



Accelerating Growth

RAMKRISHNA FORGINGS LIMITED
Annual Report 2010-11

FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospect and take informed investment decisions. This Report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results 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 can not guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results 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

Mr. Naresh Jalan

Mr. Pawan Kumar Kedia

Mr. Ram Prasad Saraf

Mr. Padam Kumar Khaitan

Mr. Satish Kumar Mehta

Mr. Subhasis Majumdar

Mr. Surendra Mohan Lakhota

Mr. Laxminarayan Jhavar

Chairman

Managing Director

Finance Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Nominee Director

Non-Executive Director

Non-Executive Director

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

Phone : +91 33 3984 0999

Fax : +91 33 3984 0998

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 - 832 109

Statutory Auditors

M/s Singhi & Co.

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

Internal Auditors

M/s Ernst and Young

22, Camac Street, Kolkata - 700 016

Principal Bankers

DBS Bank

Export Import Bank of India

HSBC Bank

ICICI Bank

IDBI Bank

Indian Overseas Bank

Standard Chartered Bank

State Bank of India

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

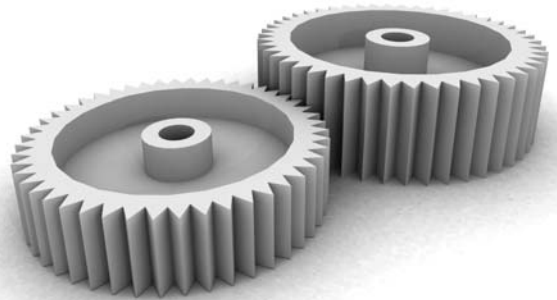
Phone : +91 40 2342 0815 - 28

Fax : +91 40 2342 0814

E-mail : mailmanager@karvy.com

Website : www.karvycomputershare.com

DIRECTORS' REPORT



Dear Shareholders,

Your Directors are pleased to present the 29th Annual Report of your Company along with the Audited Accounts for the financial year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS 2010-2011

(₹ in Lakhs)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Sales and Operating Income	44537.75	30706.50
Other Income	108.58	0.09
Profit before Interest, Depreciation & Tax	7040.78	4457.38
Interest and Finance Charges	1611.46	1508.71
Depreciation	2097.89	1313.89
Profit before Tax	3331.43	1634.78
Provision for Taxation :		
- Current Tax	924.00	278.00
- MAT Credit Entitlement	-	(271.00)
- Deferred Tax	194.00	533.60
- Income Tax of earlier years	7.50	4.79
Profit after Tax	2205.93	1089.39
Add : Surplus Brought Forward	5032.45	4185.27
Surplus available	7238.38	5,274.66
Appropriations :		
- Transfer to General Reserve	170.00	50.00
- Dividend	328.57	164.29
- Tax on Distributed profits	53.30	27.92
Balance carried to Balance Sheet	6686.51	5,032.45

FINANCIAL AND PERFORMANCE REVIEW

- 43.77% increase in Net Turnover from ₹ 28495.76 Lakhs to ₹ 40968.61 Lakhs.
- 57.98% increase in EBIDTA from ₹ 4457.38 Lakhs to ₹ 7040.78 Lakhs
- 62.72% increase in Cash Profit from ₹ 2936.88 Lakhs to ₹ 4779.45 Lakhs.
- 102.57% increase in Profit after Tax from ₹ 1089.39 Lakhs to ₹ 2205.93 Lakhs.

The year 2010-2011 was a good year for the Industry as there was a huge demand for the vehicles and also there was an increase in production trends during the year as compared to the last year.

The cumulative production of commercial vehicles increased from 567,556 in 2009-10 to 752,735 in 2010-11 registering a growth of 27.45 percent over same period last year.

In 2010-2011, production of passenger vehicles segment, commercial vehicles segment, three wheelers segment and two wheelers segment grew by 26.72 percent, 32.63 percent, 29.13 percent and 27.24 percent respectively.



The overall domestic sales of the commercial vehicles segment registered increase from 5,31,395 vehicles to 6,76,408 vehicles registering a growth of 27.29 percent during 2010-2011 as compared to the same period last year. The Medium & Heavy Commercial Vehicles (M&HCVs) registered growth of 31.78 percent and the Light Commercial Vehicles grew at 22.88 percent.

TRANSFER TO RESERVES

Your Company proposes to transfer ₹ 170.00 Lakhs to General Reserve out of the amount available for appropriation and an amount of ₹ 6686.51 Lakhs is proposed to be carried over to Balance Sheet.

DIVIDEND

In view of the improved performance of your Company, your Directors are pleased to recommend a dividend of ₹ 2 per share for the year 2010-11. The total payout on dividend (including tax) will be ₹ 381.87 lakhs during the year under review.

The dividend, if approved, at the forthcoming Annual General Meeting will be paid to those shareholders whose names appear in the Register of Members as on 22nd June, 2011.

SHARE CAPITAL

During the year, out of 29,00,000 warrants issued on preferential basis as per the **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009**, to M/s Eastern Credit Capital Limited, Promoter group the Company has received ₹ 765.94 Lakhs for conversion of 9,50,000 warrants into equity shares of the Company. The amount paid represents the balance 75% of the issue price for 9,50,000 warrants.

The company in its Board Meeting held on 4th April, 2011 has allotted 9,50,000 equity shares to M/s. Eastern Credit Capital Limited, Promoter group, by conversion of 9,50,000 warrants into equity shares of the Company and accordingly the paid-up capital has increased .

During the year under review, there has been no change in the share capital of the Company.

OPERATIONAL HIGHLIGHTS

Forgings and Machining facility

The Company derives the major share of its revenues from the commercial vehicle segment. Your Company produced 31234.46 tons (including Job Work) during the year under review as compared to 26487.23 tons last year, registering an increase of about 17.92%. During the year, the installed capacity of the forgings section increased by 3,600 tons from 34,100 tons to 37,700 tons. The Company has been able to utilise 89.24% of the production capacity for the year as compared to 77.70% last year.

The Company has increased its billet cutting facilities by importing fully automatic horizontal bandsaw machine from Amada Machine Tools, Japan. The Company further intends to shore up its raw material cutting facilities to facilitate smooth flow of production and reduce its cost of operations.

The Company had augmented its Machining Facilities by procuring CNC Gear Hobbing Machines from Mitsubishi Heavy Industries Limited, Japan and Premier Limited, High performance CNC Turning Centers and CNC Vertical Machining Centers from Doosan, Korea which will help the Company to provide more value added products to OEM and to broad base the spectrum of products supplied to OEMS's. It will also balance the capacity utilisation of the Heat Treatment facilities.

The Company has the state-of-art CNC Machining and Gear Cutting facilities in which it has achieved accuracies of Class 6 as per **DIN 3962** in the soft stage and Class 8 as per **DIN 3962** in the hard stage in gear manufacturing. During the year the Company has added 50 new products in the Turning section, 22 new products in the Gear section and 12 new products in the HMC/VMC section.

Ring Rolling Line

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

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The Company has produced 16438 tons during the year as compared to 9699.87 tons last year thus registering a growth of about 69.50%. The Company has achieved a capacity utilisation of 68.50% during the year as compared to around 40.40% last year on account of improved export performance of the Company. The improvement in the performance of the ring rolling facilities will help the Company to report better topline and improved margins.

CREDIT RATING

Your Company has the rating of LBBB+ for its fund based facilities and A2+ for its commercial paper/short term debt size of ₹ 60 Crores from ICRA Ltd.

EMPLOYEES STOCK OPTION SCHEME

Pursuant to the approval accorded by the shareholders on 22nd August, 2009, your Company has formulated the Employee Stock Option Scheme, (ESOS) 2009, for the benefit of the permanent employees including Directors, whether wholtime or not but excluding the promoters of the Company. The said scheme is administered by the Remuneration and Compensation Committee of the Board through a Trust. Under the said scheme 4,68,159 stock options were initially granted at an exercise price of ₹ 20/- per share. The stock options granted to eligible employees are, inter-alia, performance linked options and the exercise period would commence from the date of vesting and will expire on completion of 4 years from the date of vesting of options.

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter "SEBI guidelines"), the details in relation to the options granted, vested exercised, lapsed etc. under ESOS, 2009, as on 31st March, 2011 are given as under :

Description	ESOS 2009
Total number of options granted	4,68,159 options
Pricing formula/Exercise price	₹ 20/-
Number of options vested	Nil
Number of options exercised	Nil
Total No. of Shares arising as a result of exercise of option	Nil
Options lapsed	64,045
Variation in terms of Option	NA
Money realised by exercise of option	NA
Total no. of Options in force	404114
Grant to Senior Managerial Personnel	No options were granted during the year
Grant to Non-Executive Director under the scheme	No options were granted during the year
Employees who were granted 5% or more of the total number of options granted during the year	No options were granted during the year
Employees who were granted options equal to exceeding 1% of the issued capital of the Company at the time of grant	No options were granted during the year
Diluted Earning Per Share pursuant to issue of shares on exercise of option calculated in accordance with AS 20	NA
Difference between the employee compensation cost computed using the intrinsic value of stock options and the employee compensation cost that shall have been recognized had the fair value of options, were used	Fair Value : ₹ 104.31 Lakhs Intrinsic Value : ₹ 95.29 Lakhs Difference : ₹ 9.02 Lakhs



Impact of this difference on profits of the Company	The Profits would reduce by ₹ 9.02 Lakhs
Impact of this difference on EPS of the Company	The Basis EPS would reduce from ₹ 13.43 to ₹ 13.37 and Diluted EPS would reduce from ₹ 13.06 to ₹ 13.01
Weighted average exercise price	NIL
Weighted average fair value of options for options whose exercise price either equals or exceeds or is less than the market price of the share	NIL
Description of the method and significant assumptions used during the year to estimate the fair value of Options granted during the year	No options were granted during the year

The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and as per resolution passed at the Annual General Meeting held on 7th August, 2010. The Certificate will be placed at the Annual General Meeting for inspection by members.

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 as per the legal requirement.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in "**Annexure-A**" to this Report.

FIXED DEPOSITS

During the year, Company has not accepted any Fixed Deposit within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principal or interest on account of fixed deposits is outstanding, as on the date of Balance Sheet.

STOCK EXCHANGE

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

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

The annual listing fees for the year 2011-12 are paid to both the stock exchanges where the shares of your Company are listed.

AUDITORS

M/s Singhi & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a certificate from the proposed Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

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With regard to the comments in the Auditor's Report the notes on accounts are self-explanatory and therefore does not call for any further comments.

GROUP

Pursuant to intimation received from the Promoter(s) and in accordance with Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997("SEBI Regulations") regarding identification of persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) are disclosed in this Annual Report as separate disclosure.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and as per the Articles of Association of the Company Mr. Mahabir Prasad Jalan, Mr. Satish Kumar Mehta and Mr. Surendra Mohan Lakhotia, Directors, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

During the year Mr. Randhir Khandelwal resigned from the Board of Directors. Your Directors place on record the appreciation of the valuable services rendered by him to the company during his association with the Company.

None of the Directors of the Company are disqualified for being appointed as Directors, as specified in Section 274 (1)(g) of the Companies Act, 1956.

CORPORATE GOVERNANCE

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

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

The requisite Certificate from the Statutory Auditors of the Company, confirming the compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that :

- i) In the preparation of annual accounts for the year ended 31st March, 2011, applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2010-2011 and of the profit or loss of the Company for that period;
- iii) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 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 2010-2011 on a going concern basis.

PARTICULARS OF EMPLOYEES

The information as required in terms of the provisions of 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**".



CORPORATE SOCIAL RESPONSIBILITY

The responsibility of the Company is to make a positive impact on the communities in which the Company does business through its support of select programs, outreach efforts and initiatives that improve and enhance the quality of life. Our goal is to make things better for the planet, better for people, better for business, better now, better for the future.

Your Company believes in the principle of symbiotic relationship with the local communities, recognizing that business ultimately has a purpose - to serve human needs. Close and continuous interaction with the people and communities in and around the manufacturing divisions has been the key focus while striving to bring around qualitative changes and supporting the underprivileged

The Company has helped to organise free camps for treatment of diabetes and will ensure that more steps are taken in this regard.

APPRECIATION

Your Directors would like to convey their appreciation for all the co-operation and assistance received from the Government Authorities, Financial Institutions, Banks, Customers, Vendors and Stakeholders of the Company during the year under review. Your Directors also express their deep sense of appreciation for the committed services by the executives, staff and workers of the Company. 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

Place : Kolkata
Dated : The 12th day of May, 2011

Mahabir Prasad Jalan
(Chairman)

ANNEXURE - A TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

(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) Modify the design of the furnace to improve the loadability of the furnace on a continuous basis.
- (2) Installation of Flameless Electrically Heated Furnace.
- (3) Modification of the Lining of the furnace to preserve heat in the furnace.

(b) Additional investment proposals, if any, being implemented for reduction of consumption of energy

The Company plans to convert the existing oil fired furnace into induction furnaces.

(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 and will reduce the raw material cost. This will in turn help to reduce the cost of production of the goods and will make our products more competitive.

(d) Total Energy consumption and energy consumption per unit of production as per Form A of the annexure to the rules

Particulars with respect to Conservation of Energy

Particulars	2010-11	2009-10
(A) Energy Consumption and Consumption per Unit of Production		
1. Electricity		
a) Purchased		
- Units (KWH)	3,65,17,370	2,79,76,176
- Total Amount (₹)	16,25,48,504	11,83,72,601
- Rate/Unit (₹)	4.45	4.23
b) Own Generation		
- Units (KWH)	2,26,679	4,56,902
- Ltrs. Consumed	75,980	1,86,174
- Cost/Unit (₹)	12.88	13.57
c) Total (A+B)		
- Units (KWH)	3,67,44,049	2,84,33,076
- Total Amount (₹)	16,54,67,483	12,45,71,637
- Rate/Unit (₹)	4.50	4.38
2. Coal (Hard Coke Used in Smithy)		
- Quantity (in Kgs.)	21,788	29,091
- Total Cost (₹)	1,49,305	1,92,938
- Average Cost per Kg. (₹)	6.85	6.63



Particulars	2010-11	2009-10
3. Furnace Oil		
- Quantity (in Ltrs.)	52,30,993	45,76,035
- Total Cost (₹)	14,81,94,038	11,15,46,767
- Average Cost per Ltr. (₹)	28.33	24.38
4. Others		
i) Propane Gas		
- Quantity (in Kgs.)	7,82,643	6,45,380
- Total Cost (₹)	3,41,02,856	2,17,66,944
- Average Cost per Kg. (₹)	43.57	33.73
ii) Diesel		
- Quantity (in Ltrs.)	1,97,733	2,53,064
- Total Cost (₹)	75,59,990	83,62,412
- Average Cost per Ltr. (₹)	38.23	33.04
(B) Consumption per unit of Production		
Product : Steel Forging in Tons		
- Electricity (KWH)	770.76	785.72
- Coal (Hard Coke used in Smithy) (Kgs.)	3.13	5.33
- Furnace Oil (Ltrs.)	109.73	126.45
- Propane Gas (Kgs.)	715.36	601.51
- Diesel (Ltrs.)	158.58	231.09

B. TECHNOLOGY ABSORPTION

The particulars with respect to technology absorption as per Form-B is given below :

a) Research and Development (R & D) :

1. *Specific areas in which the R & D carried out by the Company* : The R & D effort in our industry is an ongoing process. Continuous efforts are taken in various areas of the manufacturing activity.
2. *Benefits derived as a result of the above R & D* : The Company has been able to reduce the cost of production of certain components through their process engineering.
3. *Future Plan Action* : The Company will focus on more areas of reduction of cost and process optimization.
4. *Expenditure on R & D* : The Company has not incurred any expenditure on the Research and Development.

b) Technology Absorption, Adaptation and Innovation :

1. *Efforts, in brief, made towards technology absorption, adaptation and innovation* : Continuous efforts are made on conservation of raw material by improving design and layout of the dies.
2. *Benefits derived as a result of above efforts* : Reduction in Raw Material Consumption.
3. *Technology imported during the last 5 years* : Nil

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C. FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to exports : The Company has derived ₹ 4994.06 Lakhs from exports which forms 11.21% of the total turnover.

Initiatives taken to increase exports : The Company has identified exports to be a thrust area. Vigorous efforts are being made to develop new customers. The Company has also appointed intermediaries to develop new market.
A development of new export market for products and services and export plans.

