



**RISING HIGHER  
REACHING FURTHER**



**Ramkrishna Forgings Limited**

ANNUAL REPORT 2013-14





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### 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 are 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, expect, projects, intends, plans, believes, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised although we believe that we have been prudent in our 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.

# Corporate Information

## DIRECTORS

Mr. Mahabir Prasad Jalan  
Mr. Naresh Jalan  
Mr. Pawan Kumar Kedia  
Mr. Padam Kumar Khaitan  
Mr. Satish Kumar Mehta  
Mr. Ram Tawakya Singh  
Mr. Yudhisthir Lal Madan  
Mr. Subhasis Majumdar  
Mr. Surendra Mohan Lakhotia  
Mr. Ravi Lekhrajani

*Chairman*  
*Managing Director*  
*Finance Director*  
*Non-Executive Director*  
*Non-Executive Director*  
*Non-Executive Director*  
*Non-Executive Director*  
*Nominee Director* (Resigned w.e.f. 25.04.2013)  
*Non-Executive Director* (Expired)  
*Nominee Director* (Appointed on 03.04.2013)

## CHIEF FINANCIAL OFFICER (CFO)

Mr. Alok Kumar Sharda

## COMPANY SECRETARY

Mr. Rajesh Mundhra

## CIN

L74210WB1981PLC034281

## REGISTERED AND CORPORATE OFFICE

Ramkrishna Chambers,  
72, Shakespeare Sarani, Kolkata-700 017  
Phone : +91-33-3984 0900/0999  
Fax : +91-33-39840998  
Email : info@ramkrishnaforgings.com

## WORKS

- (i) Plot No. M-6, Phase-VI, Gamaria, Jamshedpur-832 108
- (ii) 7/40, Duffer Street, Liluah, Howrah-711 204
- (iii) Plot No. M-15, 16 & NS-26, Phase VII,  
Adityapur Industrial Area, Jamshedpur-832 109
- (iv) Baliguma, Kolabira, Saraikela, Kharsawan-833 220  
Jamshedpur-832 109

## STATUTORY AUDITORS

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

## INTERNAL AUDITORS

M/s. Deloitte Haskins & Sells  
Bengal Intelligent Park  
Building Alpha, 1st Floor, Block-EP & GP, Sector-V  
Salt Lake Electronics Complex  
Kolkata-700 091

## PRINCIPAL LENDERS

State Bank of India  
IDBI Bank Limited  
Export Import Bank of India  
DBS Bank Limited  
DCB Bank Limited  
ICICI Bank Limited  
Standard Chartered Bank  
International Finance Corporation  
Landesbank Baden, Wurttemberg  
The HongKong and Shanghai Banking Corporation

## REGISTRAR & 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 members*

Your Directors are pleased to present the 32nd Annual Report of your Company along with the Audited Accounts for the financial year ended 31st March, 2014.

### FINANCIAL HIGHLIGHTS 2013-2014

(₹ in Lacs)

| Particulars  | Year ended<br>31st March, 2014 | Year ended<br>31st March, 2013 |
|--|--------------------------------|--------------------------------|
| Sales and Operating Income ( Net)                    | 42,952.78                      | 40,389.70                      |
| Other Income   | 238.69                         | 132.97                         |
| Profit before Interest, Depreciation & Tax           | 5,996.47                       | 6290.69                        |
| Finance Cost   | 2,226.38                       | 2,168.28                       |
| Depreciation   | 2,491.79                       | 2,262.21                       |
| <b>Profit Before Tax</b>                             | <b>1,278.29</b>                | <b>1,860.40</b>                |
| Provision for taxation:                              |                                |                                |
| - Current Tax  | 526.00                         | 368.00                         |
| - MAT  | 0.00                           | (261.00)                       |
| - Deferred Tax                                       | (93.08)                        | 654.40                         |
| - Income Tax of earlier years                        | 0.12                           | (3.88)                         |
| <b>Profit After Tax</b>                              | <b>845.25</b>                  | <b>1,102.88</b>                |
| Add: Surplus Brought Forward                         | 9,195.60                       | 8486.50                        |
| Surplus available                                    | 10,040.85                      | 9589.38                        |
| Appropriations :                                     |                                |                                |
| <b>Dividend and Tax on Dividend paid for 2013-14</b> |                                |                                |
| - Dividend   | 260.99                         | 251.09                         |
| - Tax on Distributed Profits                         | 44.36                          | 42.69                          |
| - Transfer to General Reserve                        | 50.00                          | 100.00                         |
| <b>Balance carried to Balance Sheet</b>              | <b>9685.50</b>                 | <b>9195.60</b>                 |

### FINANCIAL AND PERFORMANCE REVIEW

- Net Sales increased by 6.35 percent from ₹ 40389.70 Lacs in 2012-13 to ₹ 42952.78 Lacs in 2013-14.
- EBIDTA decreased by 4.68 percent from ₹ 6290.90 Lacs in 2012-13 to ₹ 5996.47 Lacs in 2013-14.
- PAT decreased by 23.36 percent from ₹ 1102.88 Lacs in 2012-13 to ₹ 845.25 Lacs in 2013-14

With the onset of the slowing industrial growth and weakening investment sentiment across sectors, the strong growth phase of the domestic Commercial Vehicle (CV) industry came to standing halt in 2013-14.

Medium & Heavy Commercial Vehicles (M&HCV) segment bore the brunt of slowing industrial activity with weak investment sentiment and the impact of significant fleet capacity addition over the past three years, especially in the heavy-duty categories of the trucking market.

The cumulative production of CV fell from 832649 vehicles in 2012-13 to 698864 vehicles in 2013-14 registering a fall of around 16.07%.

However, the production of M&HCVs segment registered a de-growth at 21.04 percent during the year 2013-14 and Light Commercial Vehicles registered a de-growth of 13.54 percent

The overall domestic sales of the CV segment registered a de-growth from 793211 vehicles in 2012-13 to 632738 vehicles in 2013-14 registering a de-growth of 20.23 percent. The M&HCVs segment registered a sharp downfall of 25.33 percent during the year 2013-14 and light commercial vehicles registered a de-growth of 17.62 percent.

In spite of the sluggish scenario of the CV segment your Company has been able to register and increase the net sales.

## TRANSFER TO RESERVES

Your Company proposes to transfer ₹ 50.00 lacs to General Reserve out of the amount available for appropriation and an amount of ₹ 9,685.50 lacs is proposed to be carried over to balance sheet.

## DIVIDEND

In view of the better performance of your Company, your Directors are pleased to recommend a dividend of ₹ 1 per share for the year 2013-14. The total payout on dividend (including dividend tax), if approved by the members, at the Annual General Meeting will be ₹ 305.35 lacs during the year under review.

## SHARE CAPITAL

During the year the Company has at its Board Meeting held on 3rd April, 2013 issued and allotted 37,24,500 Equity shares to Wayzata II Indian Ocean Ltd at a price of ₹ 132.75 per share on a preferential basis.

Further, out of the warrants issued on 19.01.2013 to M/s. Eastern Credit Capital Pvt Ltd, Promoter group, at a price of ₹ 130 the Company during the year has issued and allotted 1279000 equity shares by conversion of warrants to M/s. Eastern Credit Capital Pvt Ltd, Promoter group, at a price of ₹ 130 per share on a preferential basis.

On account of this the Issued, Subscribed and Paid up Share capital has been increased to ₹ 2,609.94 Lacs.

## PROJECT

The Company had embarked upon a Press Line Project (Project) to manufacture front axle beams, crankshafts, stub axles, knuckles and connecting rods. All the presses are expected to become operational during the financial year 2014-2015. The Installed capacity of the Company will significantly increase on account of this Project and the Company will be able to upgrade its product range from components to assemblies. This Project will also help the Company to increase its presence in the global market and help it reduce its dependence on the domestic commercial vehicle sector in India.

## OPERATIONAL HIGHLIGHTS

### Forgings and Machining facility

The Company derives the major share of its revenues from the commercial vehicle segment. Your Company produced 23,466 tons (incl. job work) during the year under review as compared to 25572 tons last year registering a decrease of about 8.23 percent. The Company has been able to utilise around 62.25 percent of the production capacity for the year as compared to around 67.80 percent capacity utilisation last year.

The Company has the state-of-art of CNC Machining and Gear Cutting Facilities in which it has achieved accuracies of class 8 & 9 in hobbing stage class 7 in shaving stage and class 8 & 9 in hard stage as per DIN 3962 in gear manufacturing. The Company has made 72 new product development in the CNC machining, 19 new development in gear cutting, 30 new items in the VMC machining which has helped to enhance the product basket with existing clients and add new clients.

### Ring Rolling Line

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

The Company has produced 17794 tons during the year as compared to 15356 tons last year thus registering an increase of about 15.87 percent. In spite of the weakness in the commercial vehicle segment it has achieved a capacity utilisation of around 74 percent during the year as compared to around 64 percent last year on account of good export demand.

The Company has developed 46 new products and has been able to enhance its export portfolio by adding new clients and enhancing its product range which will help to augment the export market of the Company and will also help to propel the growth in future.

## CREDIT RATING

Your Company's rating is BBB+ from ICRA and CRISIL as its Long term rating for its fund based facilities and A2 for its Commercial Paper/Short Term Debt 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 whole time 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. 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, 2014 are given as under :

| Description   | ESOS 2009   |
|---|---|
| Total number of options granted   | 468159 options  |
| Pricing formula/exercise price  | ₹ 20  |
| Total Number of options vested  | 369235  |
| Number of options exercised during the year   | 201109  |
| Total no. of shares arising as a result of exercise of option   | Nil   |
| Total number of options Lapsed/Forfeited  | 98924   |
| Variation in terms of option  | NA  |
| Money realised by exercise of option  | ₹ 40,22,180   |
| Total no. of options in force   | NIL   |
| 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   |   |
| 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 | Intrinsic Value : ₹ 8.44 Lacs<br>Fair Value : ₹ 8.78 Lacs<br>Difference : ₹ 0.34 Lacs |
| Impact of this difference on profits of the Company   | The Profits would decrease by ₹ 0.34 Lacs   |
| Impact of this difference on EPS of the Company   | There would be no change in the basic and diluted EPS                                 |
| 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   |

The Company has received a certificate from the Statutory Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed at the Annual General Meeting held on 22nd August, 2009. The Certificate will be placed at the Annual General Meeting for inspection by members.

**SUBSIDIARY AND CONSOLIDATED FINANCIAL RESULTS**

The Company has a wholly owned Subsidiary Company, viz., Globe Forex and Travels Limited.

The Ministry of Corporate Affairs, Government of India, has granted a general exemption to companies, by general circular

no. 2/2011 dated 8th February, 2011 under section 212(8) of the Companies Act, 1956 from attaching individual accounts of subsidiaries with their annual accounts, subject to fulfilment of certain conditions. Accordingly the Board of Directors of the Company has by resolution given consent for not attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies in the Annual Report of the Company for the financial year ended 31st March, 2014.

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

The annual accounts of the subsidiary and other related detailed information will be kept at the registered office of the Company and also at the registered office of the subsidiary company and will be available to the investors seeking information at any time.

### **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 and has the requisite approvals from the concerned authorities.

### **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 Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

The Annual Listing Fees for the year 2014-15 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 Members are requested to consider their appointment as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the Thirty Fifth (35th) Annual General Meeting of the Company on such remunerations as approved by the members.

The Company has received a certificate from the proposed Auditors to the effect that their appointment, if made, would be in accordance with all the conditions prescribed under the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

With regard to the matter of emphasis in the Auditor's Report the Note no. 29 of the standalone accounts of the Company are self-explanatory and therefore does not call for any further comments.

### **COST AUDITORS**

Pursuant to the directives of the Central Government under the provisions of section 233B of the Companies Act, 1956, M/s. U. Sharma & Associates has been appointed to conduct the cost audit.



## DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and as per the Articles of Association of the Company Mr. Pawan Kumar Kedia, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

As per provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. Padam Kumar Khaitan (DIN: 00019700), Mr. Ram Tawakya Singh (DIN: 00276330) and Mr. Yudhisthir Lal Madan (DIN: 05123237), all existing Independent directors of the company, have been appointed as Independent Directors of the Company and shall hold office from the date of this Annual General Meeting till 31st March, 2019. They shall not, henceforth, be liable to determination by retirement of directors by rotation.

Mr. Surendra Mohan Lakhota ceased to be a director of the Company on account of his death.

Your Directors places on record their appreciation for the valuable contributions of Mr. Surendra Mohan Lakhota towards the progress of 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.

## COMMITTEES OF DIRECTORS

The Board of Directors have aligned the existing Committees of the Board with the provisions of Companies Act, 2013 (Act). Accordingly, the Company has renamed its existing Remuneration and Compensation Committee as Nomination and Remuneration Committee and have delegated to it powers as required under section 178 of the Act. The existing Shareholders and Investor Grievance Committee has been renamed as "Stakeholders Relationship Committee".

The scope of Audit Committee has also been widened so as to bring it in accordance with the requirement of the Section 177 of the Companies Act, 2013.

The Company has also constituted a Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013.

## 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 with the Corporate Governance report.

The Company has established a vigil mechanism as required under Section 177 of the Companies Act, 2013 and has framed the "Whistle Blower Policy" for implementation thereof. The said policy has been uploaded on the website of the Company.

## 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 2014, 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 2013-2014 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 2013-2014 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 as amended forms part of this Report as "Annexure B".

#### **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Section 205C of the Companies Act, 1956, unpaid application amount, dividends which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

#### **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 various camps and will ensure that more steps are taken in this regard.

The Company has constituted a Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013.

#### **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 : 19th May, 2014

**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) The heat treatment parameters of the Iso-Annealing Furnaces has been changed which has resulted in reduction of the power consumption.
- (2) Installation of Flameless Electrically Heated Furnace.
- (3) Modification in the Vertical Machining Centre to conserve electricity.
- (4) Modification in the Bofco 4 Ton furnace to conserve electricity.
- (5) In Iso- Annealing furnace heaters switching off all the temperature zones are aligned with different grades of materials.

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

The Company has converted 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 improving raw material yield and reduce the cost incurred towards fuel costs. The measures taken 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                               | 2013-14      | 2012-13      |
|---|--------------|--------------|
| <b>1. Electricity</b>                     |              |              |
| A) Purchased                              |              |              |
| Units (KWH )                              | 4,68,34,438  | 4,05,33,660  |
| Total Amount (₹)                          | 23,00,90,781 | 19,72,36,057 |
| Rate / Unit (₹)                           | 4.91         | 4.87         |
| B) Own Generation                         |              |              |
| Units (KWH)                               | 2,07,780     | 5,46,169     |
| Ltrs consumed                             | 89,241       | 1,87,031     |
| Cost/Unit ( ₹)                            | 26.12        | 14.98        |
| C) Total (A+B)                            |              |              |
| Units (KWH)                               | 4,70,42,218  | 4,10,79,829  |
| Total Amount (₹)                          | 23,55,17,526 | 20,54,20,112 |
| Rate/Unit (₹)                             | 5.01         | 5.00         |
| <b>2. Coal (Hard Coke Used in Smithy)</b> |              |              |
| Quantity (in Kgs)                         | 21,916       | 16,663       |
| Total Cost (₹)                            | 5,93,957     | 2,27,118     |
| Avg Cost (₹)                              | 27.10        | 13.63        |

|   |             |              |
|---|-------------|--------------|
| <b>3. Furnace Oil</b>                     |             |              |
| Quantity (in Ltrs)                        | 20,81,306   | 33,86,229    |
| Total Cost (₹)                            | 8,64,23,854 | 13,36,30,444 |
| Avg. Rate per Ltr (₹)                     | 41.52       | 39.46        |
| <b>4. Others</b>                          |             |              |
| <b>i) Propane Gas</b>                     |             |              |
| Quantity (in Kgs)                         | 14,57,286   | 14,66,879    |
| Total Cost (₹)                            | 9,48,70,815 | 9,13,58,531  |
| Avg. Rate per kgs (₹)                     | 65.10       | 62.28        |
| <b>ii) Diesel</b>                         |             |              |
| Quantity (in Ltrs)                        | 1,02,094    | 1,15,683     |
| Total Cost (₹)                            | 62,08,315   | 51,89,033    |
| Avg. Rate per Ltr (₹)                     | 60.81       | 44.86        |
| <b>Consumption per unit of Production</b> |             |              |
| <b>Product: Steel forging in Tons</b>     |             |              |
| Electricity (KWH)                         | 1140.14     | 1003.71      |
| Coal (Hard Coke Used in Smithy) (Kgs)     | 0.53        | 0.41         |
| Furnace Oil (Ltrs)                        | 50.44       | 82.74        |
| Propane Gas (Kgs)                         | 35.32       | 35.84        |
| Diesel (Ltrs)                             | 2.47        | 2.83         |

## 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

**C. FOREIGN EXCHANGE EARNING AND OUTGO****Activities relating to exports :**

The Company has derived ₹ 10,274.72 Lakhs from exports which forms 22.91% of the total turnover.

