

 Basic Earning Per Share (in Rs.)

2	.	9	6
---	---	---	---

 Dividend %

N	I	L
---	---	---

 Diluted Earning Per Share (in Rs.)

2	.	5	3
---	---	---	---

e. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No.	ITC (HS) Code: 7326.19.10
Product Description	Carbon Steel/Non Alloy Steel Forgings (Rough / Machined)
Item Code No.	ITC (HS) Code: 8708-99-00
Product Description	Alloy Steel Forgings (Machined)
Item Code No.	ITC (HS) Code: 7326.19.10
Product Description	Alloy Steel Forgings (Rough/ Machined)

As per our attached report of even date

For and on behalf of the Board

For Singhi & Co.

Chartered Accountants

Rajiv Singhi

Partner

Membership No. 53518
 1B, Old Post Office Street
 Kolkata - 700 001

Date : 28th day of May 2009.

Mahabir Prasad Jalan

Chairman

Naresh Jalan

Managing Director

Pawan Kumar Kedia

Finance Director

Alok Kumar Sharda

Chief Financial Officer

Rajesh Mundhra

Company Secretary



Cash Flow Statement >> for the Year Ended 31st March, 2009

Particulars	2008-2009 Rs	2007-2008 Rs
A > CASH FLOW FROM OPERATING ACTIVITIES:		
NET(LOSS)/PROFIT BEFORE EXTRAORDINARY		
ITEM AND TAXES	73,793,701	202,622,912
Adjustments for:		
Depreciation	109,564,640	96,318,625
Sundry Balance written back	(3,929,822)	(1,407,280)
(Profit) / Loss on sale of Fixed Assets/Discarded Assets	606,681	(2,099,790)
Interest income	(14,503,735)	(6,554,586)
Interest expense	192,042,901	104,342,430
(Profit) / Loss on sale of Mutual Fund / Shares	(219,346)	(399,537)
Effect of exchange rate change (Net)	31,682,041	(5,342,185)
Dividend income	(1,034,496)	(1,434,831)
Operating Profit/(Loss) before Working Capital Changes	388,002,564	386,045,757
Adjustments for:		
Decrease/(Increase) in Trade & Other receivable	19,821,351	(40,848,292)
Decrease/(Increase) in Inventories	24,539,869	(397,964,736)
(Decrease)/Increase in Trade and Other Payables	(153,507,617)	235,278,037
Direct Tax paid	(19,832,287)	(29,098,265)
	(128,978,684)	(232,633,256)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES (A)	259,023,880	153,412,501
B > CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets(Including WIP & Exchange Gain)	(333,841,467)	(876,649,058)
Proceeds from Sale of Fixed Assets	645,538	10,911,514
Purchase of Investments	(13,021,958)	(22,519,055)
Sale of Investments (including profit)	3,654,723	7,756,572
Interest Received	10,666,869	6,637,991
Dividend Received	1,034,496	1,472,909
NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	(330,861,799)	(872,389,127)



Cash Flow Statement >> for the Year Ended 31st March, 2009

Particulars	2008-2009 Rs	2007-2008 Rs
C > CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Share Capital	-	55,284,604
Increase/(Decrease) in Share Premium Account	-	13,706,860
Increase/(Decrease) in Secured Loan	367,137,684	648,352,605
Increase/(Decrease) of Unsecured Loan	(1,020,838)	90,453,400
Interest Paid	(190,626,053)	(102,005,883)
Dividend including Dividend Tax	(17,933,625)	(17,782,339)
NET CASH INFLOW FROM FINANCING ACTIVITIES (C)	157,557,168	688,009,247
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	85,719,249	(30,967,379)
CASH AND CASH EQUIVALENTS AS AT 01-04-2008	12,461,154	43,428,533
CASH AND CASH EQUIVALENTS AS AT 31-03-2009	98,180,403	12,461,154
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,719,249	(30,967,379)

Notes:

- a) Above statement has been prepared under indirect method except in case of interest, dividends and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.
- b) Addition to Fixed Assets are stated inclusive of interest capitalised and movements of capital work in progress in between beginning and end of the year and treated as part of Investing Activities.
- c) Cash and Cash Equivalents Include:
- | | 2008 - 09 | 2007 - 08 |
|--------------------------|-------------------|-------------------|
| - Cash in hand | 798,455 | 66,990 |
| - With Scheduled Bank- | | |
| a) Fixed deposit Account | 97,067,069 | 11,000,000 |
| b) Current Account | 314,879 | 1,394,164 |
| | <u>98,180,403</u> | <u>12,461,154</u> |
- d) Closing Cash and Cash Equivalents represents "Cash & Bank Balance" except Rs. 173882/- lying in Current Account with schedule bank on account of unclaimed dividends which are not available for use by the Company.

As per our attached report of even date

For and on behalf of the Board

For Singhi & Co.

Chartered Accountants

Rajiv Singhi

Partner

Membership No. 53518

1B, Old Post Office Street

Kolkata - 700 001

Date : 28th day of May 2009.

Mahabir Prasad Jalan

Chairman

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Managing Director

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www.ramkrishnaforgings.com