The particulars of the total foreign exchange used and earned are given below : (₹ in Lakhs)

Particulars	2010-2011	2009-2010
Earned		
Exports (FOB)	4870.72	1605.66
Die Design & Preparation Charges	12.38	4.48
Sale of Capital Goods	Nil	Nil
Spent		
Capital Equipments	709.70	77.87
Components & Spare Parts	244.05	19.77
Travelling	37.77	25.32
Foreign Bank Charges	2.68	1.19
Commission	Nil	4.88
Consultancy Charges	15.29	49.32
Business Promotion	2.84	Nil
Interest on Buyer Credit	20.11	Nil

GROUP (As referred in the Directors' Report)

Persons constituting "Group" coming within the definition of "Group" for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial acquisition of Shares and Takeovers) Regulations, 1997, includes the following persons :

1. Mr. Naresh Jalan
2. Mr. Mahabir Prasad Jalan
3. Mrs. Rashmi Jalan
4. Mr. Pawan Kumar Kedia
5. M/s. Riddhi Portfolio (P) Ltd
6. M/s. Eastern Credit Capital Limited
7. Ramkrishna Forgings Employee Welfare Trust
8. Naresh Jalan (HUF)
9. Mahabir Prasad Jalan (HUF)
10. Pawan Kumar Kedia (HUF)

For and on behalf of the Board

Place : Kolkata
Dated : The 12th day of May, 2011

Mahabir Prasad Jalan
(Chairman)



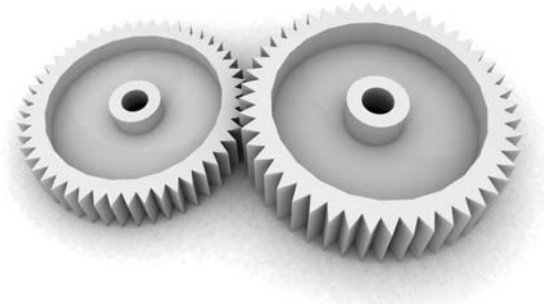
ANNEXURE - B TO THE DIRECTORS' REPORT

Sl. No.	Name	Age (years)	Designation/ Nature of Duties	Gross Remuneration (₹)	Qualification	Total Experience (years)	Date of commencement of employment	Previous Employment
A. Employed throughout the year and in receipt of remuneration aggregating ₹ 24,00,000/- or more :								
1	Mr. Mahabir Prasad Jalan	62 years	Chairman cum Wholetime Director	₹ 1,23,36,731/-	B. Tech	47 years	12.11.1981	NA
2	Mr. Naresh Jalan	36 years	Managing Director	₹ 97,01,074/-	B. Com (H), MBA (Marketing & Finance)	16 years	05.11.2001	NA
3	Mr. Alok Kumar Sharda	43 years	Chief Financial Officer	₹ 30,84,737/-	B. Com (H), FCA Grad. CWA	19 years	12.09.2008	Adhunik Metaliks Ltd, CFO
4	Mr. Rajat Datta	46 years	Vice President	₹ 24,85,639/-	M.Sc, Physics IIT-Kharagpur	23 years	01.02.2010	Adhunik Metaliks Ltd, Chief Information Officer

Notes :

- Gross Remuneration includes Basic Pay, Allowances, monetary value of Perquisites and Company's contribution to the Provident Fund.
- Mr. Mahabir Prasad Jalan, Chairman cum Wholetime Director and Mr. Naresh Jalan, Managing Director are related to each other.
- Mr. Alok Kumar Sharda and Mr. Rajat Datta are 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



INDUSTRY STRUCTURE AND DEVELOPMENTS

Forging has unique value among manufacturing processes. The industry is a key link between critical manufacturing segments—metal suppliers and end user industries. Forgings are intermediate products widely used by original equipment manufacturers (OEMs).

It is a cost-effective way to produce net-shape or near-net-shape components. In some materials, it is the only way. Virtually all metals can be forged, making an extensive range of physical and mechanical properties available in products with the highest structural integrity.

Briefly, the composition of the Indian forging industry can be categorized into four sectors - large, medium, small and tiny. The organized sector accounts for about 65-70 percent of the total forging production in the country, while unorganized players (who are mainly small and tiny units) cater mainly to job work and the replacement market or tier 3 or tier 4 component manufacturers.

The Indian automobile market has been the subject of significant attention from the auto global players, with many of them targeting India as a manufacturing hub for small cars. India holds significant potential because of its low-cost manufacturing advantage and the opportunity for sales-volume growth offered by its domestic market over the next decade.

The economy (real GDP) has expanded at an average annual rate of 8.4 percent over the past eight years, while per-capita GDP (in US\$) has risen at an average annual rate of about 15.1 percent over the same period. The emerging significance of India on the global automotive map is also mirrored in the plans for India announced by the global automotive players such as Toyota, Volkswagen, Renault, Honda, and many others.

The PV penetration rate in India is still less than 20 per 1,000 people is extremely low when compared with the global average of about 300 per 1,000 people (World Bank data).

According to the National Council for Applied Economic Research (NCAER), income levels in India have improved significantly, with the number of middle-class households increasing from 5.7 percent in 2001-02 to 12.8 percent in 2009-10. Over the same period, the proportion of aspirers (with annual incomes of ₹ 91,000-200,000) of total households also increased from 21.9 percent to 33.9 percent. It is expected that these indicators of economic progress to improve further, as the high GDP-growth momentum remains intact, and urbanisation levels look set to rise from 30 percent currently to 35 percent by 2020 (Source : United Nations).

In India, demand for CVs is driven generally by GDP growth, particularly industrial-production (IP) growth. Over the FY 01-10 period, India's GDP and IP growth rose at CAGRs of 7.3 percent and 7 percent, respectively, driving a domestic CV sales-volume CAGR of 14.8 percent over the same period. There is a fairly positive correlation of 0.66 between domestic CV sales-volume growth and the IP growth for the FY01- FY10 period. MHCV sales rose at a CAGR of 11.1 percent over the FY01-10 period.

In the 2011 Union Budget, the government was very vocal about increasing its focus on the manufacturing sector, which accounts currently for around 16 percent of GDP. The Finance Minister announced that the government would introduce a dedicated



manufacturing policy very soon to ensure a roadmap for the accelerated growth of the manufacturing sector. With this, the government targets to increase the manufacturing sector's share of GDP to 25 percent over the next decade.

Between FY01 and FY10, sales for the Light-CV (LCV) segment rose at an average annual rate of around 20 percent, playing a vital role in CV-sales growth. Over the past few years, the number of SCV applications has expanded significantly, not only within cities, but also in smaller towns and rural markets.

The Indian Auto Sector is poised to record a significant pick-up in sales volume over the next 3-5 years, due to rising affordability, increased urbanisation, and improving auto-financing conditions.

Performance Scenario

The year 2010-2011 was a good year for the Industry as there was a huge demand for the vehicles and also there was an increase in production trends during the year as compared to the last year.

The cumulative production for April, 2010-March 2011 shows production growth of 27.45 percent over same period last year.

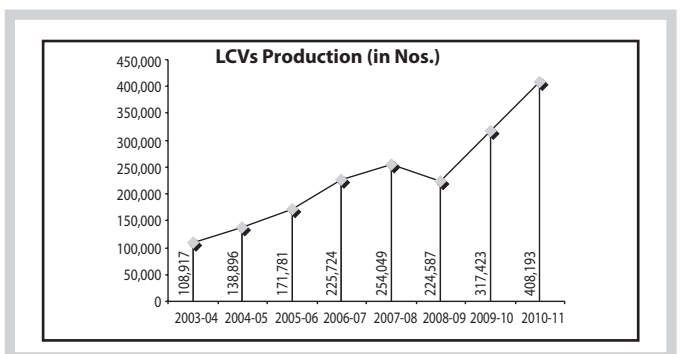
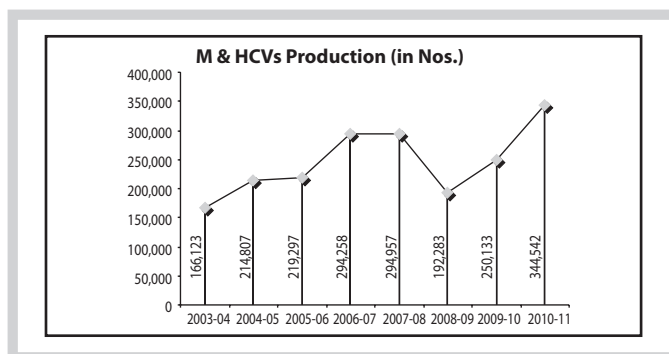
In comparison to 1,40,57,064 vehicles produced last year the production was of 1,79,16,035 vehicles for 2010-11 of which share of two wheelers, passenger vehicles, three wheelers and commercial vehicles were 75 percent, 17 percent, 4 percent and 4 percent respectively.

In 2010-2011, production of passenger vehicles segment, commercial vehicles segment, three wheelers segment and two wheelers segment grew by 26.72 percent, 32.63 percent, 29.13 percent and 27.24 percent respectively.

(Number of Vehicles)

Automobile Production Trends

Category	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Commercial Vehicles	353,703	391,083	519,982	549,006	416,870	567,556	752,735



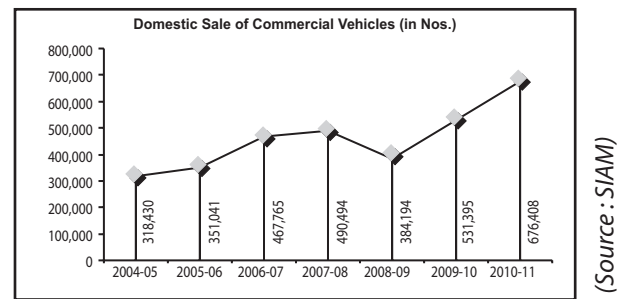
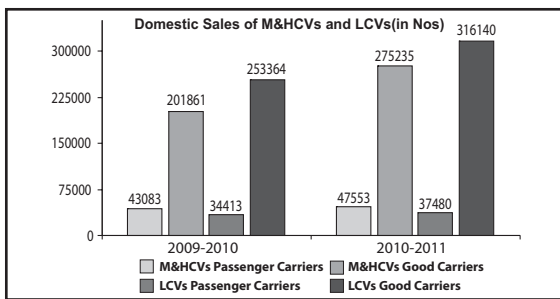
(Source : SIAM)

RAMKRISHNA FORGINGS LTD.

Domestic Sales

The overall domestic sales of the commercial vehicles segment registered an increase from 531,395 vehicles to 676,408 vehicles, registering a growth of 27.29 percent during 2010-2011 as compared to the same period last year. The Medium & Heavy Commercial Vehicles (M&HCVs) registered growth of 31.78 percent, Light Commercial Vehicles grew at 22.88 percent.

Three Wheelers sales recorded a growth of 19.44 percent in 2010-2011 and Two Wheelers sales registered a growth of 25.82 percent during 2010-2011. Mopeds, Scooters and Motorcycles grew by 30.93 percent, 27.40 percent and 25.88 percent respectively.

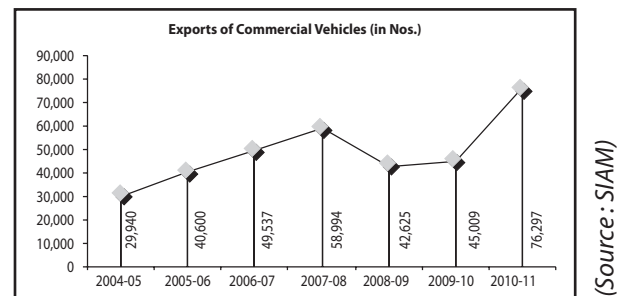
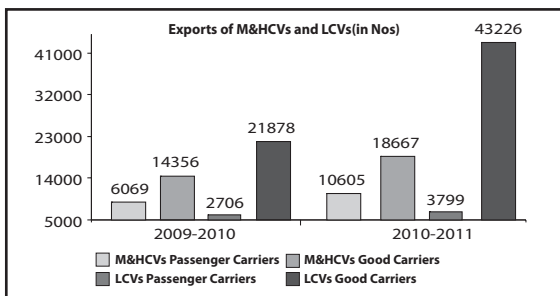


(Source : SIAM)

Exports

During April-March 2011, overall automobile exports registered a growth rate of 29.64 percent.

During this period Passenger Vehicle, Commercial Vehicles, Three Wheelers and Two Wheelers segment grew by 1.64 percent, 69.51 percent, 55.86 percent and 35.04 percent respectively.



(Source : SIAM)

OPPORTUNITIES AND THREATS

A) Opportunities

India holds huge potential in the automobile sector including the automobile components sector owing to its technology, cost and manpower advantage. The well-developed Indian automotive industry ably fulfils this catalytic role by producing a wide variety of vehicles : passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, scooters, motorcycles, mopeds, three wheelers, tractors etc. Due to its deep forward and backward linkages with several key segments of the economy, automotive industry has a strong multiplier effect and is capable of being the driver of economic growth. A sound transportation system plays a pivotal role in the country's rapid economic and industrial development.

Automotive Industry comprises of automobile and auto component sectors and is one of the key drivers of the national economy as it provides large-scale employment, both direct and indirect, having a strong multiplier effect.

It is expected that the world production of the Auto Components would reach USD 1.7 trillion by 2015 and it is estimated that about USD 700 billion worth of auto components shall be sourced from the low cost countries.

The projected size of the Indian automobile in 2016 is expected to vary between USD122 billions and USD159 billions



including exports of USD 35 billions which translates into a contribution of 10 percent - 11 percent of India's GDP by 2016. This translates to a domestic vehicle market of USD 82 billion to USD 119 billion by 2016, USD 12 billions export of vehicles and tractors, USD 20-25 billion component export and more than USD 5 billion after market of components. The total size of the auto component industry in India is expected to become USD 40-45 billion by 2016.

Growth Drivers of Indian Automobile Market :

- Rising per capita income.
- Favourable demographic distribution with rising working population and middle class urbanisation.
- Greater affordability of vehicles.
- Easy and affordable finance schemes.
- Favourable government policies.
- Robust production.

B) Threats & Challenges

The Indian automobile industry is highly dependent on financing from banks and non-banking financial institutions (NBFCs), especially for passenger cars and Commercial Vehicle. While only about 35-40 percent of motorbikes are sold on finance, close to 70 percent passenger cars and almost 100 percent commercial vehicles are financed. Hence, any pressure on auto financing is potentially negative for sales-volume growth.

Higher crude-oil prices and inflation are the key areas of concern for the Indian Auto Sector. Any sharp increase in crude-oil prices, due to a worsening of the political crises in Middle Eastern countries, could increase the diesel-price to reduce the subsidy burden. This may lead to additional pressure on the inflationary front, affecting the economic-growth momentum.

The major Challenges for the sector apart from those mentioned above are :

- Increasing globalization of markets.
- Availability of trained man power at shop floor and managerial level.
- Access to world class technology and quality practices.
- Volatile international and domestic prices of forging quality steel affecting cost competitiveness.
- Foreign Exchange Volatility.
- Access to and availability of cost effective capital.

In order to meet the competitive challenges of the future and achieve its vision, the forging industry must fortify itself in several critical areas: technology development and application; energy and the environment; co-operative efforts; competitiveness; education; markets; and human resources.

OUTLOOK

Considering the confidence of foreign automotive majors, auto component manufacturers and original equipment manufacturers, who are outsourcing their operations to India, it is quite likely that the forging industry will be foremost among the segments that will steer manufacturing growth here.

The forging sectors fortunes are closely linked to that of the automotive industry, which at the moment, is doing extremely well in the country. The other significant driver for this sector is outsourcing and it is an indication that the industry's potential is being recognized world over. Global automotive giants are looking at India as a competent supply base and are shopping



for their components here and Indian companies have even been acquiring companies abroad.

The low penetration levels and huge investments in the upcoming infrastructure projects can lead to substantial growth in CVs even next year, if finance continues to be available and at affordable interest rates.

While the current performance of the industry is indeed flattering, what is more gratifying is the fact that players in the sector firmly believe it will scale greater heights in the coming years. The indications are all there - it's just a matter of time before the industry achieves its exceptional potential.

SWOT Analysis

Strengths

1. The Company has an integrated forging facility wherein the Company can provide end to end solution.
2. It is accredited with ISO/TS-16949 from TUV Nord and has an experienced and technically qualified management team.
3. Continuous product development, customer retention and repeat orders.
4. Efficient manpower management.
5. Investing in new technologies to produce components efficiently and remain more cost competitive.
6. Continuous effort for development of new customers.

Weakness

1. Fragmented and unorganized Industry.
2. Relatively weak R & D facilities.
3. Deficit in Infrastructure.

Opportunities

1. Better outsourcing opportunities in India.
2. Proposed huge infrastructure spending to propel growth and demand.
3. Increase in urbanisation and the income levels.

Threats

1. Volatility in Raw material prices.
2. Volatility in foreign exchange rates.
3. Availability of finance at affordable rates.
4. Increase in fuel prices and inflation.
5. Increase in global competition.



Awards

The Company has during the year 2010-11 received the under mentioned awards from H. V. Axles Ltd and H. V. Transmission Ltd. (Subsidiaries of Tata Motors Ltd.) :

- ↔ For New Product Development.
- ↔ For Delivery.
- ↔ For Cost Reduction.
- ↔ For Quality.
- ↔ For Business Association.
- ↔ For Overall Best Performance.

The Company has achieved a Star export house certificate. It has also received export excellence certificate from EEPC, Kolkata.

PERSONNEL MANAGEMENT

The Company considers human resources as its most important asset. It provides greater emphasis on training and development of employees at all levels. The Company has instituted incentive schemes, awards and suggestion scheme in order to improve the productivity and morale of its employees

The Company apart from providing on the job training also imparts behavioral training, awareness training and safety training to its employees.