**Initiatives taken to increase exports :**

The Company has identified development of new export market as a thrust area and has entered into a long term contract with one of the export customer. It has also qualified in field audits of two OEM based in Europe which will help it to increase its export business. Vigorous efforts are also being made to develop new customers and to expand the product portfolio with the existing customer. The Company has also opened overseas office to develop new market.

**The Particulars of the Total foreign exchange used and earned are given below :**

|   | (₹ in Lacs) |           |
|---|-------------|-----------|
| Particulars                             | 2013-14     | 2012-2013 |
| <b>Earned:</b>                          |             |           |
| Exports (FOB)                           | 9924.74     | 5197.61   |
| Die Design & Preparation Charges        | 1411.41     | 25.06     |
| <b>Spent :</b>                          |             |           |
| Capital Equipment's                     | 17268.99    | 183.02    |
| Components & Spare Parts                | 131.09      | 104.67    |
| Travelling                              | 18.58       | 114.02    |
| Foreign Bank Charges                    | 2.80        | 1.01      |
| Claim against Export Sales              | 3.85        | 29.38     |
| Professional & Consultancy Charges      | 11.78       | -         |
| Interest paid on FC loan                | 278.11      | 0.00      |
| Interest paid on Buyers Credit          | 10.98       | 4.54      |
| Technical Service & Supervision Charges | 2.53        | 7.91      |
| Commission Paid                         | 16.40       | 3.38      |
| Loan Processing Charges (IFC)           | 0.00        | 108.68    |
| Salary                                  | 131.54      | 87.73     |
| Storage Charges                         | 1.68        | 0.00      |
| Legal Fees                              | 7.84        | 0.00      |
| Commitment Fees                         | 83.69       | 0.00      |
| Postage / Telegram / Telephone          | 2.80        | 0.00      |
| Printing & Stationery                   | 0.88        | 0.00      |
| Customs Duty                            | 1.30        | 0.00      |
| Office Equipments                       | 0.00        | 7.17      |
| Management Fees/Waiver Fees             | 94.8        | 9.49      |
| Dividend                                | 59.38       | 0.00      |

## Annexure - B to the Directors' Report

| Sl No. | Name  | Age (years) | Designation/ Nature of Duties    | Gross Remuneration (₹ in lacs) | Qualification  | Total Experience (years) | Date of commencement of employment | Previous Employment                      |
|--------|---|-------------|----------------------------------|--------------------------------|--|--------------------------|------------------------------------|--|
| A.     | Employed part/throughout the year and in receipt of remuneration aggregating ₹ 5,00,000/₹ 60,00,000 or more : |             |                                  |                                |  |                          |                                    |  |
| 1      | Mr. Mahabir Prasad Jalan  | 65 years    | Chairman cum Whole Time Director | 186.56                         | B. Tech  | 49 years                 | 12.11.1981                         | NA                                       |
| 2      | Mr. Naresh Jalan  | 40 years    | Managing Director                | 149.65                         | MBA (Marketing & Finance)  | 18 years                 | 05.11.2001                         | NA                                       |
| 3      | Mr. Kasi Nath   | 64 years    | Executive Vice President         | 131.54                         | MBA, Master of Technology (M.Engg), Bachelor of Engineering (Hons), Dip in Business Administration | 28 years                 | 01.07.2012                         | Director Global Purchasing, Meritor Inc. |

### Notes:

- Gross Remuneration includes Basic Pay, Allowances, Monetary value of Perquisites, Retirement benefits and Healthcare Insurance, if any.
- Mr. Mahabir Prasad Jalan, Chairman cum Wholetime Director and Mr. Naresh Jalan, Managing Director, are related to each other.
- The nature and terms of the employment are as per resolution or the appointment letter.
- Mr. Mahabir Prasad Jalan holds 451000 equity shares and Mr. Naresh Jalan holds 285750 equity shares as on 31st March, 2014 representing 1.73% and 1.09% of the paid up share capital respectively.

On behalf of the Board

Place : Kolkata  
Dated : 19th May, 2014

**Mahabir Prasad Jalan**  
Chairman

### STATEMENT PURSUANT TO EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT 1956 IN RELATION TO INFORMATION OF THE SUBSIDIARY COMPANY

(₹ in Lacs)

| Name of the Subsidiary          | Financial year of the Subsidiary ended on | Extent of the Holding Company's Interest (%) | Capital | Reserves | Total Assets | Total Liabilities | Turnover | Profit/ (Loss) before Taxation | Provision for Taxation | Minority Interest | Profit / (loss) after taxation | Dividend | Additional Informations under section 212(5) |
|---------------------------------|---|--|---------|----------|--------------|-------------------|----------|--------------------------------|------------------------|-------------------|--------------------------------|----------|--|
| Globe Forex and Travels Limited | 31.03.2014                                | 100.00%                                      | 88.14   | (77.42)  | 3132.49      | 3132.49           | 781.56   | 15.67                          | 15.22                  | -                 | 0.45                           | NIL      | N.A.   |

**Note :** As the Financial Year of the Subsidiary Company coincide with the Financial Year of the Holding Company, Section 212(5) of the Companies Act, 1956, is not applicable.





## Management Discussion and Analysis Report

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Forging Industry has always been a major growth driver of the Indian manufacturing sector and is one of the important industries for the success of automobile, power sector and general engineering in the country. The products range include rough forgings and/or machined parts like Crankshafts, Connecting Rods, Camshafts, Shifted Fork, Steering Components, Crown Propeller Shafts, Gear Box Components, Crown Wheel and Pinions, Front Axle Beams, Rear Axle Shafts, Earth Moving Link, Railway Tyres, Flanges/Pipe Fittings,

Industrial Valves etc.

The forging industry, which is a major supplier to the auto companies and a critical industry that generates employment, has been continuously plagued with incessantly rising industrial fuel and steel prices resulting in rising input costs and shrinking margins.

Based on the installed production capacity and annual sales turnover of these forging units, they were classified into five categories namely very large, large, medium, small and very small units.

| Scale of operation | Installed capacity range<br>(In '000 MT) | Forging units<br>(in Nos.) | Forging units<br>(in percentage) |
|--------------------|--|----------------------------|----------------------------------|
| Very Large         | above 75                                 | 8                          | 2%                               |
| Large              | 30 to 75                                 | 15                         | 3%                               |
| Medium             | 12.5 to 30                               | 32                         | 8%                               |
| Small              | 5 to 12.5                                | 99                         | 24%                              |
| Very Small         | upto 5                                   | 265                        | 63%                              |

Quality standards in the industry are in compliance with the applicable quality standards. The impact and changes in the Indian automobile industry is directly proportional to the Indian forging industry, so forging industry is often referred to as the backbone of the automobile industry. While the automotive industry is the main customer for forgings, the industry's continuous efforts in upgrading technologies and diversifying product range have enabled it to expand its base of customers to foreign markets.

Global OEMs and Tier-1 firms have started appreciating the advantages of India's open market economy, transparent and liberal policies, its engineering and manufacturing skills as well as its ability to handle global business. 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. Keeping this in view, the market potential continues to grow for the auto component sector. Within the auto sector, commercial vehicles remain the mainstay for the forging industry. And going further, newer generation cars will require better quality forgings.

The country's ₹ 25,000 crore forging industry is under stress due to slowdown in the automotive sector and increasing input costs. In addition, the sector is dependent on the automotive business which contributes to about 70 percent of total business. The forging industry has installed capacity of around 3.75

million tonnes a year and achieved capacity utilization of around 2.8 million tonnes. In fact, this could have gone up but for the overall slowdown. The industry players are caught between its suppliers, who are increasing costs and original equipment suppliers (including automotive sector players), who want to keep tight control on costs citing slowdown.

The demand for multi-axle tractor trailers is picking up and transporter enquiries are also improving. With the Supreme Court lifting the ban on mining in Karnataka and Goa, the tempo can only build up since the mining ban was a huge drag on commercial vehicle sales. The commercial vehicle industry has always been linked to the country's industrial activities and the overall GDP. Forging industry is a basic industry and such industries tend to grow in a country in relation to the rate of growth of its GDP. As far as India is concerned, we expect our GDP to continue to grow and therefore, the basic industries will grow and so will the industry.

The Indian auto manufacturing industry is the sixth-largest in the world but in terms of its market size, the

Global OEMs and Tier-1 firms have started appreciating the advantages of India's open market economy, transparent and liberal policies, its engineering and manufacturing skills as well as its ability to handle global business.

commercial vehicles segment accounts for just 4-7 percent of the total number of automobiles produced in India. This represents significant headroom for commercial vehicle manufacturers to grow as the Indian economy expands. It is observed that infrastructure boom and emergence of hub and spoke model, among other factors will give a new dimension to the medium and heavy goods carrier commercial vehicles' sector in India.

Low penetration and distribution reach will act as a huge trigger for the commercial vehicle industry. India's bus and truck penetration vs. GDP per capita is far lower than the developed and emerging markets and thus there exists a huge headroom for growth with the pick-up in economic activities. With economic revival, increasing public & private spending on infrastructure and higher penetration of financing facilities, it is expected that the growth trend in each segment of commercial vehicles should continue in the coming years.

#### Performance Scenario

The year 2013-2014 was not a very good year for the Industry as there was a poor demand for the vehicles and

also there was a decrease in production trends during the year as compared to the last year.

With the onset of the slowing industrial growth and weakening investment sentiment across sectors, the strong growth phase of the domestic commercial vehicle industry came to standing halt since the second half of 2011-12.

M&HCV segment bore the brunt of slowing industrial activity with weak investment sentiment and the impact of significant fleet capacity addition over the past three years, especially in the heavy-duty categories of the trucking market.

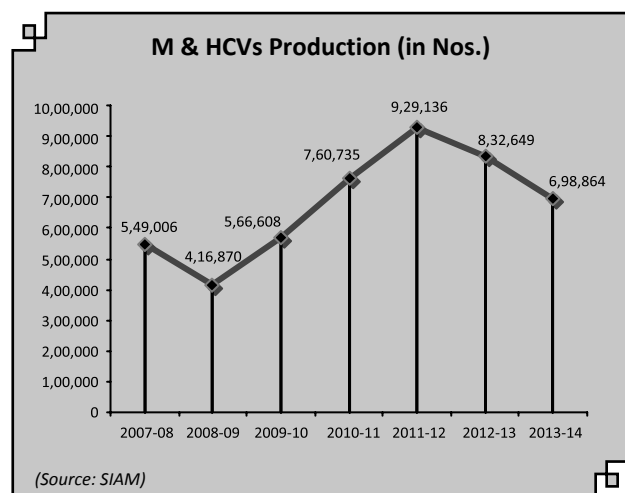
The cumulative automobile production data from April 2013-March 2014 showed a growth of only 4.04 percent over April 2012-March 2013.

In 2013-2014, production of passenger vehicles segment fell by 4.90 percent. The commercial vehicles and three wheelers segment saw a decline of 16.07 percent and 1.15 percent respectively. However, the production of the two wheelers segment registered a growth of 7.21 percent this year.

#### (Number of Vehicles)

Automobile Production Trends

| Category            | 2007-08  | 2008-09  | 2009-10  | 2010-11  | 2011-12  | 2012-13  | 2013-14  |
|---------------------|----------|----------|----------|----------|----------|----------|----------|
| Commercial Vehicles | 5,49,006 | 4,16,870 | 5,66,608 | 7,60,735 | 9,29,136 | 8,32,649 | 6,98,864 |

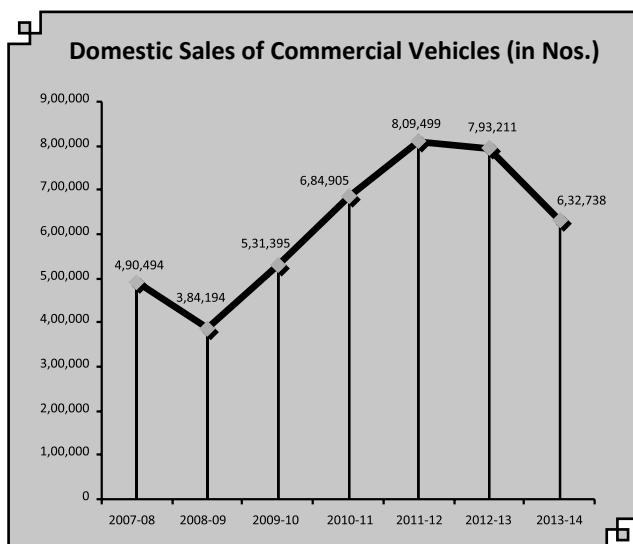


#### Domestic Sales

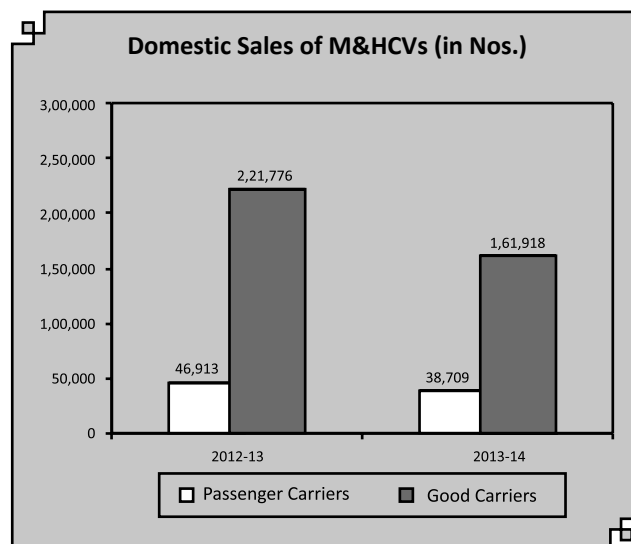
Passenger Vehicles segment registered a decline of 6.05 percent during 2013-2014 as compared to the last year. Passenger Cars segment declined by 4.65 percent during 2013-2014. In 2013-2014 sales of utility vehicles and vans declined by 5.01 percent and 19.58 percent respectively.

The overall domestic sales of the commercial vehicles segment registered a decrease from 7,93,211 vehicles to 6,32,738 vehicles registering a decline of 20.23 percent during 2013-2014 as compared to the same period last year. The medium & heavy commercial Vehicles (M&HCVs) segment registered a sharp downfall of 25.33 percent during the year 2013-2014 and light commercial vehicles registered a decline of 17.62 percent.

The sale of three wheelers sales fell by 10.90 percent in 2013-2014 but two wheelers sales managed to register a growth of 7.31 percent during 2013-2014.



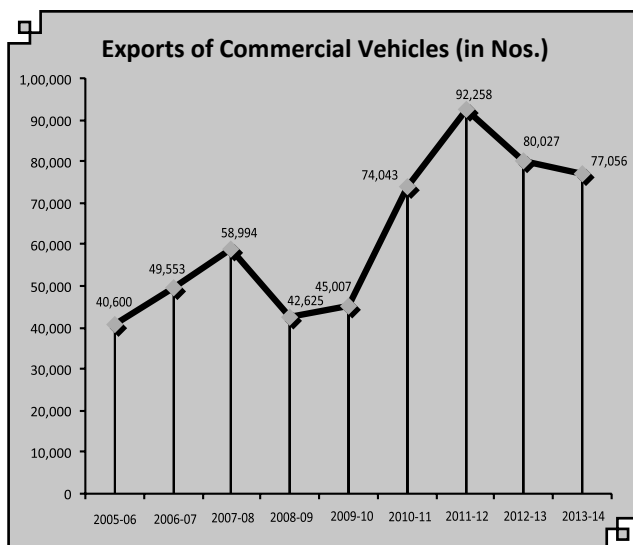
(Source: SIAM)



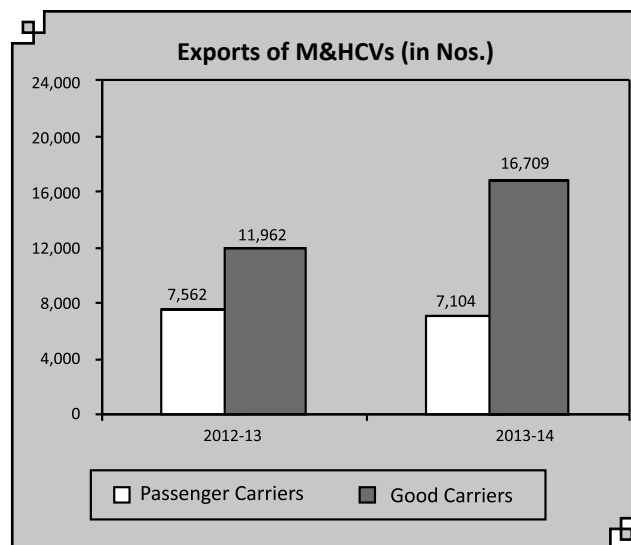
## Exports

During the year 2013-2014 overall automobile exports showed a decline of 7.21 percent.

During this period exports of passenger vehicle fell by 6.09, commercial vehicles, three wheelers and two wheelers segment declined by 3.71 percent, 16.60 percent and 6.52 percent respectively.



(Source: SIAM)



## 2. OPPORTUNITIES AND THREATS

### A) Opportunities

In the commercial vehicle segment, local players such as Tata Motors, Mahindra & Mahindra, Asia Motors Works (AMW) and Ashok Leyland have dominated the marketplace with local commercial vehicle manufacturers still accounting for more than 95 percent of the market share. Lack of market-specific products from global players has limited their ability to find acceptance among the core customer segments such as Indian truckers, bus/fleet oper-

ators and transporters. This is expected to change as more global companies such as Daimler (Bharat-Benz), MAN trucks, Volvo, Navistar International, and Eicher Trucks enter India through strategic partnerships and joint ventures. The truck business has seen a lot of joint ventures between International players and local players. Navistar International's pact with Mahindra & Mahindra has led to Mahindra Navistar brand of trucks. Ashok Leyland, which was originally a joint venture between Hinduja group's Ashok Motors and Leyland Motors, has partnered

with the Japanese Nissan Motors for making light commercial vehicles. Famous German truck-makers MAN AG's joint venture with Force Motors has led to MAN Force trucks. As more International players set up shop in India, the manufacturing activity in commercial vehicles is expected to get a strong fillip.

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, having a strong multiplier effect. It has been able to restructure itself, absorb newer technology, align itself to the global developments and realize its potential.

As per AIFI the Indian auto component industry is to reach \$30-40 billion by 2015. The growth is expected to be encouraged by exports which could be worth \$20-25 billion by 2015. Going by these estimates a conservative estimate (15-20 percent) of the production of forgings by 2015 would be to the tune of \$6 billion.

The reasons attributable for the growth are :

1. The Fleet owners has increased their focus on capacity utilisation to reduce operating costs and diversify customer base. They are opting for higher tonnage multi axle trucks and rely on usage of telematics and will focus on the total cost of ownership.
2. The rapid urbanization, improving road infrastructure and regulatory policies will influence commercial vehicle buyers and OEMs. By 2050, at least five states are expected to be predominantly urban and 12 cities in India with population of more than 2 million are expected to get metro rail.
3. Global OEMs redefining brand position and domestic OEMs building their R&D competence and optimizing costs through outsourcing and modularization.
4. The OEM and the suppliers improving local capacity and investing in R&D while improving operational efficiency and developing after-market propositions.
5. OEMs tackle manpower, economic and supply chain risks through skill development, production localization and collaboration with suppliers.
6. Commercial vehicle OEMs and foreign fleets induce distribution and aftermarket participants to offer value added services.

Currently, the auto components industry in India is around two-thirds the size of the OEM segment. This proportion is around one to two times in mature markets of Europe, America and Japan. This

Given the healthy growth prospects of the Indian automobile industry over the medium term, the size of the auto components industry is likely to grow at a rate faster than the OEM segment

indicates (a) higher proportion of imports of auto components in India by OEMs and (b) lower replacement market sales. Given the healthy growth prospects of the Indian automobile industry over the medium term, the size of the auto components industry is likely to grow at a rate faster than the OEM segment, driven by OEMs thrust on localization and steadily growing replacement market demand.

The US Heavy Commercial Vehicle (HCV) market (>3,500kg) began its recovery in 2010 with an almost 9% rise from the 26 year low of 2,22,500 units recorded in 2009. Despite a loss of momentum in 2012, growth has continued, with Class 8 trucks leading the recovery. However, a resurgence of the Class 4-7 sector is expected in the coming years, with a cyclical peak in the combined HCV sector anticipated in 2015. Combined annual LCV and HCV sales, according to the forecast, will reach a cyclical peak of almost 17 million units in 2016.

New commercial vehicle sales in Europe grew modestly last year and was the third lowest in the series, as per the European Automobile Manufacturers Association (ACEA). Commercial vehicle registrations rose 1 percent to 17,11,843 units in 2013 from 16,95,294 units in 2012. Despite the increase, this was the third lowest level since the start of the series in 1997 in absolute figures.

IMF estimates suggest that Europe will register a positive economic growth in 2014, after many years of an economic deceleration. This is expected to transcend into robust growth in the commercial vehicle market going forward. The first quarter of the year (2014), the EU market expanded by 9.8 percent, totaling 4,43,038 units signaling a strong economic and industrial revival.

Further the implementation of Euro VI standards for medium and heavy-duty commercial vehicles in 2013 is expected to create significant replacement of old vehicles for the technology efficient variants further adding to the commercial vehicle demand going ahead.

## B) Threats & Challenges

The continuing slowdown in the industrial sector along with weak private consumption and rising diesel prices are likely to increase the stress in the com-

mercial vehicle segment. Delays in industrial recovery and subdued private consumption expenditure will continue to put pressure on the freight demand of medium, heavy and light commercial vehicles.

The major threats and challenges are:

- Rising cost of diesel and the shrinkage of the margins of the fleet operators.
- Low utilization levels of trucks, higher operating costs and stagnant freight rates have pushed up delinquencies.
- Rising fuel costs and interest rates, subdued industrial activity and tougher emission norms.
- Availability of power at affordable costs to make the industry profitable and efficient.
- Increased cheap imports from China.
- Availability of finance at reasonable interest costs.
- Volatile foreign exchange rates.
- Availability of trained man power at shop floor and managerial level.
- Customer expectations for increasingly higher levels of quality at a lower price.
- Inadequate overseas marketing support facilities.
- Poor support from authorities and unfavorable Policies.
- Lack of R & D facilities.

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

The authorities should facilitate creation of shared infrastructure and capacity development for R&D and testing labs, to make investments in development of power generation infrastructure and distribution mechanisms, to help companies reach out to international buyers, share relevant industry information via Indian consulates in respective countries, creating opportunities for participation in trade shows at a discounted price, participation in buyer seller meets/events and gathering of market intelligence, to take necessary steps to ensure that steel prices should be in tandem with international prices and to facilitate adequate finance at reasonable cost.

### 3. OUTLOOK

Global automotive giants are looking at India as a compe-

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, having a strong multiplier effect

tent supply base and are shopping for their components here and Indian companies have even been acquiring companies abroad. 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.

While the long term fundamentals of the Indian economy remain robust, the sluggish global environment has impacted sentiments in the domestic market in the short term. But it is expected to be only a temporary phenomenon and prospects for 2013-14 look better than last year. Growth in sales would be driven by the expected improvement in macro conditions on the domestic front, moderation in interest rates and revival in consumer confidence, mainly after the initial two quarters. The future remains optimistic as factors such as increasing last-mile connectivity, implementation of Goods and Services Taxes, re-opening of projects in construction, infrastructure and mining sectors and reduced logistics costs will continue to be strong growth drivers for the Industry.

It is believed that (a) the gradual traction in market share from railways, (b) changing landscape of the logistics industry towards an organized one and (c) stricter implementation of emission & anti-overloading norms would continue to support demand for commercial vehicles.

However, a meaningful recovery in M&HCV volumes remains dependent on pick-up in industry activity, investment cycle and infrastructure and mining related activities.

#### The Vision 2020 of Railways:

“Indian Railways shall provide efficient, affordable, customer-focused and environmentally sustainable integrated transportation solutions. It shall be a vehicle of inclusive growth, connecting regions, communities, ports and centre of industry, commerce, tourism and pilgrimage across the country. The reach and access of its services will be continuously expanded and improved by its integrated team of committed, empowered and satisfied employees and by use of cutting-edge technology.”

In the Interim Railway Budget for the year 2014-15 the government has tabled significant programs as mentioned below:

- Introduction of new 17 premium trains, 38 Express



trains, 10 passenger trains, 4 MEMU and 3 DEMU.

- Introduction of more high speed trains.
- Railways exploring low cost option of 160-200 kmph speed trains on select routes.
- Introduction of AC EMU in Mumbai in July.
- Allowing Foreign Direct Investment (FDI) in railways is under consideration - Surveys for 19 new lines and 5 doubling of tracks.

- Meghalaya and Arunachal Pradesh to be brought on railway map.

- Three new factories - Rail Wheel Plant in District Chhapra, Bihar; Rail Coach Factory at Rae Bareilly in Uttar Pradesh; and Diesel Component Factory at Dankuni, West Bengal, have become functional and commenced production during 2013-14.

## ✓ SWOT ANALYSIS

### S TRENGTHS

1. Proximity to raw material suppliers.
2. Increased scale of operation.
3. New product development, customer retention, repeat clients.
4. Optimum utilization of the technically advanced Ring Rolling Line.
5. It is accredited with ISO 9001:2008, TS-16949:2009, OHSAS 18001:2007 and ISO14001:2004.
6. Integrated and hi-tech modern facility with a very specialized hi-tech diversified product portfolio.
7. Rich pool of qualified manpower and emphasis on efficient manpower management.
8. Investing in new technologies to produce components efficiently and remain more cost competitive.
9. Graduation from component manufacturer to sub-assembly/assembly.

### W EAKNESS

1. Fragmented and unorganized Industry.
2. Dependence on the automotive industry.
3. Relatively low level of R & D capability compared to the OEM's and Tier-1 players.
4. Availability of trained manpower.

### O PPORTUNITIES

1. Rapid expansion of cities to suburban areas will also create more demand for mass transportation vehicles.
2. Emergence of Hub and Spoke models will propel the demand for Heavy and Medium duty Vehicles.
3. Strict implementation of new emission & anti-overloading norms.
4. Better outsourcing opportunities from India.
5. Setting up of new manufacturing base by international majors in India.
6. Increase in infrastructure spending.
7. Improved demand in the Overseas Market.
8. Gradual depreciation of the Rupee.
9. Gradual opening up of the Mining Sector.

### T HREATS

1. Rising fuel prices and shrinkage of the margins of the fleet operators.
2. Availability of finance at reasonable interest costs.
3. Availability of power at affordable rates.
4. Stiff competition owing to surplus capacities.
5. Volatile foreign exchange rates.
6. Slowdown in the demand.
7. Inadequate Overseas marketing support facilities.
8. Rising delinquencies of the fleet operators.



## Awards

The Company has during the year 2013-14 received awards for Best Supplier of the year, Best Supplier Recognition, Sustained Excellence on Delivery, New Product Development, Cost Reduction and MASOP elimination from its customer.

## 4. PERSONNEL MANAGEMENT

The Company considers human resources as its most important asset. It provides maximum emphasis on training and development of its employees at all levels.

The Company regularly provides training to its employees which amongst other includes technical training, on the job training, behavioral training, cultural training, safety training, 5S Training, soft skill training and awareness training. Several initiatives have been implemented to enhance employee engagement and morale/motivation which includes suggestion scheme, cross functional 5S zonal competition and birthday celebrations.

The Company undertakes regular appraisals wherein performers are recognized every month and performance linked incentives programs for the proper motivation of the employees. The Company has undertaken several initiatives have been undertaken towards manpower rationalisation, building lean and operational excellence.

The company has 1,097 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.

The Company intends to increase its focus to build quality talent pool and succession planning, career progression plan, talent management to increase the employee value proposition, reward and recognition, learning and development and thereby improving the performance of organization and become a benchmark to global standards.

## 5. FINANCIAL OVERVIEW

### Highlights

- Net Sales increased 6.35 percent from ₹ 403.90 Crores in 2012-13 to ₹ 429.53 Crores in 2013-14.
- EBIDTA decreased 4.68 percent from ₹ 62.91 Crores in 2012-13 to ₹ 59.96 Crores in 2013-14.

The Company provides maximum emphasis on training and development of its employees at all levels.

- PBT decreased 31.29 percent from ₹ 18.60 Crores in 2012-13 to ₹ 12.78 Crores in 2013-14.
- PAT decreased 23.36 percent from ₹ 11.03 Crores in 2012-13 to ₹ 8.45 Crores in 2013-14.
- Cash profit decreased by 19.29 percent from ₹ 40.19 Crores in 2012-13 to ₹ 32.44 Crores in 2013-14.
- Basic EPS decreased from ₹ 5.89 in 2012-13 to ₹ 3.34 in 2013-14.

### Balance Sheet Analysis

#### Capital Employed

The Company's average capital employed increased 49.73 percent from ₹ 468.82 Crores in 2012-13 to ₹ 701.98 Crores in 2013-14. The Company's return on average capital employed decreased from 8.59 percent in 2012-13 to 4.99 percent in 2013-14. The increase in capital employed is primarily attributable to the infusion of equity capital and disbursement of the term loans for new project under taken by the Company which is yet to commence commercial production and which has affected the return on Capital employed.

#### Own Funds

The Company's net worth excluding deferred tax liability increased 27.19 percent from ₹ 254.09 Crores in 2012-13 to ₹ 323.18 Crores in 2013-14 due to the re-investment of earnings, receipt of subsidy, allotment of shares against conversion of warrants on a preferential basis. The Company's return on average net worth (RONW) decreased from 4.98 percent in 2012-13 to 2.93 percent in 2013-14 on account of equity infusion for the new project which has not commenced commercial production.

#### External Funds

The Company's total debt increased from ₹ 259.83 Crores in 2012-13 to ₹ 504.12 Crores in 2013-14. The increase in total debt is primarily on account of disbursement of new term for the new project undertaken by the Company. The Company's total debt-equity ratio increased from 1.02 in 2012-13 to 1.56 in 2013-14.

#### Reserves and Surplus

The Company's Reserves and Surplus increased 31.92 percent from ₹ 220.23 Crores in 2012-13 to ₹ 290.54 Crores in 2013-14 primarily due to receipt of premium on allotment of shares by conversion of warrants, receipt of subsidy and profits.

## Gross Block

The Company's gross block including capital work in progress increased 82.54 percent from ₹ 391.16 Crores in 2012-13 to ₹ 714.03 Crores in 2013-14. The increase in the gross block and the capital work in progress is primarily on account of assets procured for the new project. The fixed assets turnover ratio including CWIP decreased from 1.03 in 2012-13 to 0.60 in 2013-14 as the project for which the assets has been added have not yet commenced commercial production.

## Inventories

The Company's inventories increased 5.32 percent from ₹ 149.19 Crores in 2012-13 to ₹ 157.13 Crores in 2013-14.

## Profit & Loss Statement Analysis

### Revenues

The Company's net sales increased 6.35 percent from ₹ 403.90 Crores in 2012-13 to ₹ 429.53 Crores in 2013-14 in spite of a decrease in the production of the commercial vehicles by 16.07 %. The increase in sales was primarily driven by an increase in the exports of the Company. The segment-wise gross revenue earned is as follows:

| Particulars          | 2013-14 (%)   | 2012-13 (%)   |
|----------------------|---------------|---------------|
| Automobiles          | 52.35         | 65.13         |
| Railways             | 9.61          | 7.63          |
| Mining               | 5.86          | 6.15          |
| Exports              | 22.91         | 12.37         |
| Others (incl. Scrap) | 9.27          | 8.72          |
| <b>Total</b>         | <b>100.00</b> | <b>100.00</b> |

## Foreign Exchange

The Company's exports increased by 88.89 percent from ₹ 54.39 Crores in 2012-13 to ₹ 102.74 Crores in 2013-14. During the year the Company has tied up with some of the biggest names in America which will provide a further boost to the Company exports during the coming year. It has also qualified in field audits of two OEM based in Europe which will help it to increase its export business. The company has also opened up a representative office in USA which will help the Company to increase its export business. The company does not import any raw material.

## Interest

Interest outflow in 2013-14 was ₹ 22.26 Crores increasing from ₹ 21.68 Crores in 2012-13 and constituting 5.18 percent of net turnover. The interest cover of the Company decreased from 2.90 in 2012-13 to 2.69 in 2013-14.

## Costs

Total costs not including interest & depreciation (excluding

stock variation) increased marginally by 0.28 percent from ₹ 360.32 Crores in 2012-13 to ₹ 361.33 Crores in 2013-14 constituting 84.12 percent of net turnover.

## Cost break-up

(₹ in Crores)

| Particulars    | 2013-14 | 2012-13 |
|----------------|---------|---------|
| Raw material   | 217.10  | 226.55  |
| Power and fuel | 43.11   | 44.45   |
| Employee cost  | 29.18   | 28.07   |

**Raw material costs :** The raw materials costs decreased from ₹ 226.55 Crores in 2012-13 to ₹ 217.10 Crores in 2013-14. It constitutes 50.54% of the net turnover in 2013-14 as compared to 56.09% in 2012-13.

**Power and Fuel costs :** The power and fuel costs decreased from ₹ 44.45 Crores in 2012-13 to ₹ 43.11 Crores in 2013-14. However, it constitutes 10.04% of the net turnover in 2013-14 as compared to 11.01% in 2012-13.

**Employee costs :** The employee costs increased from ₹ 28.07 Crores in 2012-13 to ₹ 29.18 Crores in 2013-14. It constitutes 6.79% of the net turnover in 2013-14 as compared to 6.95% in 2012-13.