The Company has devised an effective appraisal system for proper evaluation of the performance of its employees. It also has implemented performance linked incentives schemes for the proper motivation of the employees.

The Company had implemented an ESOP scheme for its permanent employees above a certain category to allow its employees to partner the success of the Company. It also intends to keep this as a regular exercise by rolling out new ESOP schemes.

The Company has around 925 employees (excluding contract workmen) which includes a rich pool of graduate engineers, diploma holders and technicians. 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.



RAMKRISHNA FORGINGS LTD.

FINANCIAL OVERVIEW

Highlights

- Net Sales increased 43.77 percent from ₹ 284.95 Crores in 2009-10 to ₹ 409.68 Crores in 2010-11.
- Export Sales increased 211.50 percent from ₹ 16.03 Crores in 2009-10 to ₹ 49.94 Crores in 2010-11.
- EBIDTA increased 57.98 percent from ₹ 44.57 Crores in 2009-10 to ₹ 70.41 Crores in 2010-11.
- PBT increased 103.86 percent from ₹ 16.34 Crores in 2009-10 to ₹ 33.31 Crores in 2010-11.
- PAT increased 102.57 percent from ₹ 10.89 Crores in 2009-10 to ₹ 22.06 Crores in 2010-11.
- Cash Profit increased by 62.72 percent from ₹ 29.37 Crores in 2009-10 to ₹ 47.79 Crores in 2010-11.
- Basic EPS increased from ₹ 7.05 in 2009-10 to ₹ 13.43 in 2010-11.

Balance Sheet Analysis

Capital Employed

The Company's capital employed increased by 11.68 percent from ₹ 337.45 Crores in 2009-10 to ₹ 376.88 Crores in 2010-11. Capital work-in-progress constituted 5.97 percent of the capital employed as on March 31, 2011. The Company's return on average capital employed increased from 9.78 percent in 2009-10 to 13.84 percent in 2010-11.

Own Funds

The Company's net worth increased by 21.20 percent from ₹ 126.62 Crores in 2009-10 to ₹ 153.47 Crores in 2010-11 due to the re-investment of earnings and receipt of warrant allotment money for 9,50,000 warrants issued on a preferential basis. The Company's return on average networth (RONW) increased from 9.84 percent in 2009-10 to 15.75 percent in 2010-11 due to the increase in profits.

External Funds

The Company's debt increased from ₹ 188.34 Crores in 2009-10 to ₹ 198.98 Crores in 2010-11. The Company had a better working capital management and term loan repayments but the fresh term loan disbursements for the capital expenditure undertaken by the Company increased the debt. However, the Company's debt-equity ratio decreased from 1.49 in 2009-10 to 1.30 in 2010-11.

Reserves and Surplus

The Company's Reserves and Surplus increased by 18.40 percent from ₹ 99.14 Crores in 2009-10 to ₹ 117.38 Crores in 2010-11 primarily on account of increase of profits, receipt of warrant allotment money for 9,50,000 warrants issued on a preferential basis.

Gross Block

The Company's gross block including capital work-in-progress increased by 15.64 percent from ₹ 250.34 Crores to ₹ 289.49 Crores in 2010-11 on account of increase in capital expenditure for augmenting the machining facilities of the Company. Depreciation increased from ₹ 13.14 Crores in 2009-10 to ₹ 20.98 Crores in 2010-11 due to better utilisation of the plant and accelerated depreciation for the Measuring Instrument, Hobs, Fixtures. The fixed assets turnover increased from 1.57 in 2009-10 to 2.01 in 2010-11.

Inventories

The Company's inventories increased by 15.46 percent from ₹ 99.55 Crores in 2009-10 to ₹ 114.94 Crores in 2010-11. The increase in inventories was primarily on account of the commencement of the supplies to export customer on vendor



management system, increase in raw material stock and increase in work-in-progress on account of increase of the product portfolio of the Company.

Loans, Advances and Deposits

Loans, Advances and Deposits comprised around 10.60 percent of current assets and increased from ₹ 18.89 Crores in 2009-10 to ₹ 20.69 Crores in 2010-11. The Company has also advanced ₹ 9.39 Crores to Ramkrishna Forgings Employee Welfare Trust for the acquisition of the equity shares from the open market for the administration of the ESOP Scheme(s) of the Company.

Profit & Loss Statement Analysis

Revenues

The Company's net sales increased by 43.77 percent from ₹ 284.95 Crores in 2009-10 to ₹ 409.68 Crores in 2010-11. This increase was primarily driven by the increased productivity of the forgings section and improved utilisation of the ring rolling section. The segment-wise revenue earned is as follows :

Particulars	(in percentage)	
	2010-11	2009-10
Automobiles	70.42	74.00
Railways	5.68	9.00
Mining	3.43	4.00
Exports	11.32	5.00
Others (including Scrap)	9.15	8.00

Foreign Exchange

The Company's exports increased 211.50 percent from ₹ 16.03 Crores in 2009-10 to ₹ 49.94 Crores in 2010-11. The Company has already registered its geographical presence in Latin America, Europe, USA and is constantly striving to increase its geographical presence and its customer base.

Interest

Interest outflow in 2010-11 was ₹ 16.11 Crores increasing from ₹ 15.08 Crores in 2009-10 and constituting 3.93 percent of net turnover. On account of better working capital management the Interest cost, in spite of an increasing interest rates, has increased by only 6.83 percent as compared to an increase in net turnover by 43.77 percent in Net Turnover during the year. As a result, interest cover of the Company improved from 2.96 in 2009-10 to 4.37 in 2010-11 indicating the Company comfort in servicing debt.

Costs

Total expenses (excluding interest & depreciation) increased 43.02 percent from ₹ 244.96 Crores in 2009-10 to ₹ 350.34 Crores in 2010-11 constituting 83.27 percent of total income as compared to 84.61 percent of the total income last year.

Cost break-up

Particulars	(₹ in Crores)	
	2010-11	2009-10
Raw Material	239.11	164.92
Power and Fuel	35.52	26.64
Employee Cost	21.94	16.39

RAMKRISHNA FORGINGS LTD.

Raw Material Costs : Contributing 61.72 percent to total costs, raw materials costs increased from ₹ 164.92 Crores in 2009-10 to ₹ 239.11 Crores in 2010-11.

Power and Fuel Costs : Contributing 9.17 percent to total costs, power and fuel costs increased from ₹ 26.64 Crores in 2009-10 to ₹ 35.52 Crores in 2010-11.

Employee Costs : Contributing 5.66 percent to total costs, employee costs increased from ₹ 16.39 Crores in 2009-10 to ₹ 21.94 Crores in 2010-11.

MANAGING OUR RISKS

Risks are in fact opportunities that can be most profitably leveraged if identified, assessed and managed efficiently. A healthy balance between risk and reward can bring the Company steady realizations and boost profitability.

At Ramkrishna Forgings Ltd., all key aspects of risk management are incorporated in a comprehensive risk warning system, which enables the Company to manage risks at the individual, management and board levels. Expert management of risk is consistent with creation of increased shareholder value.

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

1. Client Concentration Risk

The overall domestic sales of the commercial vehicles segment registered increase from 531,395 vehicles to 676,408 vehicles registering a growth of 27.29 percent during 2010-2011 as compared to the same period last year. However, an increase in the cost of fuel and increase of vehicle financing cost may slow down the growth in the coming year.

Risk Mitigation

- (i) The Company has increased its presence in the export market as it constitutes 11.32% of the total turnover. The Company has a diversified geographical location for exports. The Company has recognized exports as its key thrust area and is identifying new customers across the globe.
- (ii) The Company has taken steps to diversify the customer base through aggressive marketing and participating in the various fairs.
- (iii) The Company has taken steps to de-risk its sales mix by increasing its focus on the mining sector and making inroads in the farm equipment business.
- (iv) The Company is making efforts to venture into new areas and products by which it can reduce its dependence on the commercial vehicle segment.



2. Technology Risk

The forging industry must lead the drive for technological advances that benefit many facets of the forging process, and continue to enhance the industry's competitiveness and profitability. 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 and has achieved accuracies of class 6 as per **DIN 3962** in the soft stage and class 8 as per **DIN 3962** in the hard stage in gear manufacturing .
- (ii) The Company had augmented its Machining Facilities by procuring CNC Gear Hobbing Machines from Mitsubishi Heavy Industries Limited, Japan and Premier Limited. It has also procured High performance CNC Turning Centres and CNC Vertical Machining Centres from Doosan, Korea which will help the Company to increase its product profile and expand the product portfolio.
- (iii) The installation of the ring rolling line has helped the Company to produce components with better input output ratio, higher strength on account of better grain flow and with fewer secondary operations.
- (iv) It has a world class quality assurance laboratory with the best in practice equipments.
- (v) The Company intends to undertake new projects with latest technology equipments which will help to maintain its cost competitiveness and increase its acceptance with the OEM's.

3. Competition Risk

With the number of organized players, increasing competition has intensified in the forging industry. Moreover, low cost Asian countries like China and Thailand could pose stiff global competition.

Risk Mitigation

- (i) The Company has made new product development for its existing and new clients. During the year it has added 50 new products in the Turning section, 22 new products in the Gear Section and 12 new products in the HMC/VMC section.
- (ii) The Company has expanded its product offerings by installation of new machines. This has also helped to increase its product quality and finish.
- (iii) The prime focus of the Company is to identify the customer need and attain customer satisfaction.
- (iv) The Company can provide end to end solutions to its customers with significant value addition at each leg, makes it capable to produce ready to use components and become a one stop shop for the OEM's.

4. Human Risk

Human Resources are among the most important keys to the future success of forging enterprises as it a labour intensive process requiring skilled manpower.

Risk Mitigation

- (i) The Company had implemented an ESOP scheme for its permanent employees which will help them to share the growth of the Company. It intends to evolve further ESOP scheme(s) to cover more employees under this ambit.
- (ii) It has evolved an effective appraisal system for its employees and an incentive system linked to productivity to recognize the performance of its employees.
- (iii) The existence of renowned engineering colleges in the eastern regions helps the Company to have a rich pool of talented professionals. 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. This has helped the Company to operate without losing any man day during the year under review.

INTERNAL AUDIT AND CONTROLS

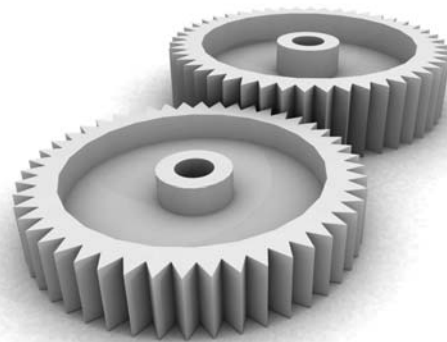
The Company has in place adequate systems of internal controls and documented procedures covering all financial and operating function. These has been designed to provide reasonable assurance with regard to maintaining proper accounting control, monitoring economy and efficiency of the Company, protecting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

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.

REPORT ON CORPORATE GOVERNANCE



The Company's shares are listed on The National Stock Exchange of India Limited and Bombay Stock Exchange Limited. Accordingly, the Corporate Governance Report for the year 2010-2011, which has been prepared pursuant to the provisions of Clause 49 of the Listing Agreement, contains details relating to previous year.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company adheres to 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 formidable 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.

2. 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 Nine Directors out of which six are Non-Executive Directors. The Company has an Executive Chairman and Five Non-Executive Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement as 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, 2011 have been made by the Directors.

The Board meets regularly to review the strategic, operational and financial matters of the Company. The Board has also delegated its powers to the Committees. The agenda of the meeting is circulated to all the Directors in advance and all material information is provided to facilitate meaningful and focussed discussion at the meeting. The Board reviews the compliance of the applicable laws in the Board Meeting. The Board is given presentation covering the financial and other aspects of the Company before taking on record the quarterly/annual financial results of the Company. The budgets for the Financial Year is discussed with the Board at the commencement of the financial year and the comparison of the quarterly/annual performance of the Company vis-a-vis the budgets is presented to the Board before taking on record the quarterly/annual financial results of the Company. The requisite information as required is provided to the Board.

The information that are also placed before the Board includes :

- General notices of interest of Directors.
- Appointment, Remuneration and Resignation of Directors.
- Formation/Reconstitution of Board Committees.
- Terms of reference of Board Committees.
- Minutes of the meetings of Audit Committee and other Committees of the Board.
- Appointment/Resignation of Chief Financial Officer and Company Secretary.
- Annual operating plans of businesses, capital budgets and any updates.
- Quarterly results of the Company.
- Dividend declaration.
- Sale of material nature, investments and assets, which is not in the normal course of the business.
- Internal Audit Findings and External Audit Reports (through the Audit Committee).
- Proposals for investments, mergers and acquisitions, if any.
- Details of any joint venture, acquisitions of companies or collaboration agreement, if any.
- Making of loans and investment of surplus funds.
- Non compliance of any regulatory, statutory or listing requirements, show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
- Significant labour problems, if any, and their proposed solutions.

Meetings, Attendance, Directorships/Chairmanships

During the year 4 (four) board meetings were held on 22.05.2010, 22.07.2010, 30.10.2010 and 29.01.2011. The details of the composition of the board, attendance of each Director at the Board meeting, last Annual General Meeting and the number of Directorship and Chairmanship/Membership of Committee of each Director in other Public Companies are as follows :



Name of Director	Category	Attendance Particulars		No. of Directorship and other Committee Membership/ Chairmanship		
		Board Meetings	Last AGM	Directorship	Committee Membership	Committee Chairmanship
Mr. Mahabir Prasad Jalan (Chairman)	Executive	4	No	1	Nil	Nil
Mr. Naresh Jalan (Managing Director)	Executive	4	Yes	1	Nil	Nil
Mr. Pawan Kumar Kedia (Finance Director)	Executive	4	Yes	Nil	Nil	Nil
Mr. Ram Prasad Saraf	Non-Executive	4	Yes	Nil	Nil	Nil
Mr. Randhir Khandelwal*	Non-Executive	2	No	N.A.	N.A.	N.A.
Mr. Padam Kumar Khaitan	Non-Executive	3	No	12	3	2
Mr. Satish Kumar Mehta	Non-Executive	4	No	Nil	Nil	Nil
Mr. Subhasis Majumder	Non-Executive, Nominee	3	No	1	Nil	Nil
Mr. Surendra Mohan Lakhotia	Non-Executive	4	Yes	2	1	Nil
Mr. Laxminarayan Jhavar	Non-Executive	3	No	Nil	Nil	Nil

Notes :

- * Mr. Randhir Khandelwal resigned from Directorship on 22.07.2010.
- Number of Directorship excludes Directorship in Foreign Companies, Alternate Directorship, Companies registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.
- Committees include Audit Committee and Shareholders/Investors 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.
- None of the Directors have any business relationship with the Company.
- None of the Directors received any loans and advances from the Company during the year.
- None of the Directors hold Directorship in more than 15 Indian Public Limited Companies.
- All the Directors have certified that the disqualifications mentioned under Section 274(1)(g) of the Companies Act, 1956 do not apply to them.

Role of Independent Directors

The Independent Directors play an important role in deliberations and decision making at the Board Meeting and bring to the Company wide experiences in their respective fields. They also contribute in significant measure to Board Committees. Their independent role vis-à-vis the Company means that they have a special contribution to make in situations where they add a broader perspective by ensuring that the interests of all stakeholders are kept in acceptable balance and in providing an objective view in instances where potential conflicts of interest may arise between stakeholders.

Board Meetings

During the Financial Year 2010-2011 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.	Dates	Strength	Presence of Directors
1	22.05.2010	10	10
2	22.07.2010	10	8
3	30.10.2010	9	8
4	29.01.2011	9	9

3. COMMITTEES OF THE BOARD

At present, there are four Board Committees viz. the Audit Committee, the Remuneration and Compensation Committee, Management and Finance 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 and 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 :

A) 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.

Composition

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

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, re-appointment and, if required, replacement or removal of the Statutory Auditors and the fixation of audit fees.
- c) Approval of the payment to Statutory Auditors for any other service rendered by them.
- d) Reviewing with the management the annual financial statement before submission to the Board focusing primarily on :
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - 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.
 - Qualifications in the draft audit report.
 - The going concern assumption.



- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing with the management, performance of Statutory and Internal Auditors and adequacy of internal control systems.
- g) Reviewing the adequacy of the Internal Audit function, coverage and frequency of the internal audit.
- h) Discussion with the Internal Auditors about any significant findings and follow-up thereon.
- i) 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.
- j) Discussion with the Statutory Auditors before the audit commences, nature and the scope of the audit as well as post - audit discussions to ascertain any area of concern.
- k) To look 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.
- l) Reviewing the functioning of the Whistle Blower Mechanism, in case the same is existing.
- m) Reviewing with the Management the statement of uses/application of funds raised through issue (Public, Rights, Preferential etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- n) Approval of appointment of CFO (i.e., the Wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

The Audit Committee inter alia has 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, if any.
4. Discussion on the internal audit report and the appointment, removal and terms of remuneration of the Internal Auditor.
5. The Quarterly/Half yearly/Annual financial performance of the Company before being presented to the Board.
6. Matters required to be included in the Director's Responsibility Statement as per Section 217 Clause(2AA) of the Companies Act, 1956.
7. Compliance with listing and other legal requirements.
8. Reviewing with the Management the statement of uses/application of funds raised through Preferential Issue.