## 6. MANAGING OUR RISKS

### Overview

Ramkrishna Forgings operates in a business environment characterized by increasing globalisation, intensifying competition, specialised knowledge and cost push. 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, boost profitability. The Company has responded to this reality with a comprehensive and integrated risk management framework, enhancing its capacity to add value.

### What we are doing to de-risk our business?

Enterprise risk management is a comprehensive process that can help Companies identify the major risks facing the organisation and create consistent, enterprise-wide solutions to deal with those risks. At Ramkrishna Forgings, all key aspects of risk management are incorporated in a comprehensive risk warning system, which enables the Company to manage risks at the individual and management levels. Expert management of risk is consistent with creation of increased shareholder value.

This approach ensures that the risk management discipline is centrally initiated by the senior management but prudently decentralised across the organisation, percolating to managers at various levels in order to mitigate risks at the basic transactional stage.

At Ramkrishna Forgings, only those decisions are taken that balance risk and reward, this ensures that the Company's revenue generating initiatives are consistent with the risks taken. This management of risk conforms to the Company's strategic direction and is consistent with the shareholders'

desired total returns, the Company's credit rating and desired risk appetite.

A well defined structure has been laid down to assess, monitor and mitigate risks associated with these areas, briefly enumerated below:

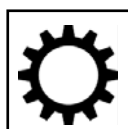


### Client Concentration Risk

The overall domestic sales of the commercial vehicles segment registered a decrease from 7,93,211 vehicles to 6,32,738 vehicles registering a decline of 20.23 percent during 2013-2014 as compared to the same period last year. The Medium & Heavy Commercial Vehicles (M&HCVs) segment registered a sharp downfall of 25.33 percent during the year 2013-2014 and light commercial vehicles registered a decline of 17.62 percent.

#### Risk Mitigation :

- (i) The Company has increased its share in the export market which constitutes around 22.91 percent of the total turnover of the Company. It has entered into long term contract with its export customer which has defined its progress in the export arena. It has also qualified in field audits of two OEM based in Europe which will help it to increase its export business. It has further identified new geographical location and also enhanced its exposure and product portfolio for export with its existing clients. The Company has opened an overseas office to focus export marketing and better coordination. This will help the Company to reduce its dependence on the domestic commercial vehicle industry.
- (ii) The Company has expanded the product portfolio with its existing customers which also includes enhancement of the value addition to the existing products thereby moving up the value chain.
- (iii) The Company has increased its focus on the railway sector, mining sector and also making inroads in the farm equipment business.
- (iv) The Company is making efforts to make inroads into new areas and products by which it can reduce its dependence on the commercial vehicle segment.



### 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) Installation of a technically advanced ring rolling line has helped the Company to penetrate the market and retain its presence in an effective manner.
- (ii) The Company has the state-of-art of CNC Machining and Gear Cutting Facilities in which it has achieved accuracies of Class 8 & 9 in hobbing stage, Class 7 in shaving stage and Class 8 & 9 in hard stage as per DIN 3962 in gear manufacturing.
- (iii) It has a world class quality assurance laboratory with the best in practice equipment's to ensure the quality of the products.
- (iv) The Company is in the process of installation of the 12,500 Ton pressline from SMS Gmbh which will propel the company from the component manufacturer to sub-assemblies and assemblies.
- (v) Installation of technologically advanced machines has helped the Company to control costs and improve on the quality of the products.



### Competition Risk

With the number of organized players increasing and increased cost pressures 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 72 new product development in the CNC machining, 19 new development in gear cutting, 30 new items in the VMC machining and 46 new product development in the Ring Rolling which has helped to enhance the product basket with existing clients and add new clients.
- (ii) The Company is accredited with ISO 9001:2008, TS-16949:2009, OHSAS 18001:2007 and ISO14001:2004.
- (iii) The Company gives paramount importance towards identification of the customer needs and ensures proper execution of the same to attain maximum customer satisfaction.
- (iv) The Company's ability to achieve seamless production from its Ring Rolling Plant and to provide value addition to its product range which makes it a one stop shop for the OEM's.
- (v) Implementation of the new project undertaken by the Company will increase its product portfolio thereby helping it to achieve the entire requirement of its customer.



### Human Risk

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

#### Risk Mitigation :

- (i) The Company maintains a well-defined HR policy and has a regular appraisal programme wherein performers are recognized every month. It also has a performance linked incentives programs for the proper motivation of the employees.
- (ii) The Company regularly undertakes training programs to develop and enhance the skills of its employees. The Company has a regular training module for its operators/engineers which help them to update their knowledge and skill for achieving the organization goals.
- (iii) The Company has undertaken several initiatives to enhance employee engagement and morale/motivation which includes suggestion scheme, cross functional 5S zonal competition and birthday celebrations.
- (iv) The existence of renowned engineering colleges in the eastern regions helps the company to have a rich pool of talented professionals.
- (v) This has helped the Company to operate without losing any man day during the year under review.

## 7. INTERNAL AUDIT AND CONTROLS

The Company has in place adequate systems of internal controls and documented procedures covering all financial and operating function. These have 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 for the year 2013-14

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 Financial Year ended 31st March, 2014, 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 eight Directors out of which five are Non-Executive Directors. The Company has an Executive Chairman and Four Non- Executive Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchange.

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, 2014 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 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 Board is also given presentation covering the financial and other aspects of the Company 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 is normally 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.

- Appointment/Reappointment of Registrar/Share Transfer Agent.
- Status of all the Legal cases pertaining to the Company.
- Status of compliance of the Statutory Payments made by the Company.
- Annual operating plans of businesses, capital budgets and any updates.
- Any change in the banking limits of the Company.
- Quarterly results of the Company.
- Dividend declaration.
- Sale of material nature, investments and assets, if any, 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, if any, 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 7 (seven) board meetings held on 03.04.2013, 18.05.2013, 10.08.2013, 14.11.2013, 01.02.2014, 14.02.2014 and 14.03.2014 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 the Director                               | Category               | Attendance particulars |          | No. of Directorship and other Committee Membership/ Chairmanship |                      |                        |
|--|------------------------|------------------------|----------|--|----------------------|------------------------|
|  |                        | Board Meeting          | Last AGM | Directorship   | Committee membership | Committee Chairmanship |
| Mr. Mahabir Prasad Jalan (Chairman)                | Executive              | 7                      | Yes      | 1  | Nil                  | Nil                    |
| Mr. Naresh Jalan (Managing Director)               | Executive              | 7                      | Yes      | 1  | Nil                  | Nil                    |
| Mr. Pawan Kumar Kedia (Finance Director)           | Executive              | 7                      | Yes      | Nil  | Nil                  | Nil                    |
| Mr. Padam Kumar Khaitan                            | Non-Executive          | 4                      | No       | 10   | 3                    | 2                      |
| Mr. Satish Kumar Mehta                             | Non-Executive          | 4                      | No       | Nil  | Nil                  | Nil                    |
| Mr. Subhasis Majumder (resigned w.e.f. 25.04.2013) | Non-Executive, Nominee | 0                      | N.A.     | N.A.   | N.A.                 | N.A.                   |
| Mr. Surendra Mohan Lakhotia (expired)              | Non-Executive          | 4                      | No       | N.A.   | N.A.                 | N.A.                   |
| Mr. Ram Tawakya Singh                              | Non-Executive          | 4                      | No       | Nil  | Nil                  | Nil                    |
| Mr. Yudhisthir Lal Madan                           | Non-Executive          | 3                      | No       | 2  | Nil                  | Nil                    |
| Mr. Ravi Lekhrājani (appointed on 03.04.2013)      | Non-Executive          | 4                      | No       | 5  | 5                    | Nil                    |

**Notes :**

- a) Number of Directorship excludes directorship in foreign Companies, Alternate Directorship, Companies registered under Section 25 of the Companies Act, 1956 and Private Ltd. Companies.
- b) Committees include Audit Committee and Shareholders/Investors' Grievance Committee of only other Public Limited Companies.
- c) None of the Directors except Mr. Mahabir Prasad Jalan and Mr. Naresh Jalan are related to any other Director.
- d) None of the Directors have any business relationship with the Company.
- e) None of the Directors received any loans and advances from the Company during the year.
- f) None of the Directors hold Directorship in more than 20 Indian Public Limited Companies.
- g) 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 2013-2014 the Company has held seven 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      | 03.04.2013 | 9        | 5                     |
| 2      | 18.05.2013 | 9        | 9                     |
| 3      | 10.08.2013 | 9        | 7                     |
| 4      | 14.11.2013 | 9        | 8                     |
| 5      | 01.02.2014 | 8        | 3                     |
| 6      | 14.02.2014 | 8        | 8                     |
| 7      | 14.03.2014 | 8        | 4                     |

**3. COMMITTEES OF THE BOARD**

At present, there are four Board Committees viz. the Audit Committee, the Remuneration and Compensation Committee, Shareholders/Investors' Grievance Committee and Management and Finance 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. Minutes of 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 three Non- Executive Directors out of which two are Independent Directors. The Audit Committee meetings were also attended by the Finance Director, Chief Financial Officer (CFO), the respective Departmental Heads, if required, the Statutory Auditors and the Internal Auditors. The Company Secretary is the Secretary of the Committee.

### Composition

Presently the Audit Committee consists of three Non-Executive Directors out of which two are Independent Directors.

|   |          |
|---|----------|
| 1) Mr. Yudhisthir Lal Madan (appointed on 01.02.2014) | Chairman |
| 2) Mr. Satish Kumar Mehta                             | Member   |
| 3) Mr. Ravi Lekhrajani (appointed on 03.04.2013)      | Member   |
| 4) Mr. S.M. Lakhotia (expired)                        | Member   |

### Terms of Reference

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

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position, sufficient and credible.
- b) Recommending to the Board the appointment, reappointment and, if required, replacement 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, if any.
- 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 or any other person heading the finance department 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, if any, issued by the Statutory Auditors.
4. Recommend the appointment of the Statutory Auditors to the Board.
5. Discussion on the internal audit report and the appointment, removal and terms of remuneration of the Internal Auditors.
6. The Quarterly/ Half yearly/Annual financial performance of the Company before being presented to the Board.
7. Achievement of the actual financial results vis-à-vis the budget of the Company.
8. Status of the compliance of the statutory payments of the Company.
9. Payments made to the Statutory Auditors.
10. Matters required to be included in the Director's Responsibility Statement as per Section 217 Clause (2AA) of the Companies Act, 1956.
11. 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 2013-2014 the Committee has met four times.

1. **The details of the Audit Committee meetings held during the Financial Year 2013-2014 are as follows :**

| Sl.No. | Dates      | Strength | Presence of Directors |
|--------|------------|----------|-----------------------|
| 1      | 18.05.2013 | 3        | 3                     |
| 2      | 10.08.2013 | 3        | 3                     |
| 3      | 14.11.2013 | 3        | 3                     |
| 4      | 14.02.2014 | 3        | 3                     |

2. **Attendance record at the Audit Committee meeting :**

| Name   | Category        | No. of Meetings held during the year | No. of Meeting(s) Attended |
|--|-----------------|--------------------------------------|----------------------------|
| Mr. Surendra Mohan Lakhota (expired)               | Independent     | 3                                    | 3                          |
| Mr. Satish Kumar Mehta                             | Independent     | 4                                    | 4                          |
| Mr. Ravi Lekhrangani (appointed on 03.04.2013)     | Non-Independent | 4                                    | 4                          |
| Mr. Yudhisthir Lal Madan (appointed on 01.02.2014) | Independent     | 1                                    | 1                          |

The necessary quorum was present at all the meetings.

### B) Remuneration and Compensation Committee

#### Composition

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

- 1) Mr. Satish Kumar Mehta, Chairman.
- 2) Mr. S.M. Lakhota, Member (expired).
- 3) Mr. Yudhisthir Lal Madan, Member (appointed on 01.02.2014).
- 4) Mr. Padam Kumar Khaitan (appointed on 03.04.2013).

### 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.

### Meetings and Attendance

During the year 2013-2014 the Committee has met four times.

1. The details of the Remuneration and Compensation Committee meetings held during the Financial Year 2013-2014 are as follows :

| Sl.No. | Dates      | Strength | Presence of Directors |
|--------|------------|----------|-----------------------|
| 1      | 10.04.2013 | 3        | 2                     |
| 2      | 18.05.2013 | 3        | 3                     |
| 3      | 14.11.2013 | 3        | 2                     |
| 4      | 14.02.2014 | 3        | 3                     |

2. Attendance record at the Remuneration and Compensation Committee meeting :

| Sl.No. | Name  | Category    | No. of Meetings held during the year | No. of Meetings Attended |
|--------|---|-------------|--------------------------------------|--------------------------|
| 1      | Mr. Satish Kumar Mehta                            | Independent | 4                                    | 4                        |
| 2      | Mr. Surendra Mohan Lakhota                        | Independent | 3                                    | 3                        |
| 3      | Mr. Padam Kumar Khaitan (appointed on 03.04.2013) | Independent | 4                                    | 2                        |
| 4      | Mr. Y. L. Madan (appointed on 01.02.2014)         | Independent | 1                                    | 1                        |

**Details of Remuneration of Directors**

The details of the remuneration paid to the Directors for the year 2013-2014 are as follows :

(₹ in Lacs)

| Sl. No. | Name of Director         | Salary | Others | Total         |
|---------|--------------------------|--------|--------|---------------|
| 1       | Mr. Mahabir Prasad Jalan | 100.20 | 86.36  | 186.56        |
| 2       | Mr. Naresh Jalan         | 84.84  | 64.81  | 149.65        |
| 3       | Mr. Pawan Kumar Kedia    | 9.67   | 8.60   | 18.27         |
|         | <b>Total</b>             |        |        | <b>354.48</b> |

**Note :**

Salary represents Basic Salary and Dearness Allowance. Others include House Rent Allowance and other Allowances, Medical Reimbursement, Leave Travel Allowance, Perquisites, Lease Rent, Contribution to National Pension Scheme. 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 a Director, but does not include the promoters of the Company.

The Company has paid a managerial remuneration of ₹ 354.48 Lacs during the financial year 2013-14. Out of which an amount of ₹ 191.72 Lacs is in excess of the limits as laid down in the Section 309(3) read with Schedule XIII of the Companies Act, 1956 for the financial year 2013-14. Since the payment of the remuneration in excess of the limits requires approval of the Central Government the company had made an application to the Central Government and the approval is awaited.

The Company has during the year, pursuant to Clause 49 of Listing Agreement and other applicable provisions, if any, of the Companies Act and Rules & Regulations made thereunder and in accordance with the Special Resolution passed by its Members dated 28.07.2012, paid an amount of ₹ 1,90,000 to Mr. Satish Kumar Mehta on account of technical consultancy rendered by him from time to time.

**Details of Sitting Fees to Non-Executive Directors**

The details of the Sitting fees paid to the Non-Executive Directors for attending Board & Committee Meetings for the year 2013-2014 are as follows :

(₹ in Lacs)

| Sl. No. | Name of the Director        | Sitting Fees |
|---------|-----------------------------|--------------|
| 1       | Mr. Ram Tawakya Singh       | 0.80         |
| 2       | Mr. Padam Kumar Khaitan     | 0.90         |
| 3       | Mr. Satish Kumar Mehta      | 1.40         |
| 4       | Mr. Subhasis Majumder       | 0            |
| 5       | Mr. Surendra Mohan Lakhotia | 1.25         |
| 6       | Mr. Yudhisthir Lal Madan    | 0.75         |
| 7       | Mr. Ravi Lekhrajani         | 1.20         |
|         | <b>Total</b>                | <b>6.30</b>  |

**Details of Shareholding in the Company by Directors**

Details of shares of the Company held by the Directors as on 31st March, 2014 are as below :-

| Sl.No. | Name of Director         | No. of shares held | % of Total Holding |
|--------|--------------------------|--------------------|--------------------|
| 1      | Mr. Mahabir Prasad Jalan | 451000             | 1.73               |
| 2      | Mr. Naresh Jalan         | 285750             | 1.09               |
| 3      | Mr. Pawan Kumar Kedia    | 13629              | 0.05               |



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 two Directors namely :

- 1) Mr. Mahabir Prasad Jalan
- 2) Mr. Naresh Jalan

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 borrow monies within the limits as approved by the Board and to take any loan of any amount within the Maximum Permissible Bank Finance (MPBF) and Non-Fund based facilities within the limit as assessed by the respective Banks/ Financial Institutions from time to time, car loans for employees, opening Bank account and closure of bank Account.
2. 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.
3. To consider and approve opening of Branch Office/ Production facility and apply for Excise and Sales Tax registration of the same.
4. To approve appointment or changes in the position of Senior Management Personnel.
5. Approve appointment or changes of authorized signatories for bank accounts, or any other document for the purpose of Excise, Sales tax and VAT.
6. Authorize for affixation of Common Seal of the Company on any or all documents as required by the Bank/Banks for execution of documents.
7. Empower any of its officer/officers of the Company either singly or jointly to execute any documents for any facility granted by the Banks/Financial Institutions.
8. Empower any of the officer/officers of the Company to execute/file the requisite particulars of charge with the Registrar of Companies upon execution of the Deed of Hypothecation/Indenture/Unattested Deed of Hypothecation or any other documents from time to time.