The Chairman of the Audit Committee briefs the Board about the significant discussions of Audit Committee meeting.

Meetings and Attendance

During the year 2010-2011 the Committee has met four times.

1. The details of the Audit Committee meetings held during the Financial Year 2010-2011 are as follows :

Sl. No.	Dates	Strength	Presence of Directors
1	22.05.2010	4	4
2	22.07.2010	4	4
3	30.10.2010	4	3
4	29.01.2011	4	4

2. Attendance record at the Audit Committee meeting :

Name	Category	No. of Meetings held held during the year	No. of Meeting(s) Attended
Mr. Surendra Mohan Lakhotia	Independent	4	4
Mr. Ram Prasad Saraf	Independent	4	4
Mr. Satish Kumar Mehta	Independent	4	4
Mr. Subhasis Majumder	Non-Independent	4	3

The necessary quorum was present at all the meetings.

B) Remuneration and Compensation Committee

Composition

The Remuneration Committee of the Board comprises of three Non-Executive Directors/Independent Directors namely :

- 1) Mr. Satish Kumar Mehta Chairman
- 2) Mr. Ram Prasad Saraf Member
- 3) Mr. Surendra Mohan Lakhotia Member

Terms of Reference

Terms of reference of Remuneration and Compensation 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 and for the implementation, administration and superintendence of the ESOP Scheme(s) of the Company through a trust. It also comprises decision for remuneration payable to managerial personnel from time to time, deciding remuneration policy of the Company.

The Committee is responsible to :

- i) Determine the 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.
- iv) Issue necessary guidelines to the ESOP Trust for the accomplishment of the ESOP Scheme(s).
- v) Determine the quantum of options to be granted under any ESOP Scheme(s) per employee and in aggregate.
- vi) Determine the conditions under which options vested in employees may lapse in case of termination of employment for misconduct.
- vii) Determine the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period.
- viii) Determine the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
- ix) Determine the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
- x) Determine the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.



xi) Determine the grant, vest and exercise of option in case of employees who are on long leave.

Details of Remuneration to Managing/Wholetime Directors

The details of the remuneration paid to the Managing/Wholetime Directors for the year 2010-2011 are as follows :
(₹ in Lakhs)

Sl. No.	Name of Director	Salary	Others	Total
1	Mr. Mahabir Prasad Jalan	81.96	41.41	123.37
2	Mr. Naresh Jalan	69.00	28.01	97.01
3	Mr. Pawan Kumar Kedia	5.28	6.18	11.46
	TOTAL			231.84

Note :

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

The Company has Stock Option Scheme only for its permanent employees and Director, including wholetime director, but does not include the promoters of the Company.

In response to an application made by the Company to the Central Government for approval of payment of increased remuneration to Chairman cum Wholetime Director and the Managing Director from 1st April, 2008 to 31st March, 2011 the Central Government, has vide its letter dated 27th January, 2011 assented to payment of remuneration on the basis of the permissible limit as laid down in Section 309(3) read with Schedule XIII of the Companies Act, 1956 or remuneration of ₹ 41,21,520/- to Managing Director and ₹ 54,05,400/- to Chairman cum Wholetime Director which ever is higher. Based on the above approval remuneration paid to the Chairman cum Wholetime Director and the Managing Director is in excess by ₹ 51,90,526 and by ₹ 84,14,747 for the year 2009-10 and 2008-09 respectively. The Company has again represented to the Central Government for reconsideration of its application and to accord its approval for payment of remuneration as proposed in the said application. The said representation is pending for reconsideration of the Central Government. However, the remuneration paid during the year 2010-11 to Chairman cum Wholetime Director and the Managing Director is within the limits as laid down in Section 309(3) read with Schedule XIII of the Companies Act, 1956.

Details of Sitting Fees to Non-Executive Directors

The details of the Sitting fees paid to the Non-Executive Directors for the year 2010-2011 are as follows :
(₹ in Lakhs)

Sl. No.	Name of the Director	Sittings Fees
1	Mr. Ram Prasad Saraf	0.80
2	Mr. Padam Kumar Khaitan	0.30
3	Mr. Satish Kumar Mehta	0.80
4	Mr. Subhasis Majumder	0.60
5	Mr. Surendra Mohan Lakhota	0.80
6	Mr. Laxmi Narayan Jhavar	0.30
7	Mr. Randhir Khandelwal	0.20
	TOTAL	3.80

Details of Shareholding in the Company by Directors

Details of shares of the Company held by the Directors as on 31st March, 2011 are as below :

Sl. No.	Name of Director	No. of shares held	% of Total Holding
1	Mr. Mahabir Prasad Jalan	4,51,000	2.75
2	Mr. Naresh Jalan	2,85,750	1.74
3	Mr. Pawan Kumar Kedia	35,250	0.21

All other Directors do not hold any shares in the Company. The Non-Executive Directors does 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.

C) Management and Finance Committee

Composition

The Management and Finance Committee of the Board comprises of three Directors namely :

- 1) Mr. Mahabir Prasad Jalan
- 2) Mr. Naresh Jalan and
- 3) Mr. Ram Prasad Saraf

The Committee meetings are attended by the Chief Financial Officer (CFO). The Company Secretary is the Secretary of the Committee.

Terms of Reference

The committee will act in accordance with the provisions of the Companies Act, Listing Agreement and any other applicable laws and also monitoring and reviewing day-to-day financial and legal matters of the Company. The Minutes of the Committee is placed at the subsequent Board Meeting for approval.

The terms of reference of the Management and Finance Committee include the followings :

1. To review the banking arrangements and arrangements with the statutory authorities.
2. To borrow monies within the limits as approved by the Board.
3. To institute or withdraw any suit or other legal proceedings, to refer to arbitration any dispute or difference and to prosecute or defend any bankruptcy or insolvency proceedings.
4. Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modifications as may be applicable.
5. Delegate authorities from time to time to the executives/authorised persons to implement the decisions of the Committee.

Meetings and Attendance

During the Financial year 2010-2011, the committee had met four times.

Name of the Committee Member	No. of Meetings held	No. of Meetings Attended
Mr. Mahabir Prasad Jalan	4	3
Mr. Naresh Jalan	4	4
Mr. Ram Prasad Saraf	4	4

No sitting fees is paid for attending the Meeting.



D) 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 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
Mr. Satish Mehta**	Independent, Non-Executive

* Resigned from the committee w.e.f 22nd July, 2010

** Appointed w.e.f 29th January, 2011

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 - 700 017

Details of complaints received and redressed :

The details regarding complaints received and resolved during the financial year 2010-2011 are as follows :

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	12	12	0

4. GENERAL BODY MEETINGS

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

Financial Year	Details of Location	Date	Time	No. of Special Resolution Passed
2009-10	Gyan Manch 11 Pretoria Street Kolkata - 700 071	22.08.2010	11.45 A.M.	4
2008-09	Gyan Manch 11 Pretoria Street Kolkata - 700 071	22.08.2009	11.45 A.M.	4
2007-08	Kalakunj 48 Shakespeare Sarani Kolkata - 700 017	30.08.2008	11.30 A.M.	Nil

No Special Resolution was passed in the year 2010-2011 through Postal Ballot and hence the provisions relating to the Postal Ballot were not applicable. None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing a special resolution through Postal Ballot. The Company shall comply with the requirements of the Postal Ballot as and when required.

5. 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 Register of Contracts containing the transactions in which the Directors are interested are placed at the Board Meetings. The disclosures of the related party transaction as per the Accounting Standard (AS-18) are set out in Note No. 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 2008-09, 2009-10 and 2010-2011.

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 available on the Company's website i.e. www.ramkrishnaforgings.com. The declaration that the Code of Conduct has been complied by the Board and the Senior Management is given below :

Declaration by the CEO under clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

In accordance with the clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March, 2011.

For **RAMKRISHNA FORGINGS LIMITED**

Naresh Jalan
(Managing Director)

d) Proceeds of the Preferential Issue :

The Company has issued 10,00,000 warrants to Ms. Lata Bhanshali and 29,00,000 warrants to M/s. Eastern Credit Capital Limited, Promoter group on a preferential basis at a price of ₹ 107.50/- per warrant during the year 2009-2010, The warrants can be converted into equity shares of ₹ 10/- each at a premium of ₹ 97.50/- within 18 months from the date of allotment i.e. 20th February, 2010.

The Company has received 25% of the issue price for 39,00,000 warrants at the time of allotment of the warrants as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 during the year 2009-2010.

During the year, the Company has received a request for the conversion of 9,50,000 warrants into equity shares from M/s. Eastern Credit Capital Limited, Promoter group, along with the balance consideration of 75% of the issue price amounting to ₹ 765.95 Lakhs. The Company in its Board Meeting held on 4th April, 2011 has allotted 9,50,000 equity shares to M/s. Eastern Credit Capital Limited, Promoter group, by conversion of 9,50,000 warrants into equity shares. The utilisation of the outstanding preferential issue proceeds, if any, is provided at every meeting of the Audit Committee and the utilisation as on 31st March, 2011 is disclosed in note no. **23(a)** of the notes to Accounts.

e) Disclosure of Accounting Treatment :

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

f) 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.



g) Risk Management :

Risk evaluation and management is an ongoing process within the organisation and is periodically reviewed by the Board of Directors.

h) Management Discussion and Analysis Report :

It forms part of the Annual Report.

i) Secretarial Audit for Reconciliation of Share Capital :

The Securities and Exchange Board of India has directed vide Circular No. CIR/MRD/DP/30/2010 dated 6th September, 2010 that all issuer companies shall submit a 'Certificate of Reconciliation of Share Capital' 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.

j) Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting :

The details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting is annexed to the notice as well as herewith brief particulars of qualification and experience:

● **Mr. Mahabir Prasad Jalan**

Mr Mahabir Prasad Jalan, son of Late Kishan Gopal Jalan, is the Promoter of the Company and is the Director since incorporation and is about 62 years of age. He is well experienced technocrat possessing all the qualities of a successful businessman. He has done his graduation in Mechanical Engineering in the year 1970 from BITS, Pilani. He is having more than 20 years of work experience in this industry. He has served many companies including Orient Paper Mills Limited, Spinning Accessories Ltd, Jaipur, Shalimar Wires Limited, Calicut Engg Works Limited at different levels which provided him the insights to understand the industry and sharpen his vision. His career which started from shop floor eventually culminated into his first independent venture as Managing Partner of Tribeni Steel Forgings in the year 1974. He finally promoted M/s. Ramkrishna Forgings Limited in the year 1981 and since its inception is heading the organisation. He is a special invitee to All India Forgings Industry Association and is also the member of the Institute of Engineers for the last ten years. He has been a key member of the Technical & Execution Team for the erection, commissioning and stabilization of the Ring Rolling Line. The Company has benefited from his rich and varied experience and continues to do so. He has been instrumental in the growth of the Company to its present level.

He holds Directorship in following other Companies :

1. Riddhi Portfolio Pvt Ltd
2. Ramkrishna Rail and Infrastructure Pvt Ltd
3. Eastern Credit Capital Limited

He does not hold Committee Positions in any other Company.

He holds 4,51,000 shares in the Company.

● **Mr. Satish Mehta**

Mr. Satish Kumar Mehta is a resident of Mumbai and is about 68 years of age. He is a Non-Executive Independent Director of the Company since 28th October, 2005. He is B.E. (Mech), Diploma in Non-Traditional Machining Processors from Easco Sparcatron School, USA, Diploma in Production Management from Jamnalal Bajaj Institute of Management, Mumbai and has about 36 years of Industrial Experience with various companies who are manufacturing Closed Die Forgings, Machined Crankshafts and Non-Traditional Machine Tools.

He has developed India's first Electrical Discharge Machine with Electro Hydraulic Servo Mechanism. He has won a National Award in 1977 for his contribution in the field of Mechanical Engineering.

RAMKRISHNA FORGINGS LTD.

He has won the Jaycee Award for outstanding young person in 1978.

He is :

Chairman - Technical Committee of Association of the Indian Forging Industry for past 20 years.

Member - Institute of Forging Technology, U.K.

Member - Institute of Engineers-India & Chartered Engineer.

Providing Technical Assistance for assets acquired under Auto Components and Forging Industry to Price Waterhouse Coopers (P) Ltd and ICICI Bank.

He had several professional Training both in India and Overseas and has written several papers in the field of Non-Traditional Machining Processes & Metal Forming.

He does not hold Directorship/Committee Position in any other Company.

He does not hold any share in the Company.

- **Mr. Surendra Mohan Lakhotia**

Mr. Surendra Mohan Lakhotia is a Non-Executive Independent Director of the Company since 28th May, 2009 and is about 69 years of age. Mr. Lakhotia is a Chartered Accountant (Rank Holder). He has 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 and as 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 conference abroad including at Harvard. He has been invitee faculty and speaker at IIM-Kolkata. Presently he is rendering professional services as a Management Consultant. He has gained extensive experience in all Commercial and Financial related matters.

He is holding Directorship in the following Companies.

1. Adhunik Metaliks Ltd.
2. Adhunik Power Natural Resource Ltd.

He is holding Chairmanship/Membership in the following Companies :

1. Membership in Audit Committee of Adhunik Metaliks Ltd.

He does not hold any share in the Company.

k) Code of Conduct for Prevention of Insider Trading :

The Board has approved a comprehensive 'Ramkrishna Forgings Limited Code on Prevention of Insider Trading' (hereinafter referred as code of conduct) in pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The objective of the code is to prevent an insider viz. Directors, Officers and Designated Employees from dealing in shares of the Company on the basis of Unpublished Price Sensitive Information. The Trading window is closed on the occurrence of events as specified in the code. Permission of Compliance officer is required for dealing in shares beyond specific limit. The Company obtains declaration from the designated employee and the Directors on a Quarterly/Annual basis under the code and places the same before the Board. The Company Secretary is the Compliance Officer under the code.

6. MEANS OF COMMUNICATION

In compliance with the requirements of the Listing Agreement, the Company regularly intimates the Stock Exchanges 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 other leading newspaper 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 2010-2011.



7. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting :

Date : 30th June, 2011

Time : 11.45 a.m.

Venue : Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017

b) Financial Calendar :

The Financial Year of the Company is April 2011 to March 2012.

The probable dates for the publication of the quarterly results for the Financial Year 2011-12 will be within 45 days following the respective quarter and the audited results for the year will be published within 60 days from the end of the financial year.

c) **Date of Book Closure** : 22nd June, 2011 to 30th June, 2011 (Both Days Inclusive)

d) **Listing on Stock Exchange and Depositories** :
 1) Bombay Stock Exchange Limited (BSE)
 2) National Stock Exchange of India Limited (NSE)
 3) National Securities Depository Limited (NSDL)
 4) Central Depository Services (India) Limited (CDSL)

The Company confirms that it has paid the Annual Listing Fees to both the Stock Exchanges and the Depositories for the year 2011-12.

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

The symbol as provided by National Stock Exchange is **RKFORGE**

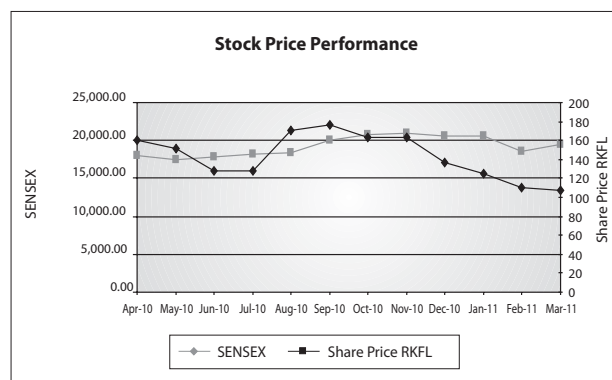
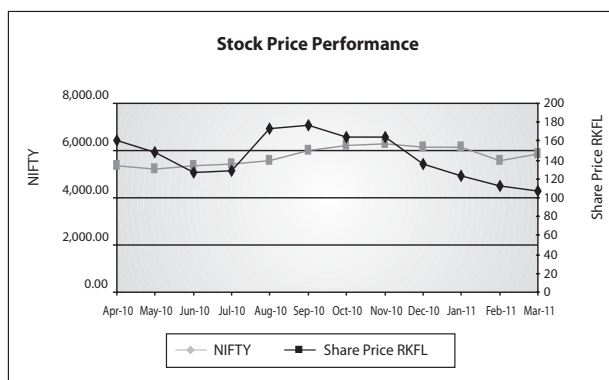
The ISIN no. as provided by the depositories is **INE399G01015**

f) Market Price Data and the performance in comparison to NSE (NIFTY) and BSE (Sensex) :

The high and low closing prices during each month of the year 2010-2011 at NSE and BSE and the NSE NIFTY are as given below :

Months	SHARE PRICE NSE		SHARE PRICE BSE		S & P CNX NIFTY		SENSEX	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)	High	Low	High	Low
April, 10	161.00	113.10	160.60	115.60	5374.65	5203.65	17970.02	17380.08
May, 10	149.00	125.00	151.50	126.05	5222.75	4806.75	17386.08	16022.48
June, 10	126.05	116.00	127.50	117.50	5353.30	4970.20	17876.55	16572.03
July, 10	129.40	115.30	128.30	114.85	5449.10	5235.90	18130.98	17441.44
August, 10	173.60	122.50	170.50	121.55	5543.50	5402.40	18454.94	17971.12
September, 10	177.00	145.70	177.00	145.00	6035.65	5471.85	20117.38	18205.87
October, 10	164.35	144.90	163.75	141.40	6233.90	5982.10	20687.88	19872.15
November, 10	164.55	122.20	162.55	124.60	6312.45	5751.95	21004.96	19136.61
December, 10	135.05	109.80	136.10	108.85	6134.50	5766.50	20509.09	19242.36
January, 11	123.95	108.95	125.10	106.10	6157.60	5505.90	20561.05	18327.76
February, 11	112.40	99.00	111.00	99.15	5546.45	5225.80	18506.82	17463.04
March, 11	106.30	97.30	107.55	97.30	5833.75	5364.75	19445.22	17839.05

g) Comparison chart of price performance of the Company with S&P CNX Nifty and Sensex :



h) Registrar and Transfer Agents :

M/s. Karvy Computershare (P) Ltd.
 Plot No. 17-24, Vittal Rao Nagar, Madhapur
 Hyderabad - 500 081, Andhra Pradesh, India
 Phone : +91 40 2342 0815-28, Fax : +91 40 2342 0814
 E mail : mailmanager@karvy.com
 Website : www.karvycomputershare.com

i) 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.