#### **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. Satish Mehta (Chairman)               | Independent, Non Executive |
| Mr. Y. L. Madan (appointed on 01.02.2014) | Independent, Non Executive |
| Mr. S.M. Lakhotia (expired)               | Independent, Non Executive |

#### Compliance Officer

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

Ramkrishna Forgings Ltd.  
 "Ramkrishna Chambers"  
 72, Shakespeare Sarani  
 Kolkata - 700 017

#### Details of complaints received and redressed :

The details regarding complaints received and resolved during the financial year 2013-2014 are as follows :

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| 0               | 23                       | 23                       | 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 |
|----------------|---|------------|------------|----------------------------------|
| 2012-2013      | Gyan Manch, Kolkata – 700071                  | 20.07.2013 | 11.45 A.M. | 5                                |
| 2011-2012      | Bharatiya Bhasha Parishad<br>Kolkata – 700017 | 28.07.2012 | 11.00 A.M. | 1                                |
| 2010-2011      | Bharatiya Bhasha Parishad<br>Kolkata – 700017 | 30.06.2011 | 11.45 A.M. | 2                                |

No Special resolution was passed in the year 2013-2014 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 33 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 2011-12, 2012-2013 and 2013-2014.

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](http://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, 2014.

For Ramkrishna Forgings Limited

**Naresh Jalan**  
Managing Director

### d) Proceeds of the Preferential Issue :

During the year the Company has at its Board Meeting held on 3rd April, 2014, issued and allotted 37,24,500 Equity shares to Wayzata II Indian Ocean Ltd at a price of ₹ 132.75 per share on a preferential basis. Further, out of the warrants issued on 19.01.2013 to M/s. Eastern Credit Capital Pvt. Ltd., Promoter group, at a price of ₹ 130, the Company during the year has issued and allotted 12,79,000 Equity Shares by conversion of warrants to M/s. Eastern Credit Capital Pvt Ltd, Promoter group at a price of ₹ 130 per share on a preferential basis.

On account of this Preferential Issue the Issued, Subscribed and Paid up Share Capital has been increased to ₹ 2,609.94 Lakhs.

The utilisation of the preferential issue proceeds is provided at every meeting of the Audit Committee and the utilisation for the year ended 31st March, 2014 is disclosed in note no. 2(i) 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 Chief Financial Officer 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 :

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

### h) Subsidiary Company :

The Company has one Subsidiary Company, M/s. Globe Forex and Travels Limited, which is not a material subsidiary of the Company. The Company monitors performance of the Subsidiary Company in the best interest of the stakeholders by the following means :-

- a) All minutes of the Board Meetings of the Subsidiary Company are placed before the Company's Board regularly.
- b) A Statement containing all significant transactions and arrangements, if any, entered into by the Subsidiary Company are placed before the Company's Board.

Mr. S. M. Lakhotia, Independent Director of the Company was also appointed as an Independent Director in the Board of the Subsidiary. However, he ceased to be a Director during the year on account of his death.

### i) Management Discussion and Analysis Report :

It forms part of the Annual Report.

### j) 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.

**k) 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 :

**Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting :-****● Mr. Pawan Kumar Kedia**

Mr. Pawan Kumar Kedia is a Bachelor of Commerce with a diploma in Taxation. He possesses an experience of about 27 years in various Companies. He started his career as an Article clerk in M/s C. L. Saraf & Co and then worked as commercial manager in M/s Vishnu Straw Board and Indana Group for five to ten years respectively. Before joining the Company in 1998, he worked with M/s Khaitan India Limited as Internal Auditor for two years. He does not hold Directorship or Committee Positions in any other Company.

He holds 13,629 shares in the Company.

**Directors seeking approval of appointment as the Independent Director of the Company for the period of 5 years at the ensuing Annual General Meeting :****● Mr. Padam Kumar Khaitan**

He is an Attorney-at-Law. He is about 60 years of age and started his career as an Article clerk in M/s. Khaitan & Co., leading Advocates, Notaries, Patent and Trademark Attorneys and graduated to become a Partner of M/s. Khaitan & Co. His rich experience of more than 31 years in the legal profession will greatly help the Company.

**He is also a Director in the following Companies as listed below :**

Asian Hotels (East) Ltd.

Cheviot Company Ltd.

GJS Hotels Ltd.

Khaitan Consultants Ltd.

Kilburn Engineering Ltd.

McNally Sayaji Engineering Ltd.

Rungamatee Tea & Industries Ltd.

R.V. Investments & Dealers Ltd.

Upper Ganges & Sugar Industries Ltd.

Williamson Magor & Co. Ltd.

Auro Holdings Pvt. Ltd.

Auro Investments Pvt Ltd

ITSA Warehouses Pvt. Ltd.

Nott Investments Pvt. Ltd.

Time Leverage Instruments (P) Ltd.

**Alternate Directorship**

Manjushree Plantations Ltd.

**He is a Chairman in the following Committees in other Companies :**

1. Shareholders'/Investors Grievance Committee of Manjushree Plantations Ltd.
2. Share Transfer & Shareholders'/Investors Grievance Committee of Asian Hotels (East) Ltd.

**He is a Member in the following Committees in other Companies :**

1. Audit Committee of Williamson Magor & Co. Ltd.
2. Shareholders' Grievance Committee of Williamson Magor & Co. Ltd.
3. Remuneration and Compensation Committee of Williamson Magor & Co. Ltd.
4. Remuneration and Compensation Committee of Asian Hotels (East) Ltd.
5. Shareholders' Grievance Committee of McNally Sayaji Engineering Ltd.

He does not hold any share in the Company.

● **Mr. Yudhisthir Lal Madan**

A retired banker with 38 years of rich and varied experience in the field of General Banking, with expertise in corporate finance, retail finance, SME lending, Risk Management with focus on credit monitoring, nursing and recovery of assets.

He possesses a strong analytical skills with business wisdom to positively contribute to the organization's objectives.

He has a very good understanding of the international and domestic economic scenario, business environment and of the factors affecting various business segments. He is good in Human Resources Development, Corporate Lending with special focus on SME lending, Retail Lending, Management, monitoring and recovery of distressed assets. He is qualified as MBA (Finance) – FMS, Delhi University, M. Sc (Physics), Delhi University, B.Sc. (Hons.) (Physics), Delhi University. CAIIB, Indian Institute of Bankers, Mumbai.

He is holding Directorship in the following Companies :

1. M/s. Intec Capital Ltd.
2. M/s. Lakshmi Precision Screws Ltd.

He is holding Chairmanship/ Membership in the following Companies :

1. Membership in Remuneration Committee of M/s. Intec Capital Ltd.
2. Membership in ALCO Committee of M/s. Intec Capital Ltd.
3. Membership in Risk Management Committee of M/s. Intec Capital Ltd.

He does not hold any share in the Company.

● **Mr. Ram Tawakya Singh**

He did his B.Sc. Engineering in Metallurgy from R.I.T. Jamshedpur with First class Distinction. Then after, joined Tata Motors (then Telco) Jamshedpur as Graduate Trainee in 1969 and superannuated in 2005. He was retained as Consultant & Advisor for Defence Business of Tata Motors till Oct, 2009.

During his stay with Company, he had opportunity to work in different areas at different levels. In 1994, he was transferred to a new plant of Tata Motors in Lucknow as Asst. General Manager to establish production which was done successfully in the shortest period in Automobile Industries. In the year 1998 he was brought back to Jamshedpur as Sr. Dy. G.M.(Manufacturing) and he rose to the level of Vice President. He was one of the key person to turn around Tata motors by cutting down cost, bringing down the man power, improving the productivity of the plant without incentives and improve satisfaction level of all stake holders.

In 2003, he was given additional responsibility as Independent Director of H V Axles Company.

He does not hold Directorship or Committee Positions in any other Company.

He does not hold any share in the Company.

**I) 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 2013-2014

## 7. GENERAL SHAREHOLDERS INFORMATION

### a) Annual General Meeting :

**Date** : 17th day of June, 2014

**Time** : 11.45 A.M.

**Venue** : Kala Kunj  
48, Shakespeare Sarani  
Kolkata - 700017

### b) Financial Calendar :

The Financial Year of the Company is April 2014 to March 2015.

The probable dates for the publication of the quarterly results for the Financial Year 2014-15 will be within 45 days following the respective quarter and the Audited Financial Results for the year will be published within 60 days from the end of the financial year. Dividend Warrants will be posted to the shareholders within 30 days from the date of AGM.

### c) Date of Book Closure : 9th June, 2014 to 17th June, 2014 (both days inclusive)

### d) Listing on Stock Exchange and Depositories : 1) Bombay Stock Exchange Limited (BSE).

2) The 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.

### 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) :**

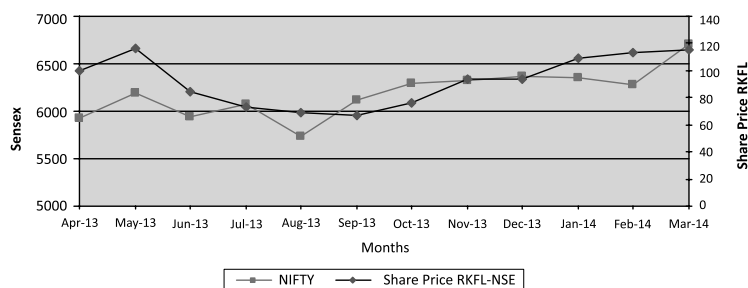
The high and low closing prices during each month of the year 2013-2014 at NSE and BSE and the NSE NIFTY are as given below :

| Months        | SHARE PRICE<br>NSE (₹) |           | SHARE PRICE<br>BSE (₹) |           | S & P CNX<br>NIFTY |         | SENSEX   |          |
|---------------|------------------------|-----------|------------------------|-----------|--------------------|---------|----------|----------|
|               | High Price             | Low Price | High Price             | Low Price | High               | Low     | High     | Low      |
| April, 13     | 100.10                 | 65.80     | 100.00                 | 64.85     | 5930.20            | 5495.10 | 19504.18 | 18226.48 |
| May, 13       | 116.00                 | 81.50     | 116.00                 | 81.05     | 6187.30            | 5944.00 | 20286.12 | 19575.64 |
| June, 13      | 84.00                  | 62.00     | 89.80                  | 63.05     | 5939.30            | 5588.70 | 19610.48 | 18540.89 |
| July, 13      | 73.10                  | 64.00     | 74.85                  | 63.55     | 6077.80            | 5742.00 | 20302.13 | 19177.76 |
| August, 13    | 68.95                  | 55.05     | 71.35                  | 55.25     | 5742.30            | 5285.00 | 19367.59 | 17905.91 |
| September, 13 | 66.40                  | 58.10     | 68.30                  | 58.10     | 6115.55            | 5341.45 | 20646.64 | 18234.66 |
| October, 13   | 76.00                  | 61.70     | 75.00                  | 56.10     | 6299.15            | 5780.05 | 21164.52 | 19517.15 |
| November, 13  | 94.00                  | 66.00     | 95.00                  | 65.20     | 6317.35            | 5989.60 | 21239.36 | 20194.40 |
| December, 13  | 93.70                  | 72.45     | 93.50                  | 75.00     | 6363.90            | 6139.05 | 21326.42 | 20612.14 |
| January, 14   | 109.50                 | 85.00     | 109.20                 | 83.00     | 6345.65            | 6073.70 | 21373.66 | 20498.25 |
| February, 14  | 113.05                 | 98.00     | 113.90                 | 100.10    | 6276.95            | 6000.90 | 21120.12 | 20193.35 |
| March, 14     | 114.85                 | 106.15    | 113.90                 | 104.05    | 6704.20            | 6221.45 | 22386.27 | 20946.65 |

g) **Performance in Comparison to broad based indices such as NSE & BSE**

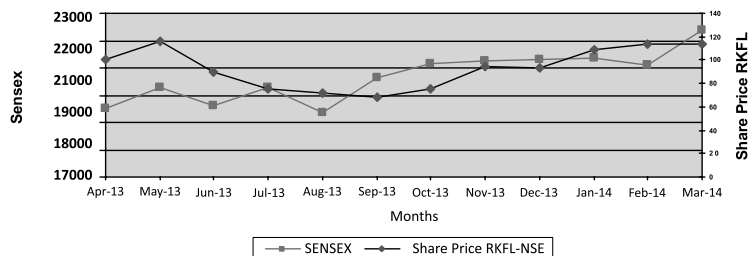
Comparison chart of price performance of the Company with S & P CNX Nifty

Stock Price Performance



Comparison chart of price performance of the Company with Sensex

Stock Price Performance



h) **Registrar and Share Transfer Agents :**

M/s. Karvy Computershare (P) Ltd.

Plot No. 17-24, Vittal Rao Nagar

Madhapur, Hyderabad-500 081

Tel : +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 affected in time and all physical share certificates are dispatched to the transferees immediately after affecting 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 47 C 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, 2014**

| Category (Shares) | No. of Holders | No. of Shares      | % of Total Shares |
|-------------------|----------------|--------------------|-------------------|
| 0001 - 500        | 2521           | 2,77,890           | 1.06              |
| 0501 - 1000       | 189            | 1,52,998           | 0.59              |
| 1001 - 2000       | 79             | 1,20,883           | 0.46              |
| 2001 - 3000       | 44             | 1,14,805           | 0.44              |
| 3001 - 4000       | 15             | 55,276             | 0.21              |
| 4001 - 5000       | 12             | 58,455             | 0.22              |
| 5001 - 10000      | 28             | 2,18,108           | 0.84              |
| 10001 and above   | 52             | 2,51,01,025        | 96.18             |
| <b>TOTAL</b>      | <b>2940</b>    | <b>2,60,99,440</b> | <b>100.00</b>     |

**Pattern of Shareholding as on 31st March, 2014**

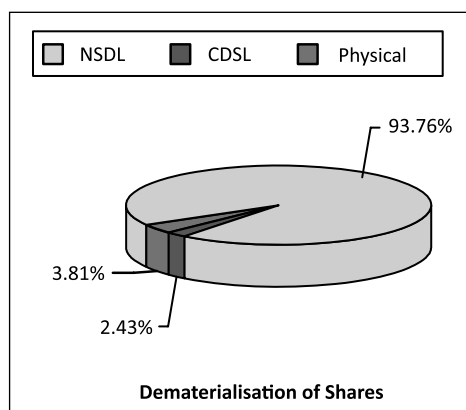
| Sl. No | Category                 | No. of Shares Held | %             |
|--------|--------------------------|--------------------|---------------|
| 1      | Promoters Group          | 1,18,18,163        | 45.28         |
| 2      | Institution Others (IFC) | 21,48,400          | 8.23          |
| 3      | Mutual Funds             | 14,38,917          | 5.51          |
| 4      | HUF                      | 1,18,145           | 0.45          |
| 5      | Foreign Bodies Corporate | 59,37,500          | 22.75         |
| 6      | Non Resident Indians     | 2,353              | 0.01          |
| 7      | Bodies Corporates        | 17,43,257          | 6.68          |
| 8      | Indian Public/Others     | 28,68,244          | 11.00         |
| 9      | Clearing Members         | 24,461             | 0.09          |
|        | <b>Total</b>             | <b>2,60,99,440</b> | <b>100.00</b> |

k) **Dematerialisation of Shares as on 31st March, 2014**

| Description  | No. of Shareholders | Shares             | %             |
|--------------|---------------------|--------------------|---------------|
| Physical     | 18                  | 9,95,137           | 3.81          |
| NSDL         | 2,048               | 2,44,69,012        | 93.76         |
| CDSL         | 874                 | 6,35,291           | 2.43          |
| <b>Total</b> | <b>2,940</b>        | <b>2,60,99,440</b> | <b>100.00</b> |



The shares of the Company are traded only in dematerialised form 25104303 shares which consist of about 93.75% of paid up Equity Share Capital of the Company are held in a dematerialised form as on 31st March, 2014.



**l) Unclaimed & Unpaid Dividend :**

The amount of unclaimed dividend are lying credit in separate bank accounts. Members may please note that pursuant to Section 205-C of the Companies Act, 1956 the amount lying in credit of any unpaid dividend account if remained un-claimed for 7 years from the date they became due for payment shall be transferred to the Investor Education and Protection Fund. As on 31st March, 2014 the following amounts are unclaimed and lying credit in separate bank accounts with various banks.

| F. Y.   | Date of Declaration | Amount Unclaimed/Unpaid as on 31.03.2014 (in ₹) | Bankers's name in which the amount is lying unpaid |
|---------|---------------------|---|--|
| 2006-07 | 15-09-2007          | 32,641  | HDFC   |
| 2007-08 | 30-08-2008          | 18,850  | KOTAK  |
| 2008-09 | N.A.                | N.A.  | N.A.   |
| 2009-10 | 07-08-2010          | 46,022  | IDBI   |
| 2010-11 | 30-06-2011          | 21,618  | IDBI   |
| 2011-12 | 28-07-2012          | 23,824  | ICICI  |
| 2012-13 | 20-07-2013          | 9,344   | ICICI  |

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

During the year, out of the Warrants issued on 19.01.2013 to M/s. Eastern Credit Capital Pvt Ltd., promoter group at a price of ₹ 130, the Company has during the year issued and allotted 12,79,000 equity shares by conversion of warrants to M/s. Eastern Credit Capital Pvt Ltd, Promoter group, at a price of ₹ 130 per share on a preferential basis. The balance 17,80,000 warrants could be converted into equity shares of ₹ 10 each at the premium of ₹ 120 within eighteen months from the date of allotment i.e. 19th January, 2013.

On account of this Preferential Issue, the Issued, Subscribed and Paid up Share capital has been increased to ₹ 2,609.94 Lacs.

The utilisation of the preferential issue proceeds is provided at every meeting of the Audit Committee and the utilisation as on 31st March, 2014 is disclosed in note no. **2(i)** of the notes to Accounts.

**n) Plant Locations :**

1. Plant I : Plot No.M-6, Phase VI, Gamaria, Jamshedpur-832108, Jharkhand
2. Plant II : 7/40, Duffer Street, Liluah, Howrah-711204, West Bengal
3. Plant III & IV : Plot No. M-15,16 and NS-26, Phase-VII, Industrial Area, Adityapur
4. Plant V : Baliguma, Kolabira  
Saraikela, Kharsawan - 833220  
Jamshedpur - 832109, Jharkhand

**o) 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

Tel : +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**

"Ramkrishna Chambers"

72, Shakespeare Sarani

Kolkata - 700017

West Bengal

Tel : +91 33 3984 0900

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 and Compensation 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.
- g) **Whistle Blower Mechanism** : The Company did not have a Whistle Blower mechanism. The Company has formulated a Whistle Blower Mechanism and the policy is uploaded on its website.

## 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 2014 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 above-mentioned 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.

For **SINGHI & CO.**  
*Chartered Accountants*  
Firm Registration No.302049E

1B, Old Post Office Street  
Kolkata - 700 001  
Dated : the 19th day of May, 2014

**Rajiv Singhi**  
*Partner*  
Membership No.53518



## Independent Auditors' Report

TO THE MEMBERS OF

**RAMKRISHNA FORGINGS LIMITED**

We have audited the accompanying financial statements of **RAMKRISHNA FORGINGS LIMITED** (the Company), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2014
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date, and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### EMPHASIS OF MATTER

We draw attention to Note No. 29 to the financial statements which describes that the company has paid a managerial remuneration of ₹ 354.48 Lakhs and ₹ 338.29 Lakhs during the financial year 2013-14 and 2012-13 respectively. Out of which an amount of ₹ 191.72 Lakhs and ₹ 120.48 Lakhs is in excess of the limits as laid down in the section 309(3) read with schedule XIII of the Companies Act, 1956 for the financial year 2013-14 and 2012-13 respectively. Since the payment of the remuneration in excess of the limits requires approval of the Central Government, accordingly the Company has made an application to the Central Government and the approval is awaited. Our opinion is not qualified in respect of this matter.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

## Independent Auditors' Report

- 2) As required by section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) 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.
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with in this report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - e) on the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Place : Kolkata  
Dated : The 19th day of May, 2014

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



## Independent Auditors' Report

**Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**

Re: Ramkrishna Forgings Ltd. (the Company)

- 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) 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.  
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.

Accordingly, the provisions of clause 4 (iii) (a) to (g) of the Order are not applicable to the Company.

- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books of accounts and according to the information and explanation given to us, we have not come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control system.
- 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 company's Act,1956.
- VI. The Company has not accepted any fixed deposit from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.
- VII. In our opinion, the 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. We have broadly reviewed the books of accounts maintained by Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act 1956 and are of the opinion that, prima facie, the prescribed records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- IX. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and

## Independent Auditors' Report

explanations given to us and the records of the Company examined by us, no undisputed statutory dues as above were outstanding as at 31st March, 2014 for a period of more than 6 months from the date they became payable.

- (b) As per the information and explanations given to us and as per the records of the company there are no dues of Wealth Tax, Custom Duty, Excise Duty, Cess & Sales Tax which have not been deposited on account of any dispute. The due of the Income Tax & 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 status                     | Nature of Dues | Amount<br>(₹ in Lacs) | Period to which<br>amount relates | Forum where dispute<br>is pending |
|--|----------------|-----------------------|-----------------------------------|-----------------------------------|
| Income Tax Act, 1961                   | Income Tax     | 11.99                 | 2007-08 and 2008-09               | CIT (Appeal) Kolkata              |
| Service Tax under<br>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 2014 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. In our opinion, the terms and conditions on which the Company has given guarantees for loan taken by others from banks or financial instruments are not prejudicial to the interest of the Company.
- 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. According to the information and explanations given to us and on the basis of our overall examination of the Balance Sheet, we report that no funds raised on short term basis have been used for long term investment of the Company.
- XVIII. During the year under Audit, the Company has made preferential allotment of equity shares to a Company covered in the register maintained under section 301 of the Companies Act, 1956. The price at which the shares have been issued has been determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation 2009, which in our opinion is not prejudicial to the interest of the company.
- 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.

For **SINGHI & CO.**  
Chartered Accountants  
Firm Registration No.302049E

**Rajiv Singhi**  
Partner  
Membership No. 53518

Place : Kolkata  
Dated : The 19th day of May, 2014

**Balance Sheet** as at 31st March, 2014

(₹ in Lacs)

| Particulars                           | Note | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|---------------------------------------|------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>         |      |                           |                           |
| <b>Shareholders' Funds</b>            |      |                           |                           |
| Share Capital                         | '2'  | 2,609.94                  | 2,109.59                  |
| Reserves and Surplus                  | '3'  | 29,053.86                 | 22,022.93                 |
| Money received against Share Warrants |      | 654.18                    | 1,276.63                  |
|                                       |      | <b>32,317.98</b>          | <b>25,409.15</b>          |
| <b>Non-Current Liabilities</b>        |      |                           |                           |
| Long-Term Borrowings                  | '4'  | 35,721.70                 | 12,752.87                 |
| Deferred Tax Liabilities              | '5'  | 3,090.06                  | 3,183.20                  |
| Long-Term Provisions                  | '6'  | 23.38                     | 21.07                     |
|                                       |      | <b>38,835.14</b>          | <b>15,957.14</b>          |
| <b>Current Liabilities</b>            |      |                           |                           |
| Short-Term Borrowings                 | '7'  | 11,484.83                 | 10,150.09                 |
| Trade Payables                        | '8'  | 10,222.07                 | 5,349.43                  |
| Other Current Liabilities             | '9'  | 8,043.29                  | 5,422.89                  |
| Short-Term Provisions                 | '10' | 350.77                    | 349.36                    |
|                                       |      | <b>30,100.96</b>          | <b>21,271.77</b>          |
|                                       |      | <b>1,01,254.08</b>        | <b>62,638.06</b>          |
| <b>ASSETS</b>                         |      |                           |                           |
| <b>Non-Current Assets</b>             |      |                           |                           |
| Fixed Assets                          |      |                           |                           |
| Tangible Assets                       | '11' | 23,110.49                 | 23,967.92                 |
| Intangible Assets                     | '11' | 259.26                    | 256.08                    |
| Capital Work-in-Progress              |      | 34,703.98                 | 3,962.47                  |
| Non-Current Investments               | '12' | 670.32                    | 586.46                    |
| Long-Term Loans and Advances          | '13' | 9,449.83                  | 6,766.07                  |
| Other Non-Current Assets              | '14' | -                         | 67.20                     |
|                                       |      | <b>68,193.88</b>          | <b>35,606.20</b>          |
| <b>Current Assets</b>                 |      |                           |                           |
| Inventories                           | '15' | 15,713.47                 | 14,918.73                 |
| Trade Receivables                     | '16' | 11,497.05                 | 8,027.43                  |
| Cash and Bank Balances                | '17' | 1,428.34                  | 299.15                    |
| Short-Term Loans and Advances         | '18' | 1,786.99                  | 2,352.07                  |
| Other Current Assets                  | '19' | 2,634.35                  | 1,434.48                  |
|                                       |      | <b>33,060.20</b>          | <b>27,031.86</b>          |
|                                       |      | <b>1,01,254.08</b>        | <b>62,638.06</b>          |

**Significant Accounting Policies**

Accompanying Notes are an integral part of the financial statements

'1'

As per of our attached report of even date

For and on behalf of the Board

**For Singhi & Co.**

Chartered Accountants

Firm Registration No. 302049E

**Rajiv Singhi**

Partner

Membership No. 53518

Place : Kolkata

Date : The 19th day of May, 2014

**Mahabir Prasad Jalan**

Chairman

**Naresh Jalan**

Managing Director

**Pawan Kumar Kedia**

Finance Director

**Alok Kumar Sharda**  
Chief Financial Officer**Rajesh Mundhra**  
Company Secretary



**Statement of Profit & Loss** for the year ended 31st March, 2014

(₹ in Lacs)

| Particulars   | Note | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|---|------|--|--|
| <b>REVENUES</b>                                     |      |  |  |
| Revenue from Operations (Gross)                     | '20' | 46,709.00                              | 44,529.67                              |
| Less: Excise Duty                                   |      | 3,756.22                               | 4,139.97                               |
| <b>Revenue from Operations (Net)</b>                |      | <b>42,952.78</b>                       | <b>40,389.70</b>                       |
| Other Income  | '21' | 238.69                                 | 132.97                                 |
| <b>Total Revenues</b>                               |      | <b>43,191.47</b>                       | <b>40,522.67</b>                       |
| <b>EXPENSES</b>                                     |      |  |  |
| Cost of Raw Materials Consumed                      | '22' | 21,709.63                              | 22,654.70                              |
| Changes in Inventories                              | '23' | 1,062.26                               | (1,800.00)                             |
| Employee Benefits Expenses                          | '24' | 2,917.95                               | 2,806.99                               |
| Power & Fuel  |      | 4,310.72                               | 4,445.22                               |
| Finance Costs                                       | '25' | 2,226.38                               | 2,168.28                               |
| Depreciation and Amortization Expenses              | '26' | 2,491.79                               | 2,262.21                               |
| Other Expenses                                      | '27' | 7,194.45                               | 6,124.87                               |
| <b>Total Expenses</b>                               |      | <b>41,913.18</b>                       | <b>38,662.27</b>                       |
| <b>Profit before tax</b>                            |      | <b>1,278.29</b>                        | <b>1,860.40</b>                        |
| Tax Expense:  |      |  |  |
| Current tax   |      | 526.00                                 | 368.00                                 |
| MAT Credit Entitlement                              |      | -                                      | (261.00)                               |
| Tax adjustments for earlier years (Net)             |      | 0.12                                   | (3.88)                                 |
| Deferred tax  |      | (93.08)                                | 654.40                                 |
| <b>Profit/ (Loss) for the period</b>                |      | <b>845.25</b>                          | <b>1,102.88</b>                        |
| <b>Earnings per Share (EPS) (Weighted Average):</b> |      |  |  |
| Basic EPS (in ₹)                                    |      | <b>3.34</b>                            | <b>5.89</b>                            |
| Diluted EPS (in ₹)                                  |      | <b>3.34</b>                            | <b>5.89</b>                            |

**Significant Accounting Policies****Accompanying Notes are an integral part of the financial statements** '1'

As per of our attached report of even date

For and on behalf of the Board

**For Singhi & Co.**

Chartered Accountants

Firm Registration No. 302049E

**Rajiv Singhi**

Partner

Membership No. 53518

Place : Kolkata

Date : The 19th day of May, 2014

**Mahabir Prasad Jalan**

Chairman

**Naresh Jalan**

Managing Director

**Pawan Kumar Kedia**

Finance Director

**Alok Kumar Sharda**  
Chief Financial Officer**Rajesh Mundhra**  
Company Secretary

**Cash Flow Statement** for the Year Ended 31st March, 2014

(₹ in Lacs)

| Particulars   | 2013 - 14          | 2012 - 13          |
|---|--------------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                 |                    |                    |
| <b>NET(LOSS)/PROFIT BEFORE EXTRAORDINARY ITEM AND TAXES</b>     | 1,278.29           | 1,860.40           |
| <b>Adjustments for :</b>  |                    |                    |
| Depreciation  | 2,491.79           | 2,262.21           |
| Sundry Balance written (back) / Off                             | 37.46              | (31.70)            |
| (Profit) / Loss on sale of Fixed Assets/Discarded Assets        | 5.14               | 17.37              |
| Employees Stock Option Expenses                                 | 8.44               | 30.20              |
| Interest income   | (188.16)           | (86.61)            |
| Interest expense  | 2,226.38           | 2,042.48           |
| Effect of Exchange rate change (Net)                            | (145.56)           | (36.84)            |
| Dividend income   | (7.99)             | (20.31)            |
| <b>Operating Profit/(Loss) before Working Capital Changes</b>   | <b>5,705.79</b>    | <b>6,037.20</b>    |
| <b>Movements in Working Capital</b>                             |                    |                    |
| Decrease/(Increase) in Trade receivable                         | (3,996.11)         | (909.06)           |
| Decrease/(Increase) in Loans & Advances & Others Current Assets | (2,733.80)         | (6,641.82)         |
| Decrease/(Increase) in Inventories                              | (794.74)           | (1,817.99)         |
| (Decrease)/Increase in Trade Payables                           | 4,888.67           | (2,568.57)         |
| (Decrease)/Increase in Loans & Others Current Liabilities       | (1.20)             | 502.76             |
| Direct Tax paid   | (270.76)           | (451.20)           |
|   | <b>(2,907.94)</b>  | <b>(11,885.86)</b> |
| <b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES (A)</b>         | <b>2,797.85</b>    | <b>(5,848.66)</b>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                 |                    |                    |
| Purchase of Fixed Assets(Including Capital Work in Progress)    | (29,039.18)        | (5,795.85)         |
| Proceeds from Sale of Fixed Assets / Adjusted                   | 51.67              | 924.30             |
| Loan & Advances to Subsidiary                                   | (408.84)           | (564.16)           |
| Investment in Shares in Subsidiary                              | (83.86)            | (575.96)           |
| Investment in Shares in Others                                  | -                  | (10.00)            |
| Advances Recoverable from ESOP Trust                            | 91.99              | (186.82)           |
| Interest Received   | 172.11             | 55.13              |
| Dividend Received   | 7.99               | 20.31              |
| <b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B)</b>           | <b>(29,208.13)</b> | <b>(6,133.06)</b>  |

**Cash Flow Statement** for the Year Ended 31st March, 2014

(₹ in Lacs)

| Particulars   | 2013 - 14        | 2012 - 13        |
|---|------------------|------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>                       |                  |                  |
| Proceeds from Issue of Share Capital including Securities Premium     | 5,908.85         | 3,773.03         |
| Share Warrant Allotment Money Received                                | 75.68            | 1,276.63         |
| Capital Subsidy against Sales Tax Paid                                | -                | 1,309.40         |
| Capital Subsidy against Fixed Assets                                  | -                | 567.63           |
| Proceed from Long Term Borrowings                                     | 26,145.69        | 8,838.77         |
| Repayment of Long Term Borrowings                                     | (3,051.12)       | (3,724.32)       |
| Short Term Borrowings (Net)   | 2,129.05         | 3,050.65         |
| Interest Paid   | (3,374.90)       | (2,419.08)       |
| Dividend including Dividend Tax                                       | (293.78)         | (421.85)         |
| <b>NET CASH INFLOW FROM FINANCING ACTIVITIES (C)</b>                  | <b>27,539.47</b> | <b>12,250.86</b> |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b> | <b>1,129.20</b>  | <b>269.14</b>    |
| OPENING CASH AND CASH EQUIVALENTS                                     | 299.14           | 30.00            |
| CLOSING CASH AND CASH EQUIVALENTS                                     | 1,428.34         | 299.14           |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>         | <b>1,129.20</b>  | <b>269.14</b>    |

**Notes :**

- a) Above statement has been prepared under indirect method except in case of interest, dividends and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.
- b) Addition to Fixed Assets are stated inclusive of interest capitalised and movements of capital work in progress in between beginning and end of the year and treated as part of Investing Activities.

|   |                  |                  |
|---|------------------|------------------|
| <b>c) Cash and Cash Equivalents Include :</b> | <b>2013 - 14</b> | <b>2012 - 13</b> |
| - Cash in hand                                | 5.06             | 12.20            |
| - <b>With Scheduled Bank -</b>                |                  |                  |
| a) Fixed deposit Account                      | 1,400.00         | 250.00           |
| b) Current Account                            | 23.28            | 36.95            |
|   | <b>1,428.34</b>  | <b>299.14</b>    |

- d) Closing Cash and Cash Equivalents represents "Cash & Bank Balance" except ₹ 1.52 Lacs lying in Current Account with scheduled bank on account of unclaimed dividends which are not available for use by the Company.