Share transfers are effected in time and all physical share certificates are dispatched to the transferees immediately after effecting the transfer. All Kinds of investors, related services both for physical as well as electronic segments are provided from the Share registry.

Half-yearly certificate on compliance of Share Transfer formalities obtained from Practising Company Secretary pursuant to Clause 47C of the Listing Agreement with stock exchanges and file a copy of the certificate with the stock exchanges in time.

j) Distribution of shareholding as on 31st March, 2011 :

Category (Shares)	No. of Holders	No. of Shares	% of Total Shares
1 – 500	3089	3,77,314	2.30
501 – 1000	227	1,82,784	1.11
1001 – 2000	104	1,61,876	0.99
2001 – 3000	43	1,14,644	0.70
3001 – 4000	26	96,079	0.58
4001 – 5000	17	83,175	0.51
5001 – 10000	31	2,43,685	1.48
10001 and above	39	1,51,68,983	92.33
TOTAL	3,576	1,64,28,540	100.00



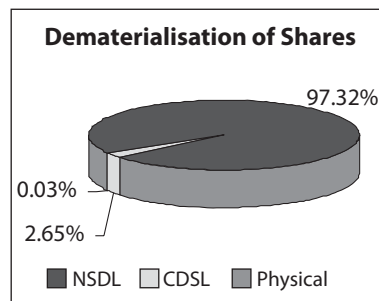
Pattern of Shareholding as on 31st March, 2011 :

Sl. No.	Category	No. of Shares held	%
1	Promoters Group	85,80,840	52.23
2	Mutual Funds	36,18,394	22.03
3	Foreign Institutional Investor	2,52,828	1.54
4	Non-Resident Indians	19,184	0.12
5	Bodies Corporates	13,41,697	8.16
6	Indian Public/Others	25,79,785	15.70
7	Clearing Members	35,812	0.22
	TOTAL	1,64,28,540	100.00

k) Dematerialisation of Shares as on 31st March, 2010 :

Description	No. of Shareholders	Shares	%
Physical	14	5,138	0.03
NSDL	2,551	1,59,87,670	97.32
CDSL	1,011	4,35,732	2.65
TOTAL	3,576	1,64,28,540	100.00

The shares of the Company are traded only in dematerialised form. 1,64,23,402 shares which consist of about 99.97% of paid-up Equity Share Capital of the Company are held in a dematerialised form as on 31st March, 2011.



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

The Company has made an issue and allotment of 39,00,000 warrants with an option to convert into equity shares of ₹10/- each at a price of ₹107.50 per share on 20th February, 2010 and the same can be converted into equity shares within the period of eighteen months from the date of allotment.

m) Plant Locations :

1. Plant I : Plot No. M-6, Phase VI, Gamaria, Jamshedpur - 832 108, Jharkhand
2. Plant II : 7/40, Duffer Street, Liluah, Howrah - 711 204, West Bengal
3. Plant III & IV : Plot No. M-15,16 and NS-26, Phase - VII, Industrial Area, Adityapur Jamshedpur - 832 109, Jharkhand

RAMKRISHNA FORGINGS LTD.

n) Address for correspondence :

- i) 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
Phone : +91 40 2342 0815-28
Fax : +91 40 2342 0814
E-mail : mailmanager@karvy.com
Website : www.karvycomputershare.com

- ii) For General Information :

M/s. Ramkrishna Forgings Limited

L & T Chambers, 6th Floor
16, Camac Street, Kolkata - 700 017
West Bengal, India
Phone : +91 33 3984 0999
Fax : +91 33 3984 0998
E mail : neha.gupta@ramkrishnaforgings.com
Website : www.ramkrishnaforgings.com

Non-Mandatory Requirements :

- a) *Chairman of the Board* : The Company has an Executive Chairman.
- b) *Remuneration Committee* : The Company has constituted a Remuneration and Compensation Committee, the details of which are provided in this Report under the section 'Committees of the Board - Remuneration and Compensation 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) *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.
- f) *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.



AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
RAMKRISHNA FORGINGS LTD.

We have examined the compliance of the conditions of Corporate Governance by **RAMKRISHNA FORGINGS LIMITED** for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

1B, Old Post Office Street
Kolkata - 700 001
Dated : The 12th day of May, 2011

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E
Rajiv Singhi
(Partner)
Membership No. 53518



AUDITORS' REPORT

To the Members of

RAMKRISHNA FORGINGS LIMITED

1. We have audited the attached Balance Sheet of **RAMKRISHNA FORGINGS LIMITED** ("the Company") as at 31st March, 2011, the Profit & Loss Account and the Cash Flow Statement of the Company 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.
2. 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 mis-statement. 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.
3. 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.
4. *In response to an application made by the Company to the Central Government for approval of payment of increased remuneration to Chairman cum Wholetime Director and the Managing Director from 1st April, 2008 to 31st March, 2011 the Central Government, has vide its letter dated 27th January, 2011 assented to payment of remuneration on the basis of the permissible limit as laid down in Section 309(3) read with Schedule XIII of the Companies Act, 1956 or remuneration of ₹ 41,21,520/- to Managing Director and ₹ 54,05,400/- to Chairman cum Whole Time Director which ever is higher. Based on the above approval remuneration paid to the Chairman cum Wholetime Director and the Managing Director is in excess by ₹ 51,90,526/- and by ₹ 84,14,747/- for the year 2009-10 and 2008-09 respectively. The Company has again represented to the Central Government for reconsideration of its application and to accord its approval for payment of remuneration as proposed in the said application. The said representation is pending for reconsideration of the Central Government. However, the remuneration paid during the year 2010-11 to Chairman cum Wholetime Director and the Managing Director is within the limits as laid down in Section 309(3) read with Schedule XIII of the Companies Act, 1956.*
5. Further to our comments in the Annexure referred to above, we report that :
 - i) 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;
 - ii) 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;
 - iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
- iv) In our opinion the Balance Sheet, Profit & 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;
- v) On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

AUDITORS' REPORT

6. In our opinion and to the best of our information and according to the explanations given to us, the said account, **subject to our comment in paragraph 4 above**, read with Significant Accounting Policies and Notes to Account in Schedule "20" 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, 2011.
 - (b) in the case of the Profit & 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.

1B, Old Post Office Street
Kolkata - 700 001
Dated : The 12th day of May, 2011

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E
Rajiv Singhi
(Partner)
Membership No. 53518



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 under Section 301 of the Companies Act, 1956. Hence, Clauses 3(b), (c) and (d) of the order are also not applicable to the Company.
(b) As per the information furnished, the Company has taken interest bearing unsecured loan from a Company covered in the Register maintained under Section 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 explanations 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.
- v. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
b) As per the information and explanations give to us there are no contract or arrangements made for transactions exceeding ₹ 5,00,000 in respect of each party, for sale and purchase of goods and services in pursuance of Section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any fixed deposit from the public within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956 and rules made there under.
- vii. In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company 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, 2011 for a period of more than six months from the date they became payable.

As per the information and explanations given to us and as per the records of the Company there are no dues of Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute. The dues

ANNEXURE TO THE AUDITORS' REPORT

of the Income Tax and Service Tax which has not been deposited on account of any dispute and forum where the dispute is pending is given as under :-

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	11.99	2007-08 and 2008-09	CIT (Appeal), Kolkata
Service Tax under Finance Act, 1994	Service Tax	35.98	2004-05 to 2006-07	CESTAT, Kolkata

- x. The Company has no accumulated losses as at 31st March, 2011 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 or 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. The Company has maintained proper records of transactions and contracts in respect of shares, securities, debentures and other Investments and timely entries have been made therein. The shares, securities, Debentures and other Investments have been held by the Company, in its own name except to the extent of exemption granted under Section 49 of the Companies Act, 1956.
- 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. During the year under Audit, the Company has not made any preferential allotment of equity shares to any party and Company 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. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor we have been informed of such cases by the management.

1B, Old Post Office Street
Kolkata - 700 001
Dated : The 12th day of May, 2011

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No. 302049E
Rajiv Singhi
(Partner)
Membership No. 53518



BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lakhs)

	Schedule	As on 31st March, 2011	As on 31st March, 2010
I. SOURCES OF FUNDS			
Shareholders Funds			
a) Share Capital	1	1,642.85	1,642.85
b) Share Warrant Money (Refer Note No. 23 (a) of Schedule 20)		1,814.06	1,048.13
c) Employees Stock Option Outstanding	2	152.30	57.01
d) Reserves & Surplus	3	11,737.90	9,913.84
Loans Fund			
a) Secured Loan	4	17,811.80	16,697.24
b) Unsecured Loan	5	2,086.43	2,136.60
Deferred Tax Liabilities (Net)		2,443.28	2,249.28
TOTAL		37,688.62	33,744.95
II. APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	6	26,697.83	22,433.64
b) Less : Depreciation		6,321.20	4,246.39
c) Net Block		20,376.63	18,187.25
d) Capital Work-in-Progress		2,251.37	2,599.94
		22,628.00	20,787.19
Investment		7	141.91
Advances recoverable from ESOP Trust			939.25
Current Assets, Loans & Advances			
a) Inventories	8	11,494.48	9,954.79
b) Sundry Debtors	9	5,758.71	4,525.81
c) Cash & Bank Balance	10	226.33	63.95
d) Loans, Advances & Deposits	11	2,069.21	1,889.88
		19,548.73	16,434.43
Less : Current Liabilities & Provisions		12	5,569.27
Net Current Assets			13,979.46
TOTAL		37,688.62	33,744.95
Significant Accounting Policies & Notes to the Accounts		20	

As per our attached report of even date

For **SINGHI & CO.**

Chartered Accountants

Rajiv Singhi

(Partner)

Membership No. 53518

1B, Old Post Office Street

Kolkata - 700 001

Dated : The 12th day of May, 2011

For and on behalf of the Board

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, 2011

(₹ in Lakhs)

	Schedule	For the year ended 31st March, 2011	For the year ended 31st March, 2010
I. INCOME			
Sales and Operating Income	13	44,537.75	30,706.50
Less : Excise Duty		3,569.14	2,210.74
Sales and Operating Revenue (Net)		40,968.61	28,495.76
Other Income	14	108.58	0.09
Increase/(Decrease) in Stock	15	998.27	457.43
		42,075.46	28,953.28
II. EXPENDITURE			
Raw Material consumed	16	23,911.26	16,492.09
Manufacturing and Other expenses	17	8,929.12	6,364.56
Payment to and provisions for Employees	18	2,194.30	1,639.25
Interest & Finance Charges	19	1,611.46	1,508.71
Depreciation		2,097.89	1,313.89
		38,744.03	27,318.50
Profit before Tax (I - II)		3,331.43	1,634.78
Less : Provision for Taxation			
- Current Tax		924.00	278.00
- MAT Credit Entitlement		-	(271.00)
- Deferred Tax		194.00	533.60
- Income Tax of earlier years		7.50	4.79
Profit after Tax		2,205.93	1,089.39
Balance b/f from last year		5,032.45	4,185.27
Profit available for Appropriation		7,238.38	5,274.66
Appropriations :			
Proposed Dividend		328.57	164.29
Tax on Proposed Dividend		53.30	27.92
Transfer to General Reserve		170.00	50.00
Balance carried to Balance Sheet		6,686.51	5,032.45
		7,238.38	5,274.66
Earning Per Share			
(Refer Note No. 36 of Schedule of 20)			
Basic (In ₹)		13.43	7.05
Diluted (In ₹)		13.06	7.01
Accounting Policies & Notes to the Accounts	20		

As per our attached report of even date

For **SINGHI & CO.**
Chartered Accountants

Rajiv Singhi
(Partner)
Membership No. 53518
1B, Old Post Office Street
Kolkata - 700 001
Dated : The 12th day of May, 2011

For and on behalf of the Board

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

(Rs. in Lakhs)

	31st March, 2011	31st March, 2010
SCHEDULE 1 SHARE CAPITAL		
Authorised		
2,10,00,000 Equity Shares (Previous year - 2,10,00,000 Equity Shares) of ₹10/- each	2,100.00	2,100.00
Issued		
2,03,28,540 Equity Shares (Previous year - 2,03,28,540 Equity Shares) of ₹10/- each	2,032.85	2,032.85
Subscribed & Paid-up		
1,64,28,540 Equity Shares (Previous year - 1,64,28,540 Equity Shares) of ₹ 10/- each fully paid-up (Out of above 13,06,750 Equity Shares (Previous year - 13,06,750 Equity Shares) of ₹10/- each fully paid have been issued as Bonus Shares by Capitalisation of Revenue Reserve)	1,642.85	1,642.85
	1,642.85	1,642.85
SCHEDULE 2 EMPLOYEE STOCK OPTION		
Employee Stock Option Outstanding	263.83	295.77
Less : Deferred Employees Compensation	111.53	238.76
	152.03	57.01
SCHEDULE 3 RESERVES & SURPLUS		
Security Premium Account		
As per last Balance Sheet	4,133.32	3,060.82
Add : Received during the year on Preferential Shares	-	1,072.50
	4,133.32	4,133.32
Capital Reserves		
As per last Balance Sheet	554.92	-
Add : On forfeiture of Share Warrant Money	-	554.92
	554.92	554.92
General Reserves		
As per last Balance Sheet	193.15	143.15
Add : Transfer from Profit & Loss Account	170.00	50.00
	363.15	193.15
Profit & Loss Account	6,686.51	5,032.45
	11,737.90	9,913.84

SCHEDULES FORMING PART OF THE ACCOUNTS

	(₹ in Lakhs)	
	31st March, 2011	31st March, 2010
SCHEDULE 4 SECURED LOANS (Refer Note No. 19 of Schedule 20)		
From Scheduled Banks		
a) Working Capital Loan		
i) Rupee Loan	6,620.43	5,295.34
ii) Foreign Currency Loan	1,529.15	2,885.62
b) Term Loans		
i) Rupee Loan	7,695.04	6,544.65
ii) Foreign Currency Loan	1,078.29	968.41
c) Premises Loan		
(Secured against the Specific Premises)	888.89	1,000.00
d) Vehical Loan		
(Secured against Hypothecation of Car)	-	3.22
(Instalment repayable within one year ₹ 2901.98 Lakhs) (Previous year - ₹ 2030.96 Lakhs)		
	17,811.80	16,697.24
SCHEDULE 5 UNSECURED LOANS		
VAT under Defferment*	275.34	344.18
From Bank (Short Term)	1,511.09	1,492.42
From Bodies Corporate	300.00	300.00
*(Instalment repayable within one year ₹ 68.84 Lakhs) (Previous year - ₹ 68.84 Lakhs)		
	2,086.43	2,136.60



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

SCHEDULE 6 FIXED ASSETS		GROSS BLOCK					DEPRECIATION				NET BLOCK	
Sl. No.	Particulars	Opening balance as on 31.03.2010	Addition during the year	Sales/Adj. during the year	As on 31.03.2011	As on 31.03.2010	For the year	Sales during the year	Depr. as on 31.03.2011	As at 31.03.2011	As at 31.03.2010	
(A)												
1]	Land & Land Development											
	(a) Lease Hold Land	138.34	-	-	138.34	26.70	4.54	-	31.24	107.10	111.64	
	(b) Free Hold Land	247.16	-	-	247.16	-	-	-	-	247.16	247.16	
	TOTAL	385.50	-	-	385.50	26.70	4.54	-	31.24	354.25	358.79	
2]	Factory Shed & Building	2,165.84	317.71	-	2,483.55	255.17	72.37	-	327.54	2,156.01	1,910.67	
3]	Office Building	670.34	150.21	-	820.55	32.80	11.83	-	44.63	775.92	637.54	
4]	Plant & Machinery	18,278.87	3,408.25	47.06	21,640.06	3,748.16	1,906.09	22.83	5,631.42	16,008.64	14,530.71	
5]	Vehicles	119.11	50.97	-	170.08	33.94	14.49	-	48.43	121.65	85.17	
6]	Furnitures & Fixtures	357.52	72.68	-	430.20	57.79	23.50	-	81.28	348.92	299.73	
7]	Computer (Inc. Software)	273.36	297.66	-	571.03	69.34	55.79	-	125.13	445.90	204.02	
8]	Office Equipments	104.45	4.23	1.66	107.02	10.20	5.18	0.25	15.13	91.88	94.25	
9]	Air Condition Machine	78.65	11.21	-	89.86	12.28	4.11	-	16.40	73.46	66.37	
	TOTAL (A)	22,433.64	4,312.92	48.72	26,697.83	4,246.39	2,097.89	23.08	6,321.20	20,376.63	18,187.25	
(B)	Capital work-in-Progress	2,599.94	4,814.10	5,162.68	2,251.37	-	-	-	-	2,251.37	2,599.94	
	GRAND TOTAL (A+B)	25,033.58	9,127.02	5,211.40	28,949.20	4,246.39	2,097.89	23.08	6,321.20	22,628.00	20,787.19	
	Previous year	22,465.76	5,653.37	3,085.55	25,033.58	3,057.51	1,313.89	125.02	4,246.39	20,787.19	19,408.24	

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

	31st March, 2011	31st March, 2010
SCHEDULE 7 INVESTMENT		
Long Term Investments		
Unquoted : Other than trade		
50 Equity Shares (Previous year 50 Equity Shares) of 'Adityapur Auto Cluster' of ₹ 1,000/- each fully paid-up	0.50	0.50
Current Investments (at cost or fair value whichever is lower)		
In Shares of Body Corporate :		
1,92,000 Equity Shares (Previous year - Nil) of 'JMT Auto Ltd.' of ₹ 10/- each fully paid-up	141.41	-
	141.91	0.50
SCHEDULE 8 INVENTORIES		
(As taken valued & certified by the Management)		
(At lower of cost or net realisable value)		
Raw Material	2,483.89	2,297.11
Stock-in-Progress	5,148.49	4,666.19
Vendor Managed Inventory	471.22	15.18
Forgings Scrap	150.89	76.87
Stores, Spares, Dies & Block (At cost)	3,239.99	2,899.44
	11,494.48	9,954.79
SCHEDULE 9 SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	99.50	365.11
Other Debts	5,659.21	4,160.70
	5,758.71	4,525.81
SCHEDULE 10 CASH & BANK BALANCE		
Cash-on-Hand (As certified by the Management)	4.75	17.82
With Scheduled Bank :		
a) Fixed deposit Account	215.10	33.05
b) Current Account *	6.48	13.08
* Includes ₹ 2.19 Lakhs (Previous year - ₹ 1.73 Lakhs being balance in Unclaimed Dividend Account)		
	226.33	63.95



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

	31st March, 2011	31st March, 2010
SCHEDULE 11 LOANS, ADVANCES & DEPOSITS		
(Unsecured considered Good)		
Advances (Recoverable in cash or in kind or for value to be received)	913.57	665.13
Export Incentive Receivable	310.33	104.51
MAT Entitlement Receivable	299.01	580.64
Balance with Central Excise Authority	208.91	207.94
Deposits	337.39	331.66
	2,069.21	1,889.88

SCHEDULE 12 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
Sundry Creditors (Due to Mirco, Small and Medium Enterprises - NIL, Previous year - NIL)	5,137.54	4,049.95
Advance from Customers	–	8.95
Investor's Education & Protection Fund shall be credited by :		
Unclaimed Dividend to be credited to Investor's Education & Protection Fund	2.20	1.73
Provisions for :		
Employees Benefit	47.66	16.33
Proposed Dividend	328.57	164.29
Tax on Proposed Dividend	53.30	27.92
	5,569.27	4,269.17

SCHEDULE 13 SALES AND OPERATING INCOME		
Sales (Including Excise & Net of Returns)	35,534.55	26,322.86
Sales (Export)	4,994.06	1,603.17
Job Work Receipts	959.70	757.27
Sale of Manufacturing Scrap (Including Excise)	2,612.92	1,876.23
Claim Received	48.38	–
Die Design & Preparation Charges	16.23	27.13
Export Incentives	371.91	119.85
	44,537.75	30,706.50

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

	31st March, 2011	31st March, 2010
SCHEDULE 14 OTHER INCOME		
Miscellaneous Receipts	108.58	–
Income from Investment other than Trade : (Current)		
Dividend (Tax Free)	–	0.09
	108.58	0.09

SCHEDULE 15 INCREASE/(DECREASE) IN STOCK		
(A) Closing Stock :		
Stock-in-Progress	5,148.49	4,666.19
Vendor Managed Inventory	471.22	15.18
Forging Scrap	150.89	76.87
	5,770.60	4,758.24
Less : Stock of Trial Run	–	14.80
	5,770.60	4,743.44
(B) Opening Stock :		
Stock-in-Progress	4,666.19	4,177.53
Vendor Managed Inventory	15.18	–
Forging Scrap	76.87	101.30
	4,758.28	4,278.83
Increase/(Decrease) in Stock (A-B)	1,012.36	464.61
Less : Excise Duty on Increase/(Decrease) in Stock	14.09	7.18
	998.27	457.43

SCHEDULE 16 CONSUMPTION OF RAW MATERIALS		
Opening Stock	2,297.11	1,576.03
Add : Purchases	24,098.04	17,259.89
	26,395.15	18,835.91
Less : Closing Stock	2,483.89	2,297.11
Less : Trial Run Consumption	–	46.71
	23,911.26	16,492.09



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

	31st March, 2011	31st March, 2010
SCHEDULE 17 MANUFACTURING AND OTHER EXPENSES		
Carriage Inward Expenses	130.69	86.56
Electric Charges	1,625.49	1,183.73
Fuel Consumption	1,927.76	1,480.60
Processing Charges	1,050.01	773.54
Stores, Spares & Die Blocks Consumed (Including Packing Material)	2,016.90	1,388.47
Repairs to :		
- Plant & Machinery	107.80	96.32
- Factory Shed & Building	64.18	22.84
Rent	5.52	5.00
Rates & Taxes	7.83	6.39
Insurance Charges (Including Keyman Insurance)	75.02	50.61
Repairs & Maintenance	96.55	28.36
Miscellaneous Expenses	267.67	238.08
Bank Charges & Commission	128.29	151.67
Postage, Telegraph & Telephone	43.73	33.91
Legal & Professional Expenses	150.38	151.99
Travelling & Conveyance Expenses	126.42	107.03
[Including Directors Travelling ₹ 59.84 Lakhs (Previous year - ₹ 46.18 Lakhs)]		
Advertisement Expenses	5.16	11.15
Auditors' Remuneration	16.59	12.37
Brokerage & Commission Expenses	67.42	51.59
Vehicle Running Expenses	47.83	34.80
Carriage Outward Expenses	386.13	312.72
Export Expenses	260.22	51.92
Discount & Rebate (Net)	13.39	25.07
Cash Discount Paid	21.00	-
Exchange Rate Difference	(4.22)	(4.43)
Sundry Balances Written Off (Net)	8.15	38.60
Loss on Sale of Investment (Net)	8.21	20.40
Provision for Diminution in Current Investment	10.65	-
Loss on Sale of Fixed Assets (Net)	17.39	5.27
Bad Debts Written Off	246.96	-
	8,929.12	6,364.56

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

	31st March, 2011	31st March, 2010
SCHEDULE 18 PAYMENT MADE TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, Exgratia, Incentive etc.	1,865.71	1,412.18
Gratuity Contribution to Fund	35.16	6.16
Welfare Expenses	72.60	63.51
Employees ESOP Amortisation Expenses	95.29	57.01
Provident Fund/Employees Pension Fund & E.S.I. Contribution	125.54	100.39
	2,194.30	1,639.25
SCHEDULE 19 INTEREST PAID		
Interest on Term Loans	1,041.07	693.80
Interest on Working Capital	683.99	874.17
Interest to Others	60.07	140.25
	1,785.13	1,708.23
Less : Interest Received *		
- Fixed Deposit	0.82	
- Others	36.98	114.68
Less : Capitalised	135.87	84.83
* Tax Deducted at Source ₹ 1.53 Lakhs (Previous Year - ₹ 9.18 Lakhs)		
	1,611.46	1,508.71



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 20 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(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 recognized on accrual basis except certain 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 are 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 on 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 recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

(5) **Inventories**

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 realizable 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

SCHEDULES FORMING PART OF THE ACCOUNTS

Inventories of Raw Materials, Stores and Spares and Fuel are determined on Weighted Average Method. Inventories of Finished Goods and Stock in Progress are valued at Weighted Average Method 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 to be other than temporary in nature.
- b) Current Investments are stated at lower of cost or 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 recognized 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 recognized as income or expense over the life of the contract.

(8) **Revenue Recognition**

Sales revenue is recognized when the significant risks and rewards of ownership of goods have been transferred to the buyer as per the terms of the respective sales order.

(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 recognized and carried forward only to the extent that there is a reasonable/virtual certainty that asset will be realised in future.

MAT Credit is recognized as an asset 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 recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI the said asset 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



SCHEDULES FORMING PART OF THE ACCOUNTS

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 recognized 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 recognized as an expense in the profit & loss account for the year in which the employee has rendered services. The expenses are recognized at the present value of the amount payable determined at the year end on the basis of an actuarial valuation using projected unit credit method. Actuarial gains and losses in respect of post employment and other long term benefit are charged to profit & loss account.
- c) The Company's contribution to the Provident Fund and the Family Pension Fund are charged to Profit and Loss Account.

(13) **Employee Stock Option Scheme**

In respect of stock option granted to employees pursuant to the Company's stock option schemes, through the trust route, accounting is being done as per the SEBI Guidelines, 1999 and the Guidance note on share based payment issued by the ICAI. The excess of fair market price as on date of grant of option, over the exercise price is recognized as deferred employee compensation and is charged to Profit & Loss A/c on straight line basis over the vesting period. Further, as the ESOP scheme is through trust route, the difference between the cost of acquisition of shares by trust from the open market with that of fair market price as on date of grant of option has been recognized as ESOP expenses under the head miscellaneous expenses and is charged to Profit & Loss A/c on Straight Line basis over the vesting period.

(14) **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.

(15) **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 shares outstanding during the year after adjustment for the effects of all dilutive potential equity shares.

(16) **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.

SCHEDULES FORMING PART OF THE ACCOUNTS**(B) NOTES ON ACCOUNTS**

(₹ in Lakhs)

	31.03.2011	31.03.2010
(17) Estimated amount of contract remaining to be executed on Capital Account and not provided for (Net of advance paid)	414.48	271.33
(18) 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 High Court, Jharkhand)	40.65	40.65
(ii) a) Demand for Income Tax for the A.Y. 2006-07 [Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata] Amount paid ₹ 14.92 Lakhs	14.92	14.92
b) Demand for Income Tax for the A.Y. 2007-08 [Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata]	8.03	10.43
c) Demand for Income Tax for the A.Y. 2008-09 [Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata]	3.96	NIL
b) Demand for Service Tax for the F.Y. 2004-05, 2005-06, 2006-07 (upto July 2006) [Appeal pending before the Excise & Service Tax Appellate Tribunal, Kolkata]	35.98	NIL
(b) Bill Discounted with Bank	1136.32	231.36

(19) Secured Loans :

Term Loans from State Bank of India and Standard Chartered bank are secured by first pari-passu charge by way of equitable mortgage by deposit of title deeds of immovable properties (leasehold) at Jamshedpur and hypothecation over present movable assets of the Company subject to prior charges of the Company's bankers created/to be created in their favour for working capital loans and specific term loan requirements.

Working Capital Loans from banks are secured by first 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.

Premises Loan from DBS Bank Limited is secured by the exclusive mortgage of the office building including land situated at 72, Shakespeare Sarani, Kolkata - 700 017.

Term loan from ICICI Bank Limited (earlier known as The Bank of Rajasthan Limited) is secured by the first pari-passu mortgage of the properties situated at L & T Chambers, 6th Floor, 16, Camac Street, Kolkata - 700 017 and land measuring around 18 acres at Mauza Bholadih, Sariaakela.

Term loan from CITI Bank, IOB Bank and IDBI bank are secured by the specific charge on the assets financed by them.

Term loan from HDFC bank is secured by a fixed deposit of ₹ 200.00 Lakhs.



SCHEDULES FORMING PART OF THE ACCOUNTS

Term loan from ICICI Bank is secured by first pari-passu charge by way of equitable mortgage of corporate office at L & T Chambers, 16, Camac Street, 6th Floor, Kolkata - 700 017 and land measuring around 18 acres at Mouza Bholadih, Thana no. 109, Dist. Saraikella, Jharkhand and exclusive charge on the assets financed by them.

Term Loans and Working Capital Loan from SBI is further secured by the corporate guarantee of M/s. Riddhi Portfolio Private Limited.

Short Term Loan from SIDBI up to ₹ 15 Lakhs secured by a fixed deposit with them.

- (20) The Company has export obligation against Import License taken for import of Capital Goods under Export Promotion Capital Goods Scheme in US \$ 322.16 Lakhs amounting to ₹ 13,742.06 Lakhs (Previous year in US \$ 333.47 Lakhs amounting to ₹ 14,498.81 Lakhs).
- (21) 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.
- (22) Foreign currency exchange difference gain of ₹ 24.29 Lakhs (Previous year Loss of ₹ 519.26 Lakhs) 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.
- (23) a) The Company has issued 10,00,000 warrants to Ms. Lata Bhanshali and 29,00,000 warrants to M/s. Eastern Credit Capital Limited, Promoter group on a preferential basis at a price of ₹ 107.50/- per warrant during the year 2009-2010. The warrants can be converted into equity shares of ₹ 10/- each at a premium of ₹ 97.50/- within 18 months from the date of allotment i.e. 20th February, 2010.

The Company has received 25% of the issue price for 39,00,000 warrants at the time of allotment of the warrants as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

During the year the Company has received a request for the conversion of 9,50,000 warrants into equity shares from M/s. Eastern Credit Capital Limited, Promoter group, alongwith the balance consideration of 75% of the issue price amounting to ₹ 765.95 Lakhs. The Company in its Board Meeting held on 4th April, 2011 has allotted 9,50,000 equity shares to M/s. Eastern Credit Capital Limited, Promoter group, by conversion of 9,50,000 warrants into equity shares. The above amount is lying in the bank accounts of the Company as on 31st March, 2011.

- b) The Diluted EPS for the year ending on 31st March, 2011 has been calculated taking into account the 39,00,000 warrants issued by the Company on preferential basis which are pending for conversion into equity shares of the Company. The warrant holder has a right of conversion of these warrants into equity shares of the Company within 18 months from the date of allotment i.e. 20th February, 2010.
- (24) ₹ 0.28 Lakhs (Previous year ₹ 0.11 Lakhs) has been paid as legal fee to a solicitor firm where one of Director is a partner, and ₹ 0.50 Lakhs paid to a Director towards technical consultancy charges (Previous year ₹ 0.50 Lakhs).
- (25) Miscellaneous Expenses includes expenses (Net) relating to earlier years amounting to ₹ **4.39 Lakhs** (Previous year Income (Net) ₹ 4.78 Lakhs) as per following details :

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

Sl. No.	Particulars	As at 31.03.2011	As at 31.03.2010
	Expenses pertaining to Previous year		
1.	Canteen Expenses	0.35	0.01
2.	Bank Charges	–	0.005
3.	Advertisement Expenses	–	0.08
4.	Vehicle Expenses	–	0.27
5.	Repairs & Maintenance to Machinery	–	0.11
6.	Repairs & Maintenance to Others	0.15	0.41
7.	Carriage Outwards Expenses	0.10	0.38
8.	Carriage Inwards Expenses	3.69	0.45
9.	Testing Charges	–	0.15
10.	Sales Promotion	0.10	–
11.	Stores Purchase	–	2.90
12.	Conveyance Charges	–	0.01
	Total	4.39	4.78

(26) a) Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits :

i) In respect of Gratuity a defined benefit scheme (based on actuarial valuation)

(₹ in Lakhs)

Particulars	As at 31.03.2011 Gratuity (Funded)	As at 31.03.2010 Gratuity (Funded)
a) Expenses recognized during the year		
Current Service Cost	29.42	23.80
Interest Cost	10.92	7.84
Expected return on Plan Assets	(5.70)	(21.76)
Actuarial (Gain)/Loss	(2.26)	(5.37)
Net Cost	32.38	4.50
b) Net Assets/Liability recognized in the Balance Sheet at the year end		
Present Value of fair value of plan assets at the end of the year	123.03	113.16
Present value of obligation	155.41	117.66
Amount recognized in Balance Sheet	32.38	4.50
c) Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Present Value of Defined Benefit Obligation at the beginning of the year	117.66	91.39
Current Service Cost	29.42	23.80
Interest Cost	10.92	7.84
Actuarial (Gain)/Loss on Obligation	(2.26)	(5.37)
Benefit paid	(0.33)	NIL
Present Value of Defined Benefit obligation at the year end	155.41	117.66



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

Particulars		As at 31.03.2011 Gratuity (Funded)	As at 31.03.2010 Gratuity (Funded)
d)	Reconciliation of Opening and Closing balances of fair value of Plan Assets		
	Fair value of plan assets at beginning of the year	113.16	62.05
	Actual return on plan assets	5.70	21.76
	Actuarial Gain/(Loss)	NIL	NIL
	Employer Contribution	4.50	29.35
	Benefit Paid	(0.33)	NIL
	Fair value of plan assets at the end of the year	123.03	113.16
e)	Investment details		
	Insurer Managed Funds (100%)	123.03	113.16
f)	Actuarial Assumptions		
	Mortality Table (LIC)	L.I.C. (1994 - 96) Ultimate Table	L.I.C. (1994 - 96) Ultimate Table
	Discount Rate (Per Annum)	8% p.a.	7.5% p.a.
	Rate of escalation in salary (per annum)	5%	5%

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 end.