As per of our attached report of even date

For and on behalf of the Board

**For Singhi & Co.**

Chartered Accountants

Firm Registration No. 302049E

**Rajiv Singhi**

Partner

Membership No. 53518

Place : Kolkata

Date : The 19th day of May, 2014

**Mahabir Prasad Jalan**

Chairman

**Naresh Jalan**

Managing Director

**Pawan Kumar Kedia**

Finance Director

**Alok Kumar Sharda**  
Chief Financial Officer**Rajesh Mundhra**  
Company Secretary



## Notes to the Financial Statements for the year ended 31st March, 2014

### 1. Significant Accounting Policies.

#### a. Accounting Convention

The Financial Statements have been prepared to comply with the mandatory Accounting Standards 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.

#### b. 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 these estimates. Difference between actual result and estimates are recognized in the period in which the results are known/materialized.

#### c. Fixed Assets

- (i) 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.
- (ii) Capital work-in-progress are stated at cost including interest, fund raising cost and related expenses incurred during construction or pre-operative period.
- (iii) Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular are capitalised and depreciated prospectively over the residual life of the respective assets.

#### d. Depreciation and Amortization

- (i) Depreciation on tangible 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.
- (ii) Depreciation on assets added / disposed off during the year is provided on pro-rata basis.
- (iii) 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.
- (iv) Leasehold lands are amortized over the lease period.
- (v) Intangible Assets are amortized over their useful life on straight line basis.

#### e. 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 Statement of Profit & Loss. 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.

#### f. 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 Inventories

## Notes to the Financial Statements for the year ended 31st March, 2014

of Raw Materials, Stores and Spares and Fuel are determined on weighted average method. Inventories of Finished Goods and Work 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.

### g. Investments

- (i) 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.
- (ii) Current Investments are stated at lower of cost or fair value.

### h. Foreign Currency Transactions

- (i) Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Year end balance of foreign currency transaction are translated at the year end rate.
- (ii) Any income or expense on account of exchange rate difference either on settlement or on translation is recognized in the Statement of Profit & Loss except in case of long term borrowings relating to acquisition of fixed assets where resultant exchange rate difference has been adjusted to the carrying cost of such assets.
- (iii) 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.

### i. Employee benefits

- (i) Short term employees benefit are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which related service is rendered.
- (ii) Post employment and other long term benefit are recognized as an expense in the Statement of Profit and Loss 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 Statement of Profit and Loss.
- (iii) The Company's contribution to the Provident Fund and the Family pension fund are charged to Statement of Profit and Loss.

### j. Employee Stock Option Scheme / Share-based payments

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 Statement of Profit & Loss 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 Statement of Profit & Loss on straight line basis over the vesting period.

### k. 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.

Dividend income on investment is accounted for when the right to receive the payment is established.

### l. 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 Statement of Profit & Loss.



## Notes to the Financial Statements for the year ended 31st March, 2014

### m. Government Grant

Government grants are recognised when there is a reasonable assurance that the same will be received. Revenue grants are recognised in the Statement of Profit & Loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

### n. Taxation

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 Statement of Profit & Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### o. 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.

### p. 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.

### q. Provisions, Contingent Liabilities and Contingent Assets, Impairment of tangible and intangible assets excluding goodwill

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.

## 2. Share Capital

|  | As at       |                 |             |                 |
|--|-------------|-----------------|-------------|-----------------|
|  | 31/03/2014  |                 | 31/03/2013  |                 |
|  | Number      | (₹ in Lacs)     | Numbers     | (₹ in Lacs)     |
| <b>Authorized :</b>                        |             |                 |             |                 |
| Equity Shares of ₹ 10/- each               | 2,97,50,000 | 2,975.00        | 2,97,50,000 | 2,975.00        |
|  |             | <b>2,975.00</b> |             | <b>2,975.00</b> |
| <b>Issued :</b>                            |             |                 |             |                 |
| Equity Shares of ₹ 10/- each               | 2,60,99,440 | 2,609.94        | 2,10,95,940 | 2,109.59        |
|  |             | <b>2,609.94</b> |             | <b>2,109.59</b> |
| <b>Subscribed and Paid-up:</b>             |             |                 |             |                 |
| Equity Shares of ₹ 10/- each fully paid-up | 2,60,99,440 | 2,609.94        | 2,10,95,940 | 2,109.59        |
|  |             | <b>2,609.94</b> |             | <b>2,109.59</b> |

## Notes to the Financial Statements for the year ended 31st March, 2014

- i) The Company had issued 30,77,000 warrants to M/s. Eastern Credit Capital (P) Limited (Formally Eastern Credit Capital Limited), Promoter group, on a preferential basis at a price of ₹ 130 per warrant. Out of the above 12,79,000 warrants has been converted into equity shares during the year and the balance 17,80,000 warrants could be converted into equity shares of ₹ 10/- each at a premium of ₹ 120/- within 18 months from the date of allotment i.e 19th January, 2013.

The Company on 3rd April, 2013 has issued and allotted 37,24,500 equity shares of ₹ 10 each to Wayzata II Indian Ocean Limited at a Price of ₹ 132.75 per share.

The Company had a balance of ₹ 282.45 Lacs at the beginning of the year and has received an amount of ₹ 5,909.52 Lacs on account of issue of shares to Wayzata II Indian Ocean Limited and conversion of warrants issued to Promoters into equity shares. Out of above an amount of ₹ 5,811.46 Lacs has been utilised for financing the capital expenditure in respect of the Project and an amount of ₹ 380.52 Lacs is lying in the bank accounts of the Company.

The Company has received an amount of ₹ 75.68 Lacs for further conversion of warrants into equity shares and the same is also lying in the bank accounts of the Company.

- a. **Reconciliation of the number of Shares outstanding:**

| Equity Shares                                | As at              |                    |
|--|--------------------|--------------------|
|  | 31/03/2014         | 31/03/2013         |
| Outstanding at the beginning of the year     | 2,10,95,940        | 1,81,48,540        |
| Add: Shares issued on Allotment              | 37,24,500          | 29,29,400          |
| Add: Shares issued on conversion of warrants | 12,79,000          | 18,000             |
| Outstanding at the end of the year           | <b>2,60,99,440</b> | <b>2,10,95,940</b> |

- b. The Company does not have any Holding Company.
- c. The Company had issued 30,77,000 warrants to M/s. Eastern Credit Capital (P) Limited (Formally Eastern Credit Capital Limited), Promoter group, on a preferential basis at a price of ₹ 130 per warrant. Out of the above 12,97,000 warrants has been converted into equity shares and the balance 17,80,000 warrants could be converted into equity shares of ₹ 10/- each at a premium of ₹ 120/- within 18 months from the date of allotment i.e 19th January, 2013.
- d. **Right, Preference and restrictions attached to Shares:-**

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each share holder is eligible for one vote per share held. The dividend proposed by the Board of Director is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

For the year ended 31st March, 2014, the Board of Directors of the Company has recommended dividend of ₹ 1/- per share (Previous year ₹ 1/- per share) to equity shareholders aggregating to ₹ 260.99 Lacs (Previous year ₹ 251.09 Lacs). The total payout together with the Corporate Dividend Distribution Tax of ₹ 44.36 Lacs (Previous year ₹ 42.69 Lacs), will be ₹ 305.35 Lacs (Previous year ₹ 293.78 Lacs).

- e. **Shareholder holding more than 5 percent shares of the Company :**

|  | 31/03/2014             |                       | 31/03/2013             |                       |
|--|------------------------|-----------------------|------------------------|-----------------------|
|  | Numbers of Shares held | Percentage of Holding | Numbers of Shares held | Percentage of Holding |
| 1. Riddhi Portfolio Private Limited  | 60,25,913              | 23.09%                | 60,24,913              | 28.56%                |
| 2. Wayzata II Indian Ocean Limited.  | 59,37,500              | 22.75%                | NIL                    | NIL                   |
| 3. Eastern Credit Capital (P) Ltd.   | 42,48,000              | 16.28%                | 29,69,000              | 14.07%                |
| 4. International Finance Corporation   | 21,48,400              | 8.23%                 | 21,48,400              | 10.18%                |
| 5. Reliance Capital Trustee Co. Ltd. - a/c Reliance Tax Saver (ELSS) Fund            | 14,38,917              | 5.51%                 | 14,24,444              | 6.75%                 |
| 6. Unit Trust of India - a/c Investment Advisory Services Ltd. a/c Ascent India Fund | NIL                    | NIL                   | 22,13,000              | 10.49%                |

**Notes to the Financial Statements** for the year ended 31st March, 2014

- f. The Company has not reserved any shares for issue of option and contract / commitment for sales of shares / disinvestment.
- g. The Company during the preceding 5 years -
- Has not allotted shares pursuant to contracts with payment received in cash.
  - Has not allotted shares as fully paid up by way of bonus shares
  - Has not bought back any shares
- i. There are no calls unpaid by Directors / Officers.
- j. The Company has not forfeited any shares.

(₹ in Lacs)

**3. Reserves and Surplus**

Reserves and Surplus consist of the following:

|   | As at            |                  |
|---|------------------|------------------|
|   | 31/03/2014       | 31/03/2013       |
| <b>(a) Capital Reserve</b>  |                  |                  |
| As per last Financial Statement   | 2,758.08         | 2,019.81         |
| Add: Capital Subsidy received   | 516.90           | 738.27           |
|   | <b>3,274.98</b>  | <b>2,758.08</b>  |
| <b>(b) Securities Premium Account</b>   |                  |                  |
| As per last Financial Statement   | 9,288.61         | 5,810.32         |
| Add: Allotment of equity shares   | 4,571.82         | 3,456.69         |
| Add: On conversion of warrants into equity shares   | 1,534.80         | 21.60            |
|   | <b>15,395.23</b> | <b>9,288.61</b>  |
| <b>(c) Employee Stock Options Outstanding</b>   |                  |                  |
| Employee Stock Options Outstanding (Including transferred to RKFL Employee Welfare Trust) | 11.59            | 143.61           |
| Less : Deferred Employee Compensation   | 11.59            | 11.12            |
|   | <b>-</b>         | <b>132.49</b>    |
| <b>(d) General Reserve</b>  |                  |                  |
| As per last Financial Statement   | 648.15           | 548.15           |
| Add: Transfer from Statement of Profit and Loss   | 50.00            | 100.00           |
|   | <b>698.15</b>    | <b>648.15</b>    |
| <b>(e) Surplus in the Statement of Profit and Loss</b>                                    |                  |                  |
| As per last Financial Statement   | 9,195.60         | 8,486.50         |
| Add: Profit for the period  | 845.25           | 1,102.88         |
|   | <b>10,040.85</b> | <b>9,589.38</b>  |
| Less: Proposed Dividend on Equity Shares  | 260.99           | 251.09           |
| Less: Tax on Proposed Equity Dividend   | 44.36            | 42.69            |
| Less: Transfer to General Reserve   | 50.00            | 100.00           |
|   | <b>9,685.50</b>  | <b>9,195.60</b>  |
|   | <b>29,053.86</b> | <b>22,022.93</b> |



**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**4. Long-Term Borrowings**

|   | Non Current portion<br>As at |                  | Current Maturities<br>As at |                 |
|---|------------------------------|------------------|-----------------------------|-----------------|
|   | 31/03/2014                   | 31/03/2013       | 31/03/2014                  | 31/03/2013      |
| <b>Secured</b>  |                              |                  |                             |                 |
| From Banks :  |                              |                  |                             |                 |
| Term Loan   | 35,721.70                    | 12,684.03        | 3,137.06                    | 2,011.31        |
|   | <b>35,721.70</b>             | <b>12,684.03</b> | <b>3,137.06</b>             | <b>2,011.31</b> |
| <b>Unsecured</b>  |                              |                  |                             |                 |
| From Banks :  |                              |                  |                             |                 |
| Term Loan   | -                            | -                | -                           | 1,000.00        |
| VAT Deferment payment scheme  | -                            | 68.84            | 68.84                       | 68.84           |
|   | -                            | 68.84            | 68.84                       | 1,068.84        |
|   | <b>35,721.70</b>             | <b>12,752.87</b> | <b>3,205.90</b>             | <b>3,080.15</b> |
| <b>Less: Disclosed under the head current liabilities</b><br>(Refer Note No. 9) | -                            | -                | <b>3,205.90</b>             | <b>3,080.15</b> |
|   | <b>35,721.70</b>             | <b>12,752.87</b> | -                           | -               |

**(a) Securities**

- Term loans (except those which are having exclusive charge) are secured by way of first pari-passu charge over all immovable and moveable fixed assets, both present and future, of the Company excluding those assets for which there is an exclusive charge of other bankers and office property at L & T Chambers, 16, Camac Street, 6th Floor, Kolkata-700 017 and subject to charges of the Company's bankers created / to be created in their favour for working capital loans. It is further secured by the second pari-passu charge on the current assets of the Company, both present and future, excluding hundies of Tata motors discounted by State Bank of India.
- Term Loan from DCB Bank Ltd of ₹ 1,600 Lacs is secured by the subservient charge on the current assets of the Company and collateral security of land alongwith building at 72, Shakespeare Sarani, Kolkata - 700 017.
- Term Loan from DCB Bank Ltd. of ₹ 735 Lacs is secured by the subservient charge on the current assets of the Company and collateral security of office property at L & T Chambers, 16, Camac Street, 6th Floor, Kolkata-700 017.
- Term Loan from Landesbank Baden – Wurttemberg is secured by the First Charge on the 125 MN Front Axles, Crankshafts, and Stub Axle (four at a time) Forging Press Line imported from SMS, GmbH.
- Term loan from Hongkong and Shanghai Banking Corporation Limited is secured by the specific charge on the assets financed by them.

**(b) Repayment schedule is as follows:**

|                            | 2014-15  | 2015-16  | 2016-17  | 2017-18  | 2018-19  | 2019-20  | 2020-21  | 2021-22 to<br>2024-25 | Total            |
|----------------------------|----------|----------|----------|----------|----------|----------|----------|-----------------------|------------------|
| <b>Secured</b>             |          |          |          |          |          |          |          |                       |                  |
| Term Loan & Buyer's Credit | 3,137.07 | 3,085.39 | 5,160.15 | 6,364.06 | 6,148.57 | 4,888.39 | 3,236.89 | 6,838.25              | 38,858.76        |
| <b>Unsecured</b>           |          |          |          |          |          |          |          |                       |                  |
| VAT Deferment Scheme       | 68.84    | -        | -        | -        | -        | -        | -        | -                     | 68.84            |
| <b>Total</b>               |          |          |          |          |          |          |          |                       | <b>38,927.60</b> |

**(c) Interest Rate**

- Term loan from financial institutions carries interest EUR libor + 125 bps to 13% p.a.
- Repayment in quarterly / half yearly instalments. The term Loan of Hongkong and Shanghai Banking Corporation Limited will be repaid at the respective final due date of buyer credit.
- VAT Deferment Payment Scheme is interest free and payable in half yearly instalments of ₹ 34.42 Lacs each till 31st March 2015.

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**5. Deferred Tax**

Major components of Deferred Tax arising on account of temporary timing differences are given below:

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| <b>(a) Deferred Tax Liabilities</b>            |                 |                 |
| Depreciation and Amortization Expenses         | 3,134.11        | 3,209.26        |
|  | <b>3,134.11</b> | <b>3,209.26</b> |
| <b>(b) Deferred Tax Assets</b>                 |                 |                 |
| On Retirement benefits expenses as per AS - 15 | 44.05           | 26.06           |
|  | <b>44.05</b>    | <b>26.06</b>    |
| <b>Deferred Tax Liabilities (Net)</b>          | <b>3,090.06</b> | <b>3,183.20</b> |

**6. Long-Term Provisions**

Long-term Provisions consist of the following:

|                                 | As at        |              |
|---------------------------------|--------------|--------------|
|                                 | 31/03/2014   | 31/03/2013   |
| Provision for Employee Benefits | 23.38        | 21.07        |
|                                 | <b>23.38</b> | <b>21.07</b> |

**7. Short-Term Borrowings**

|                                 | As at            |                  |
|---------------------------------|------------------|------------------|
|                                 | 31/03/2014       | 31/03/2013       |
| <b>Secured</b>                  |                  |                  |
| Loans repayable on demand       |                  |                  |
| From Bank- Working Capital Loan | 10,990.33        | 9,757.57         |
|                                 | <b>10,990.33</b> | <b>9,757.57</b>  |
| <b>Unsecured</b>                |                  |                  |
| Loans repayable on demand       |                  |                  |
| From Bank                       | 494.50           | 392.52           |
|                                 | <b>494.50</b>    | <b>392.52</b>    |
|                                 | <b>11,484.83</b> | <b>10,150.09</b> |

**(a) Securities**

- (i) Working Capital Loans from banks are secured by first pari-passu charge on current assets of the Company, both present and future, excluding hundies of Tata Motors discounted by State bank of India, and second pari-passu charge over all immovable and moveable fixed assets, both present and future, of the Company excluding assets which are exclusively charged to other lenders, 125 MN Front Axles, Crankshafts, and Stub Axle (four at a time) Forging Press Line and office property at L & T Chambers, 16, Camac Street, 6th Floor, Kolkata-17 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. State Bank of India has exclusive charge on the debtors of Tata Motors for the Hundies discounted by them.