- 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 ₹ 88.44 Lakhs (Previous year ₹ 77.11 Lakhs)

(27) Employees Stock Option Scheme

- a) The shareholders of the Company had approved the ESOP scheme 2009 to grant 15,00,000 stock options convertible into 15,00,000 equity shares of ₹ 10/- each to its permanent employees including Director of the Company whether Wholetime or otherwise in one or more tranches and on such terms and conditions as may be fixed or determined by its Board of Directors. The Compensation Committee in its meeting held on 12th September, 2009 has granted 4,68,159 nos. options to be converted into equivalent number of equity shares. The above scheme is administered through an ESOP trust namely Ramkrishna Forgings Employee Welfare Trust.
- b) The ESOP Trust has been created to administer the scheme by purchase of shares from the open market/fresh issue of shares by the Company, in accordance with the approvals from the Remuneration and Compensation Committee of the Company.

SCHEDULES FORMING PART OF THE ACCOUNTS

- c) The options granted under Employee Stock Option Scheme 2009 shall vest as under :

Date of Vesting	Eligibility
12th September, 2011	30%
12th September, 2012	30%
12th September, 2013	40%

- d) The status of the ESOP Scheme as on March 31, 2011 is as under :

Option	As at 31.03.2011	As at 31.03.2010
Options Outstanding at the beginning of the year (Nos.)	424,949	NIL
Options Granted (Nos.)	NIL	468,159
Options Vested (Nos.)	NIL	NIL
Options Exercised (Nos.)	NIL	NIL
Options Lapsed/Forfeited (Nos.)	20,835	43,210
Options Lapsed/Forfeited to be re-granted (Nos.)	NIL	NIL
Total Number of Options Outstanding (Nos.)	404,114	424,949

- e) The employee share based payment plans have been accounted based on the intrinsic value method and accordingly ₹ 95.29 Lakhs (Previous year ₹ 57.01 Lakhs) has been charged as employee compensation cost.

Had the fair value method of accounting been used, the employee compensation cost would have been ₹ 104.31 Lakhs (Previous year ₹ 62.40 Lakhs).

- f) The impact on the Profits and EPS of the fair value method is given in the table below : (₹ in Lakhs)

Particulars	As at 31.03.2011	As at 31.03.2010
Profit as per Profit & Loss Account	2205.93	1089.39
Add : Employee Compensation amortized as per intrinsic value method	95.29	57.01
Less : Compensation expenses as per fair value method	104.31	62.40
Profit as adjusted	2196.91	1084.00
Earnings Per Share (Basic) as reported (In ₹)	13.43	7.05
Earnings Per Share (Basic) adjusted (In ₹)	13.37	7.02
Earnings Per Share (Diluted) as reported (In ₹)	13.06	7.01
Earnings per share (Diluted) adjusted (In ₹)	13.01	6.97

- g) The loans advanced to the Trust for purchase of shares from the market as at March 31, 2011, is ₹ 939.25 Lakhs. The repayment of the loan by the trust is dependent on the exercise of options by the employees and/or the market price of the underlying equity shares of the unexercised options at the end of the exercise period.



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

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

Particulars	2010-11	2009-10
Salaries, Wages & Allowances	NIL	143.81
Carriage Inward Expenses	NIL	0.25
Electricity Charges	NIL	9.67
Stores, Spares & Die Blocks Consumed	NIL	14.93
Raw Materials (Including semi-finished)	NIL	119.85
Total	NIL	288.51
Less : Pre-operative Income (Including Stock of Scrap)	NIL	32.85
	NIL	255.66
Add : Balance brought forward from previous year	61.47	NIL
	61.47	255.66
Less : Allocated to Fixed Assets	61.47	194.19
Balance Carried Forward	NIL	61.47

(29) Sales includes own manufactured items at cost Capitalised ₹ NIL (Previous year ₹ 73.15 Lakhs).

(30) Loans and Advances includes due from Officers ₹ NIL (Previous Year ₹ 1.04 Lakhs) (Maximum Balance due during the year ₹ 1.04 Lakhs).

(31) **Segment Information :**

(a) Primary Segment Information : The Company is operating in a single segment namely Forgings.

Information about Secondary Segments : Geographical

(₹ in Lakhs)

Particulars	As at 31.03.2011
Revenue by Geographical Market	
India	35962.17
Outside India	5006.44
	40968.61
Carrying Amount of Segment Assets	
Outside India	1364.83

Note : During the year export constitute 10% or more of revenue from external Sales. All the plants of the Company are located in India and accordingly debtors and Stock lying outside India has been considered segment assets outside India.

(32) The Company has not received any intimation from "Suppliers" under the Micro, Small and Medium Enterprises Development Act, 2006 and therefore disclosure, if any, relating to amounts unpaid at the year end together with the interest paid/payable as required under the Act have not been given.

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

(33) Auditors Remuneration :

	2010-11	2009-10
(1) Audit Fee	8.50	6.00
(2) Tax Audit Fee	1.50	1.00
(3) For Other Services	6.35	5.25
(4) Out of Pocket Expenses	0.24	0.12
Total	16.59	12.37

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

Particulars	2010-11	2009-10
Salary *	156.24	155.76
House Rent & Other Allowances	73.47	71.28
LTA, Medical Reimbursement & Bonus	1.50	1.37
Contribution to Provident Fund	0.63	0.58
Total	231.84	228.99

* Exclude leave encashment and gratuity which is provided based on the actuarial on overall Company basis.

- b) In response to an application made by the Company to the Central Government for approval of payment of increased remuneration to Chairman cum Wholetime Director and the Managing Director from 1st April, 2008 to 31st March, 2011 the Central Government, has vide its letter dated 27th January, 2011 assented to payment of remuneration on the basis of the permissible limit as laid down in Section 309(3) read with Schedule XIII of the Companies Act, 1956 or remuneration of ₹ 41.22 Lakhs to Managing Director and ₹ 54.05 Lakhs to Chairman cum Wholetime Director whichever is higher. Based on the above approval remuneration paid to the Chairman cum Wholetime Director and the Managing Director is in excess by ₹ 51.90 Lakhs and by ₹ 84.14 Lakhs for the year 2009-10 and 2008-09 respectively. The Company has again represented to the Central Government for reconsideration of its application and to accord its approval for payment of remuneration as proposed in the said application. The said representation is pending for reconsideration of the Central Government. However, the remuneration paid during the year 2010-11 to Chairman cum Wholetime Director and the Managing Director is within the limits as laid down in Section 309(3) read with Schedule XIII of the Companies Act, 1956.

(35) The breakup of Net Deferred Tax Liabilities at the year end is as under : (₹ in Lakhs)

Particulars	As at 31.03.2011	As at 31.03.2010
(i) Deferred Tax Liability		
Depreciation	2,424.36	2,254.70
Total - A	2,424.36	2,254.70
(ii) Deferred Tax Assets		
Employees Benefit	15.46	5.42
Others	3.46	NIL
Total - B	18.92	5.42
Net Deferred Tax Liability (A-B)	2,443.28	2,249.28



SCHEDULES FORMING PART OF THE ACCOUNTS

(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. (₹ in Lakhs)

	As at 31.03.2011	As at 31.03.2010
Basic		
Opening number of Equity Shares (Nos.)	1,64,28,540	1,53,28,540
Total Shares outstanding (Weighted Average) (Nos.)	1,64,28,540	1,54,46,074
Profit after Taxation before Extra-Ordinary Items	2,205.93	1,089.39
Profit after Taxation after Extra-Ordinary Items	2,205.93	1,089.39
EPS before Extra-Ordinary Item (₹ per Share)	13.43	7.05
EPS after Extra-Ordinary Item (₹ per Share)	13.43	7.05
Diluted		
Warrant Option Outstanding (Nos.)	39,00,000	39,00,000
Total Shares outstanding including Warrants (Weighted Average) (Nos.)	1,68,92,065	1,55,50,252
EPS before Extra-Ordinary Item (₹ per Share)	13.06	7.01
EPS after Extra-Ordinary Item (₹ per Share)	13.06	7.01
Reconciliation of Basic and Diluted Shares used in computing EPS		
Number of Shares considered as Basic Weighted Average Shares Outstanding (Nos.)	1,64,28,540	1,54,46,074
Add : Effect of Dilutive Warrants (Nos.)	4,63,525	1,04,178
Number of Shares considered as Diluted Weighted Average Shares Outstanding (Nos.)	1,68,92,065	1,55,50,252

(37) Foreign Currency exposures that are not hedged by derivative instrument or otherwise as on 31st March, 2011 are as under : (Amount in Lakhs)

Sl. No.	Particulars	Currency	As at 31.03.2011	As at 31.03.2010
(i)	Sundry Debtors	In US\$	2.27	18.35
		In EURO	12.53	1.19
(ii)	Foreign Currency Demand Loan	In US\$	23.00	26.10
(iii)	Buyer's Credit	In US\$	11.89	13.61
		In JPY	600.00	598.31
		In EURO	1.65	1.05
(iv)	PCFC	In US\$	34.25	19.92

SCHEDULES FORMING PART OF THE ACCOUNTS

(38) Related Party Disclosures :

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

(a) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence	(i) M/s. Riddhi Portfolio (P) Ltd. (ii) M/s. Eastern Credit Capital Ltd. (100% subsidiary of Riddhi Portfolio (P) Ltd.)
(b) Trust of the Company	M/s Ramkrishna Forgings Employee Welfare Trust
(c) Key Management Personnel (i) Mahabir Prasad Jalan (ii) Naresh Jalan (iii) Pawan Kumar Kedia	Chairman cum Wholetime Director Managing Director Finance Director

(2) Transaction with related parties :

(₹ in Lakhs)

Nature of Transaction during the year	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence		Key Management Personnel		Trust of the Company		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Loan Taken - Riddhi Portfolio (P) Ltd.	597.00	2,162.00	-	-	-	-	597.00	2,162.00
Interest Paid (Net of TDS) - Riddhi Portfolio (P) Ltd.	0.31	5.75	-	-	-	-	0.31	5.75
Loan Repayment - Riddhi Portfolio (P) Ltd.	597.31	2,167.75	-	-	-	-	597.31	2,167.75
Preferential Shares Issued - Eastern Credit Capital Ltd.	NIL	107.50	-	-	-	-	NIL	107.50
Warrant Allotment Money Received - Eastern Credit Capital Ltd.	765.94**	779.38*	-	-	-	-	765.94**	779.38*
Dividend	62.47	-	15.85	-	6.08	-	84.40	-
Managerial Remuneration ***	-	-	231.84	228.99	-	-	231.84	228.99
i) Mahabir Prasad Jalan	-	-	123.37	122.94	-	-	123.37	122.94
ii) Naresh Jalan	-	-	97.01	96.60	-	-	97.01	96.60
iii) Pawan Kumar Kedia	-	-	11.46	9.45	-	-	11.46	9.45
Rent Paid - Naresh Jalan	-	-	3.00	3.00	-	-	3.00	3.00
Advance Paid	-	-	-	-	147.25	792.00	147.25	792.00



SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

Nature of Transaction during the year	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence		Key Management Personnel		Trust of the Company		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Balance outstanding as at 31st March, 2011								
Warrant Allotment Money Received	1545.32	779.38	-	-	-	-	1545.32	779.38
Loan Taken	300.00	300.00	-	-	-	-	300.00	300.00
Debit Balance	-	-	-	1.04	-	-	-	1.04
Advances Paid	-	-	-	-	939.25	792.00	939.25	792.00

Note : * Amount received on Allotment being 25% of ₹ 107.50/- per Warrant.
 ** Amount received being balance amount of 75% of issue price for conversion of 950000 warrants into equity shares.
 *** 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) **Installed Capacity**

Class of Goods :

Class of Goods	Units	Installed Capacity	Production (Including Job Work)
		2010-11	2010-11
(i) Steel Forgings	MT	37,700*	31,234.46
(ii) Ring Rolling Facilities	MT	24,000	16,438.00

* The Company's Installed capacity has been increased by 3,600 ton in the month of January, 2011 with the installation of Maxi-Press at its Plant I at Jamshedpur.

(b) Annual Capacity on maximum utilisation basis.

(c) In respect of Ring Rolling Facilities installed capacity is dependent on Product mix, which in turn is decided on the basis of actual demand for various products from time to time, it is not feasible for the Company to give exact installed capacity. With respect to the available machine hour and production cycle time the Company is capable of producing 8.0 Lakhs rings. The Company has, however, indicated installed capacity on the basis of year's product mix, as certified by the Chairman and Managing Director and being a technical matter accepted by the Auditors as correct.

SCHEDULES FORMING PART OF THE ACCOUNTS

(d) Cost of Raw Materials consumed :

(₹ in Lakhs)

Item Name	2010-11		2009-10	
	Qty. (MT)	Value	Qty. (MT)	Value
Carbon/Alloy Steel	58,818.33	23,911.26	45,803.58	16,492.09
Where of				
Imported	NIL	NIL	NIL	NIL
Indigenous	58,818.33	23,911.26	45,803.58	16,492.09

(e) Production, Sales and Stocks of each Class of Goods

Manufactured Goods :

Sl.	Item Name	Production		Net Sales			
		2010-11	2009-10	2010-11		2009-10	
		Qty (Pcs.) (in Lakhs)	Qty (Pcs.) (in Lakhs)	Qty (Pcs.) (in Lakhs)	Value (₹ in Lakhs)	Qty (Pcs.) (in Lakhs)	Value (₹ in Lakhs)
1	Domestic Sales	39.54	32.21	39.54	32,211.66	32.21	24,188.56
2	Export Items	1.76	0.69	1.76	4,994.06	0.69	1,603.17
	Total	41.30	32.90	41.30	37,205.72	32.90	25,791.73

Note : There is no opening and closing stock of finished goods in respect of manufactured goods at plant locations. Export stock lying under vendor managed inventory is ₹ 471.21 Lakhs (Previous year ₹ 15.18 Lakhs). (₹ in Lakhs)

		As at 31.03.2011	As at 31.03.2010
(f)	Value of Imports on CIF Basis (excluding goods-in-transit and imported items purchased locally) :		
	Capital Equipments	709.70	77.87
	Components & Spare Parts	244.05	19.77
(g)	Expenditure in Foreign Currency :		
	Travelling	37.77	25.32
	Foreign Bank Charges	2.68	1.19
	Commission	NIL	4.88
	Consultancy Charges	15.29	49.32
	Business Promotion	2.84	NIL
	Interest on Buyer Credit	20.11	NIL
(h)	Earning in Foreign Exchange :		
	(i) Export of goods on FOB Basis	4870.72	1,605.66
	(ii) Die design & preparation charged (recovered)	12.38	4.48
(i)	Remittance of Foreign Currency on A/c of Dividend to Non-Resident Shareholders	NIL	NIL

(40) Previous year figures have been regrouped/re-arranged wherever necessary to confirm to this year's classifications.



SCHEDULES FORMING PART OF THE ACCOUNTS

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

i) Registration Details

Registration No.

			3	4	2	8	1
--	--	--	---	---	---	---	---

 State Code

						2	1
--	--	--	--	--	--	---	---

Balance Sheet Date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

ii) Capital raised during the year (₹ in Lakhs)

Public Issue

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

 Right Issue

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

Bonus Issue

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

 Private Placement

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

iii) Position of Mobilisation and Deployment of Funds (₹ in Lakhs)

Total Liabilities

3	7	6	8	8	.	6	2
---	---	---	---	---	---	---	---

 Total Assets

3	7	6	8	8	.	6	2
---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	1	6	4	2	.	8	5
--	---	---	---	---	---	---	---

 Reserve & Surplus

1	1	7	3	7	.	9	0
---	---	---	---	---	---	---	---

Secured Loans

1	7	8	1	1	.	8	0
---	---	---	---	---	---	---	---

 Unsecured Loans

	2	0	8	6	.	4	3
--	---	---	---	---	---	---	---

Deferred Tax Liability

	2	4	4	3	.	2	8
--	---	---	---	---	---	---	---

 Warrant Allotment Money

	1	8	1	4	.	0	6
--	---	---	---	---	---	---	---

Employees ESOP Option Outstanding

		1	5	2	.	3	0
--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

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

 Investments

		1	4	1	.	9	1
--	--	---	---	---	---	---	---

Net Current Assets

1	3	9	7	9	.	4	6
---	---	---	---	---	---	---	---

 Miscellaneous Expenditure

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

Advance to ESOP Trust

		9	3	9	.	2	5
--	--	---	---	---	---	---	---

iv) Performance of the Company (₹ in Lakhs)

Turnover

4	1	0	7	7	.	1	9
---	---	---	---	---	---	---	---

 Total Expenditure

3	7	7	4	5	.	7	6
---	---	---	---	---	---	---	---

Profit/(Loss) before Tax

	3	3	3	1	.	4	3
--	---	---	---	---	---	---	---

 Profit/(Loss) after Tax

	2	2	0	5	.	9	3
--	---	---	---	---	---	---	---

Basic EPS (in ₹)

			1	3	.	4	3
--	--	--	---	---	---	---	---

 Dividend Rate (%)

						2	0
--	--	--	--	--	--	---	---

Diluted EPS (in ₹)

			1	3	.	0	6
--	--	--	---	---	---	---	---

v) Generic Name of Three Principal Products/Services of the Company (as per monetary terms)

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

As per our attached report of even date

For **SINGHI & CO.**

Chartered Accountants

Rajiv Singhi

(Partner)

Membership No. 53518

1B, Old Post Office Street

Kolkata - 700 001

Dated : The 12th day of May, 2011

For and on behalf of the Board

Mahabir Prasad Jalan Naresh Jalan Pawan Kumar Kedia

(Chairman) (Managing Director) (Finance Director)

Alok Kumar Sharda

(Chief Financial Officer)

Rajesh Mundhra

(Company Secretary)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lakhs)

	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net(Loss)/Profit before extraordinary item and taxes	3,331.42	1,634.79
Adjustments for :	-	-
Depreciation	2,097.89	1,313.89
Sundry Balance written (back)/Off	8.15	38.60
(Profit)/Loss on Sale of Fixed Assets/Discarded Assets	17.39	5.27
Employees Stock Option Expenses	95.29	57.01
Interest Income	(37.80)	(114.68)
Interest Expense	1,649.26	1,623.40
(Profit)/Loss on Sale of Mutual Fund/Shares	8.21	20.40
Provision for Diminution in Current Investments	10.65	-
Bad Debts Written Off	246.96	-
Effect of Exchange rate change (Net)	-	(4.43)
Dividend Income	-	(0.09)
Operating Profit/(Loss) before Working Capital Changes	7,427.42	4,574.14
Movements in Working Capital :		
Decrease/(Increase) in Trade & Other Receivable	(2,029.41)	(601.24)
Decrease/(Increase) in Inventories	(1,539.69)	(1,652.28)
(Decrease)/Increase in Trade and Other Payables	949.19	(229.38)
Direct Tax paid	(649.87)	(4.79)
	(3,269.78)	(2,487.69)
Net Cash from/(used in) Operating Activities (A)	4,157.64	2,086.45
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including WIP & Exchange Gain)	(3,964.34)	(2,946.59)
Proceeds from Sale of Fixed Assets	8.25	211.65
Purchase of Investments	(277.19)	(9.92)
Advances recoverable from ESOP Trust	(147.25)	(792.00)
Sale of Investments	116.93	244.00
Interest Received	43.00	144.40
Dividend Received	-	0.09
Net Cash Outflow from Investing Activities (B)	(4,220.60)	(3,148.37)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lakhs)

	2010-11	2009-10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Warrants	-	1,048.13
Warrant Allotment Money Received	765.94	-
Proceeds from Issue of Preferential Shares	-	1,182.50
Increase/(Decrease) in Secured Loan	1,114.56	(1,693.70)
Increase/(Decrease) of Unsecured Loan	(50.17)	1,242.27
Interest Paid	(1,604.99)	(1,635.13)
Net Cash Inflow from Financing Activities (C)	225.34	144.07
Net Increase in Cash and Cash Equivalents (A+B+C)	162.38	(917.85)
Cash and Cash Equivalents as at 01-04-2010	63.95	981.80
Cash and Cash Equivalents as at 31-03-2011	226.33	63.95
Net Increase in Cash and Cash Equivalents	162.38	(917.85)

Notes :

- 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.
- 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 :	2010-11	2009-10
- Cash-in-Hand	4.75	17.82
- With Scheduled Bank		
a) Fixed deposit account	215.10	33.05
b) Current Account	6.48	13.08
	226.33	63.95

- Closing Cash and Cash Equivalents represents "Cash & Bank Balance" except ₹ 2,19,504/- lying in Current Account with schedule bank on account of unclaimed dividends which are not available for use by the Company.
- Closing Cash and Cash Equivalents represents "Cash & Bank Balance" except ₹ 15,00,000/- lying in Fixed Deposit with schedule bank on account of which are not available for use by the Company.

As per our attached report of even date

For **SINGHI & CO.**

Chartered Accountants

Rajiv Singhi

(Partner)

Membership No. 53518

1B, Old Post Office Street

Kolkata - 700 001

Dated : The 12th day of May, 2011

For and on behalf of the Board

Mahabir Prasad Janan

(Chairman)

Naresh Janan

(Managing Director)

Pawan Kumar Kedia

(Finance Director)

Alok Kumar Sharda

(Chief Financial Officer)

Rajesh Mundhra

(Company Secretary)

*“Small oppurtunities are often
the beginning of great enterprises”*

RAMKRISHNA FORGINGS LIMITED

L & T Chambers, 6th Floor, 16, Camac Street, Kolkata - 700 017
Phone : +91 33 3984 0999, Fax : +91 33 3984 0998
Website: www.ramkrishnaforgings.com



Ramkrishna Forgings Limited

Registered Office :

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

NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the Company will be held on 30th day of June, 2011 at 11.45 A.M. at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Directors Report and the Auditors Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Mahabir Prasad Jalan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Satish Kumar Mehta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Surendra Mohan Lakhotia, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolutions as an **Ordinary Resolution** :

"RESOLVED THAT M/s. Singhi & Co., Chartered Accountants, be and is hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remunerations as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

7. To consider and if thought fit to pass with or without modification the following Resolution as an **Ordinary Resolution** :
"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and 311 and all other provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Naresh Jalan as the Managing Director of the Company for a period of 5 years w.e.f. 5th November, 2011 on such terms and conditions as set out in the Explanatory Statement which shall be payable, if approved, to him with effect from 5th November, 2011 subject to that the remuneration paid to Managing Director and all other Wholetime Director(s) shall not exceed 10% of the Net Profits of the Company for that financial year."
8. To consider and if thought fit to pass with or without modification the following Resolution as an **Ordinary Resolution** :
"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and 311 and all other provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Mahabir Prasad Jalan as the Wholetime Director of the Company for a period of 5 years w.e.f. 5th November, 2011 on such terms and conditions as set out in the Explanatory Statement which shall be payable, if approved, to him with effect from 5th November, 2011 subject to that the remuneration paid to Managing Director and all other Wholetime Director(s) shall not exceed 10% of the Net Profits of the Company for that financial year."

Registered Office :

L & T Chambers, 6th Floor

16, Camac Street, Kolkata - 700 017

Dated : The 12th day of May, 2011

By order of the Board

Rajesh Mundhra

(Company Secretary)

NOTES :

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith and forms part of the Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Member and the Share Transfer Books of the Company will remain closed from 22nd June, 2011 to 30th June, 2011 (both days inclusive) for determining the name of the members eligible for Dividend, if approved, on equity shares. In respect of shares held in electronic form the dividend will be paid on the basis of particulars of beneficial ownership furnished by depositories for this purpose.
5. Members/Proxies should bring their attendance slip duly filled in for attending the meeting.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
7. Members holding shares in physical form are requested to promptly notify any change in their address to the Company/the Registrar, quoting their folio numbers. Members holding shares in electronic form are requested to notify their change of address and/or bank particulars to their respective Depository Participants (DPs) only.
8. Details of Directors seeking appointment/re-appointment as Directors in this Annual General Meeting are stated separately in the Notice.
9. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF ANNUAL REPORT TO THE MEETING.

Registered Office :

L & T Chambers, 6th Floor
16, Camac Street, Kolkata - 700 017
Dated : The 12th day of May, 2011

By order of the Board

Rajesh Mundhra
(Company Secretary)

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

Item No. 7

Mr. Naresh Jalan was re-appointed as the Managing Director at the Board Meeting held on 12th May, 2011 for a period of 5 Years w.e.f 5th November, 2011 on such emoluments as outlined below.

Emoluments :

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

- a) **Basic Salary :** ₹ 6,60,000 per month - ₹ 11,00,000 per month.

The increase in remuneration will be made after being approved by the Board of Directors within the abovementioned Limit.

b) **Benefits :**

- i) *Accommodation :* Fully Furnished Residential Accommodation or House Rent Allowance @ 40% (forty percent) of the basic salary.
- ii) Expense pertaining to electricity, gas, water, furnishings and other utilities for self and family in accordance with the rules of the Company or as may be agreed to by the Board of Directors or Committee thereof with the Managing Director subject to a maximum of 10% of the basic salary.
- iii) *Medical Reimbursement :* Reimbursement of expenses incurred for self and family subject to a ceiling of 15% of the basic salary in a year. In addition hospitalization expenses incurred in India for self and family will be paid on actual basis.
- (iv) *Leave Travel Concession :* For self and family once in a year incurred subject to maximum of 20% of the basic salary in a year.

- (v) *Club Fees* : Fees of Club(s) in accordance with the rules of the Company or as may be agreed to by the Board of Directors or Committee thereof with the Managing Director but no Life Membership Fee or Admission Fee is to be paid by the Company.
- (vi) Provision of Company's car with driver for use on Company's business. It will not be considered as benefits. He will be however billed by the Company for use of car for private purposes, if any.
- (vii) Provision for use of telephone, telefax, audio/video conferencing and other communication facilities at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.
- (viii) *Commission* : Such percentage of commission (in addition to salary, allowances, perquisites and benefits as stated above) calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or Committee thereof which together with salary and monetary value of allowances, perquisites and benefits shall not exceed the ceiling laid down under Section 309 of the Companies Act, 1956.

Minimum Remuneration :

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

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

Item No. 8

Mr. Mahabir Prasad Jalan was re-appointed as the Chairman cum Wholetime Director at the Board Meeting held on 12th May, 2011 for a period of 5 Years w. e. f. 5th November, 2011 on such emoluments as outlined below :

Emoluments :

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

- a) **Salary** : ₹ 7,85,000 per month - ₹ 13,00,000 per month.

The increase in remuneration will be made after being approved by the Board of Directors within the abovementioned limit.

b) **Benefits :**

- i) *Accommodation* : Fully Furnished Residential Accommodation or House Rent Allowance @ 50% (fifty percent) of the basic salary.
- ii) Expense pertaining to electricity, gas, water, furnishings and other utilities for self and family in accordance with the rules of the Company or as may be agreed to by the Board of Directors or Committee with the Wholetime Director subject to a maximum of 10% of the basic salary.
- iii) *Medical Reimbursement* : Reimbursement of expenses incurred for self and family subject to a 15% of the basic salary in a year. In addition hospitalization expenses incurred in India for self and family will be paid on actual basis.
- (iv) *Leave Travel Concession* : For self and family once in a year subject to 20% of the basic salary in a year.
- (v) *Club Fees* : Fees of Club(s) in accordance with the rules of the Company or as may be agreed to by the Board of Directors or Committee thereof with the Wholetime Director but no Life Membership Fee or Admission Fee is to be paid by the Company.
- (vi) Provision of Company's Car with driver for use on Company's business. It will not be considered as benefits. He will be however billed by the Company for use of car for private purposes, if any.
- (vii) Provision for use of telephone, telefax, audio/video conferencing and other communication facilities at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.
- (viii) *Commission* : Such percentage of commission (in addition to salary, allowances, perquisites and benefits as stated above) calculated with reference to the Net Profit of the Company for each financial year as may be fixed by the Board of Directors or Committee thereof which together with salary and monetary value of allowances, perquisites and benefits shall not exceed the ceiling laid down under Section 309 of the Companies Act, 1956.

Minimum Remuneration :

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

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

Registered Office :

L & T Chambers, 6th Floor
16, Camac Street, Kolkata - 700 017
Dated : The 12th day of May, 2011

By order of the Board

Rajesh Mundhra
(Company Secretary)

Details of the Directors seeking appointment/re-appointment

Name of the Director	Mr. Mahabir Prasad Jalan	Mr. Satish Kumar Mehta	Mr. Surendra Mohan Lakhotia
Date of Birth	10.04.1949	10.05.1943	24.01.1942
Date of Appointment	12.11.1981	28.10.2005	28.05.2009
Expertise in Specific Functional Area	Successful Technocrat from BITS Pilani having more than 20 years, work experience in Forging Industry	Rich and wide industrial experience of about 35 years	Extensive experience in all commercial and financial related matters
Qualification	Mechanical Engineer from BITS, Pilani	B. E. (Mech.)	Chartered Accountant (Rankholder)
Board Membership of other Companies as on 31st March, 2011	1) Eastern Credit Capital Ltd. 2) Riddhi Portfolio (P) Ltd. 3) Ramkrishna Rail & Infrastructure (P) Ltd.	Nil	1. Adhunik Metaliks Ltd. 2. Adhunik Power & Natural Resources Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company as on 31st March, 2011	Chairman : Management and Finance Committee	Chairman : 1. Remuneration Committee Member : 1. Audit Committee 2. Shareholder/ Investors' Grievance Committee	Chairman : 1. Audit Committee Member : 1. Remuneration Committee
Chairman/Member of the Committee of Directors of other Public Companies of which he is a Director as on 31st March, 2011			
a) Audit Committee	NIL	NIL	Member : Audit Committee of Adhunik Metaliks Ltd.
b) Shareholders/Investors Grievance Committee	NIL	NIL	NIL
c) Remuneration Committee	NIL	NIL	NIL
Shareholding	4,51,000	NIL	NIL

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



Ramkrishna Forgings Limited

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

ATTENDANCE SLIP

NAME OF THE MEMBER _____

MEMBER FOLIO NUMBER/CLIENT ID NO. _____

NUMBER OF SHARES HELD _____

NAME OF PROXY (IN BLOCK LETTER) _____

(To be filled in if the Proxy attends instead of the Member)

I hereby record my presence at the 29th Annual General Meeting of the Company to be held at Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata - 700 017 on Thursday, the 30th day of June, 2011 at 11.45 A.M.

To be signed at the time of Handing over this Slip.

As no extra copy of this attendance slip will be available, Members are requested to bring it with them positively.

This attendance slip filled in accordance with the specimen signature registered with the Company to be handed over before the meeting.

----- Tear here -----



Ramkrishna Forgings Limited

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

Reg. Folio No./Client ID No	
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No. of Shares held	
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PROXY FORM

I/We _____ of _____

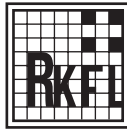
Company hereby appoint _____ being a member/members of the above named and on my/our behalf at the 29th Annual General Meeting of the Company to be held at Bharatiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata - 700 017 on Thursday, the 30th day of June, 2011 at 11.45 A.M.

Signed this _____ day of _____ 2011

(Signature of the shareholder) _____

Affix Revenue Stamp of Re. 1/-

Note : The proxy must reach the Registered Office of the Company not less than forty-eight hours before the time for holding for the aforesaid meeting.



Ramkrishna Forgings Limited

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

Dear Members,

Sub : Green Initiative in Corporate Governance

As you are aware that the Ministry of Corporate Affairs (MCA) vide their Circulars No.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a "Green Initiative" by allowing paperless compliances by Companies to serve the requisite documents to its Members through electronic mode in compliance with Section 53 of the Companies Act, 1956.

Accordingly, we are updating the database of our shareholders holding shares in physical mode by incorporating their designated e-mail address in our records. You are requested to kindly register your e-mail address by filling up and signing at proper place in the **E-mail Address Update Form** given below and forward the same to our Registrar and Transfer Agents, M/s Karvy Computershare (P) Ltd., Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, Andhra Pradesh, India. The e-mail address shall be updated after verification of your signature.

Please note that in respect of those shareholders who are holding shares in electronic form and who have not yet registered their e-mail addresses or who wish to change their existing e-mail addresses are requested to submit their e-mail addresses with their Depository Participants.

----- Cut from here -----

E-MAIL ADDRESS UPDATE FORM

M/s Karvy Computershare (P) Ltd.

Unit : Ramkrishna Forgings Ltd.

Plot No. 17-24, Vittal Rao Nagar

Madhapur, Hyderabad - 500 081

Andhra Pradesh, India

In view of the circulars no. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 issued by The Ministry of Corporate Affairs, I/We _____ son/daughter/wife _____ of Sri _____ holding _____ Equity Shares of Ramkrishna Forgings Ltd. under my/our Registered Folio No(s). _____ do hereby accord my/our consent to receive all future communication/documents from the Company at my/our e-mail address given below :

E-mail address : _____

Signature of the Shareholder(s)