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**8. Trade Payables**

Trade Payables consist of the following:

|   | As at            |                 |
|---|------------------|-----------------|
|   | 31/03/2014       | 31/03/2013      |
| Micro, Small and Medium Enterprises (Refer Note No. 42) | 55.29            | 14.68           |
| Others  | 10,166.78        | 5,334.75        |
|   | <b>10,222.07</b> | <b>5,349.43</b> |

**9. Other Current Liabilities**

Other Current Liabilities consist of the following:

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Current maturities of long-term debt (Refer Note No. 4)                                | 3,205.90        | 3,080.15        |
| Interest accrued but not due on borrowings   | 174.56          | 63.56           |
| Amount shall be credited to Investor's Education and Protection Fund (as and when due) | 1.52            | 1.44            |
| Unpaid Dividends   |                 |                 |
| Project Liabilities  | 3,051.48        | 981.00          |
| Advance from Customers   | 78.51           | 40.12           |
| Payable to Employees   | 429.32          | 424.68          |
| Statutory dues   | 166.42          | 145.97          |
| Other Payables #   | 935.58          | 685.97          |
|  | <b>8,043.29</b> | <b>5,422.89</b> |

# Other payable represents Repairs &amp; Maintenance, Carriage Outward Expenses and Payable to Subsidiary etc.

**10. Short-Term Provisions**

Short-term Provisions consist of the following:

|                          | As at         |               |
|--------------------------|---------------|---------------|
|                          | 31/03/2014    | 31/03/2013    |
| Employee Benefits :      |               |               |
| - Gratuity               | 41.47         | 52.35         |
| - Leave Encashment       | 3.95          | 3.23          |
| Proposed Dividend        | 260.99        | 251.09        |
| Tax on Proposed Dividend | 44.36         | 42.69         |
|                          | <b>350.77</b> | <b>349.36</b> |



# Notes to the Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

## 11. Fixed Assets

|                                    | Gross Block         |                           |                           |                     | Depreciation/Amortisations |                 |                           |                     | Net Block           |                     |
|------------------------------------|---------------------|---------------------------|---------------------------|---------------------|----------------------------|-----------------|---------------------------|---------------------|---------------------|---------------------|
|                                    | As at<br>01-04-2013 | Additions /<br>Adjustment | Deduction/<br>Adjustments | As at<br>31-03-2014 | As at<br>01-04-2013        | For the Year    | Deduction/<br>Adjustments | As at<br>31-03-2014 | As at<br>31-03-2014 | As at<br>31-03-2013 |
| <b>A. Tangible Assets</b>          |                     |                           |                           |                     |                            |                 |                           |                     |                     |                     |
| <b>Land &amp; Land Development</b> |                     |                           |                           |                     |                            |                 |                           |                     |                     |                     |
| Lease Hold Land                    | 138.34              | —                         | —                         | 138.34              | 40.32                      | 4.54            | —                         | 44.86               | 93.48               | 98.02               |
| Free Hold Land                     | 468.57              | 18.64                     | —                         | 487.21              | —                          | —               | —                         | —                   | 487.21              | 468.57              |
| <b>Total</b>                       | <b>606.91</b>       | <b>18.64</b>              | <b>—</b>                  | <b>625.55</b>       | <b>40.32</b>               | <b>4.54</b>     | <b>—</b>                  | <b>44.86</b>        | <b>580.69</b>       | <b>566.59</b>       |
| Factory Shed & Building            | 2,521.40            | —                         | —                         | 2,521.40            | 474.43                     | 84.21           | —                         | 558.64              | 1,962.76            | 2,046.97            |
| Office Building                    | 3,189.55            | 69.99                     | 24.20                     | 3,235.34            | 120.52                     | 51.89           | 1.12                      | 171.29              | 3,064.05            | 3,069.03            |
| Plant & Machinery                  | 26,151.54           | 573.57                    | 85.38                     | 26,639.73           | 9,578.84                   | 2,073.34        | 75.85                     | 11,576.33           | 15,063.40           | 16,572.70           |
| Vehicles                           | 210.08              | 55.15                     | 27.27                     | 237.96              | 53.31                      | 21.08           | 19.90                     | 54.49               | 183.47              | 156.77              |
| Furnitures & Fixtures              | 1,153.47            | 800.38                    | —                         | 1,953.85            | 182.97                     | 113.00          | —                         | 295.97              | 1,657.88            | 970.50              |
| Computer (Inc. Software)           | 513.14              | 58.18                     | 0.50                      | 570.82              | 300.06                     | 50.94           | 0.16                      | 350.84              | 219.98              | 213.08              |
| Office Equipments                  | 170.92              | 19.88                     | 6.49                      | 184.31              | 26.39                      | 9.02            | 1.00                      | 34.41               | 149.90              | 144.53              |
| Air Condition Machine              | 259.54              | 24.26                     | 15.11                     | 268.69              | 31.79                      | 12.10           | 3.56                      | 40.33               | 228.36              | 227.75              |
| <b>Total (A)</b>                   | <b>34,776.55</b>    | <b>1,620.05</b>           | <b>158.95</b>             | <b>36,237.65</b>    | <b>10,808.63</b>           | <b>2,420.12</b> | <b>101.59</b>             | <b>13,127.16</b>    | <b>23,110.49</b>    | <b>23,967.92</b>    |
| <b>B. Intangible Assets</b>        |                     |                           |                           |                     |                            |                 |                           |                     |                     |                     |
| Computer Software                  | 377.15              | 85.13                     | -                         | 462.28              | 121.07                     | 81.96           | —                         | 203.02              | 259.26              | 256.08              |
| <b>Total (B)</b>                   | <b>377.15</b>       | <b>85.13</b>              | <b>-</b>                  | <b>462.28</b>       | <b>121.07</b>              | <b>81.96</b>    | <b>—</b>                  | <b>203.02</b>       | <b>259.26</b>       | <b>256.08</b>       |
| <b>Total (A+B)</b>                 | <b>35,153.70</b>    | <b>1,705.18</b>           | <b>158.95</b>             | <b>36,699.93</b>    | <b>10,929.70</b>           | <b>2,502.09</b> | <b>101.59</b>             | <b>13,330.18</b>    | <b>23,369.75</b>    | <b>24,224.00</b>    |
| Previous Year                      | 33,494.45           | 2,791.60                  | 1,132.35                  | 35,153.70           | 8,857.90                   | 2,262.48        | 190.68                    | 10,929.70           | 24,224.00           | 24,636.54           |

## 12. Non-Current Investments

Non-Current Investments consist of the following:

|   | As at         |               |
|---|---------------|---------------|
|   | 31/03/2014    | 31/03/2013    |
| (i) <b>Other than Trade</b>   |               |               |
| <b>Investments in Equity Instruments (Unquoted) (at cost)</b>   |               |               |
| <b>In Equity Shares of Subsidiary Company - Fully paid-up</b>   |               |               |
| - 8,81,400 Equity Shares (Previous year 6,41,400 Nos. Equity Shares) of "Globe Forex & Travel Ltd."                   | 659.82        | 575.96        |
| <b>In Equity Shares of Others Company - Fully paid-up</b>   |               |               |
| - 1,050 Equity Shares (Previous year 1,050 Equity Shares) of "Adityapur Auto Cluster" of ₹ 1,000/- each fully paid up | 10.50         | 10.50         |
|   | <b>670.32</b> | <b>586.46</b> |

- (ii) Although the book value of investments (amount not ascertained) is lower than cost, considering the strategic and long term nature of the investmtnets, in the opinion of the management, such decline is temporary in nature and no provision is necessary for the same.

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**13. Long-Term Loans and Advances**

Long-Term Loans and Advances consist of the following:

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Loan given to Subsidiary Company (Globe Forex & Travels Limited)<br>Unsecured, Considered Good | 800.00          | -               |
| Capital Advance #<br>Unsecured, Considered Good  | 7,790.54        | 6,014.52        |
| Security Deposits #<br>Unsecured, Considered Good  | 744.87          | 648.19          |
| Other loans and advances - Advances Recoverable from<br>Unsecured, Considered Good             |                 |                 |
| - Prepaid Expenses   | 52.61           | 42.65           |
| - Employees  | 61.81           | 60.71           |
|  | <b>9,449.83</b> | <b>6,766.07</b> |

# Doubtful ₹ Nil (Previous year ₹ Nil)

**14. Other Non-Current Assets**

Other Non-Current Assets consist of the following:

|                              | As at      |              |
|------------------------------|------------|--------------|
|                              | 31/03/2014 | 31/03/2013   |
| Accrued Interest             | -          | 15.39        |
| Claims and Other Receivables | -          | 51.81        |
|                              | -          | <b>67.20</b> |

**15. Inventories (Valued at lower of cost and Net Realisable Value)**

Inventories consist of the following:

|                          | As at<br>31/03/2014 |                  |                  | As at<br>31/03/2013 |                  |                  |
|--------------------------|---------------------|------------------|------------------|---------------------|------------------|------------------|
|                          | In transit          | In hand          | Total            | In transit          | In hand          | Total            |
| Work-in-Progress         | -                   | 7,452.97         | 7,452.97         | -                   | 8,388.90         | 8,388.90         |
| Raw Materials            | -                   | 3,218.23         | 3,218.23         | -                   | 1,881.37         | 1,881.37         |
| Fuel & Gas               | -                   | 200.11           | 200.11           | -                   | 93.96            | 93.96            |
| Stores and Spares        | -                   | 4,568.26         | 4,568.26         | -                   | 4,126.07         | 4,126.07         |
| Vendor Managed Inventory | 61.61               | 40.18            | 101.79           | -                   | -                | -                |
| Finished Goods           | -                   | 0.11             | 0.11             | -                   | -                | -                |
| Forgings Scrap           | -                   | 172.00           | 172.00           | -                   | 428.43           | 428.43           |
|                          | <b>61.61</b>        | <b>15,651.87</b> | <b>15,713.47</b> | -                   | <b>14,918.73</b> | <b>14,918.73</b> |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**16. Trade Receivables**

Trade Receivables consist of the following:

|   | As at            |                 |
|---|------------------|-----------------|
|   | 31/03/2014       | 31/03/2013      |
| Outstanding for a period exceeding six months (from the due date) : | 118.18           | 90.29           |
| Unsecured, Considered Good  |                  |                 |
| Outstanding for a period less than six months :                     | 11,378.87        | 7,937.14        |
| Unsecured, Considered Good  |                  |                 |
|   | <b>11,497.05</b> | <b>8,027.43</b> |

**17. Cash and Bank Balances**

Cash and Bank Balances consist of the following:

|   | As at           |               |
|---|-----------------|---------------|
|   | 31/03/2014      | 31/03/2013    |
| Cash and Cash Equivalents                           |                 |               |
| Cash in hand  | 5.06            | 12.20         |
| Balance with Banks :                                |                 |               |
| - In Current Accounts                               | 23.28           | 36.95         |
| - Deposit with less than 3 months initial maturity  | 1,400.00        | -             |
|   | <b>1,428.34</b> | <b>49.15</b>  |
| Other Bank Balances                                 |                 |               |
| - Deposits with more than 3 months initial maturity | -               | 250.00        |
|   | <b>-</b>        | <b>250.00</b> |
|   | <b>1,428.34</b> | <b>299.15</b> |

**18. Short-Term Loans and Advances**

Short-Term Loans and Advances consist of the following:

|   | As at           |                 |
|---|-----------------|-----------------|
|   | 31/03/2014      | 31/03/2013      |
| Loan given to Subsidiary Company (Globe Forex & Travels Limited)    | 173.00          | 551.42          |
| Unsecured, Considered Good  |                 |                 |
| Advance given to Subsidiary Company (Globe Forex & Travels Limited) | -               | 12.74           |
| Unsecured, Considered Good  |                 |                 |
| Security and Other Deposits #                                       | 5.91            | 3.07            |
| Unsecured, Considered Good  |                 |                 |
| Others - Advances Recoverable from                                  |                 |                 |
| Unsecured, Considered Good  |                 |                 |
| - Ramkrishna Forgings Ltd Employee Welfare Trust                    | 968.19          | 1,200.15        |
| - Employees   | 89.72           | 79.21           |
| - Advance Tax (Net of Provision)                                    | 3.74            | 82.80           |
| - Income Tax Refundable   | 147.40          | 64.60           |
| - Suppliers of Goods & Services                                     | 242.97          | 215.37          |
| - Prepaid Expenses  | 156.06          | 142.71          |
|   | <b>1,786.99</b> | <b>2,352.07</b> |

# Doubtful ₹ Nil (Previous year ₹ Nil)

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**19. Other Current Assets**

Other Current Assets consist of the following:

|   | As at           |                 |
|---|-----------------|-----------------|
|   | 31/03/2014      | 31/03/2013      |
| Accrued Interest                          | 79.73           | 53.18           |
| Accrued Export and Other Incentives       | 350.07          | 305.13          |
| MAT Entitlement Receivable                | 6.53            | 265.62          |
| Balance with Customs, Port Trusts, Excise | 1,425.42        | 637.59          |
| Others #                                  | 772.60          | 172.96          |
|   | <b>2,634.35</b> | <b>1,434.48</b> |

# Includes Capital subsidy receivable, Insurance claims receivable etc.

**20. Revenue from Operations**

Revenue from Operations consist of the following:

|                          | Year ended       |                  |
|--------------------------|------------------|------------------|
|                          | 31/03/2014       | 31/03/2013       |
| Sale of Products         |                  |                  |
| - Steel Forgings         | 41,649.95        | 40,545.30        |
| Job Work Sales           | 610.59           | 1,003.02         |
| Other Operating Revenues | 4,448.46         | 2,981.35         |
|                          | <b>46,709.00</b> | <b>44,529.67</b> |
| Less: Excise Duty Paid   | 3,756.22         | 4,139.97         |
|                          | <b>42,952.78</b> | <b>40,389.70</b> |

**21. Other Income**

Other Income consist of the following:

|                                  | Year ended    |               |
|----------------------------------|---------------|---------------|
|                                  | 31/03/2014    | 31/03/2013    |
| Interest Income :                |               |               |
| On Current Investments           | 15.19         | 9.21          |
| On Others                        | 172.97        | 77.40         |
| Dividend Income :                |               |               |
| On Current Investments           | 7.99          | 20.31         |
| Other Non-Operating Income (Net) | 42.54         | 26.05         |
|                                  | <b>238.69</b> | <b>132.97</b> |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**22. Cost of Raw Materials Consumed**

Cost of Raw Materials consumed consist of the following:

|                             | Year ended       |                  |
|-----------------------------|------------------|------------------|
|                             | 31/03/2014       | 31/03/2013       |
| Round                       | 15,321.15        | 13,983.79        |
| Billets                     | 6,388.48         | 9,182.49         |
|                             | <b>21,709.63</b> | <b>23,166.28</b> |
| Less: Trial Run Consumption | -                | 511.58           |
|                             | <b>21,709.63</b> | <b>22,654.70</b> |

**23. Changes in Inventories**

Changes in Inventories consist of the following:

|  | Year ended      |                   |
|--|-----------------|-------------------|
|  | 31/03/2014      | 31/03/2013        |
| <b>Opening Stock</b>                               |                 |                   |
| Vendor Managed Inventory                           | -               | 90.49             |
| Work-in-Progress                                   | 8,388.90        | 6,632.55          |
| Finished Goods                                     | -               | -                 |
| Forging Scrap                                      | 428.43          | 63.11             |
|  | <b>8,817.33</b> | <b>6,786.15</b>   |
| <b>Less: Closing Stock</b>                         |                 |                   |
| Vendor Managed Inventory                           | 101.79          | -                 |
| Work-in-Progress                                   | 7,452.97        | 8,388.90          |
| Finished Goods                                     | 0.11            | -                 |
| Forging Scrap                                      | 172.00          | 428.43            |
|  | <b>7,726.87</b> | <b>8,817.33</b>   |
| (Increase) / Decrease in Stock                     | 1,090.46        | (2,031.18)        |
| Add: Excise Duty on (Increase) / Decrease in Stock | (28.20)         | 40.19             |
|  | <b>1,062.26</b> | <b>(1,990.99)</b> |
| Add: Stock of Trial run production                 | -               | 190.99            |
|  | <b>1,062.26</b> | <b>(1,800.00)</b> |

(a) Details of Work-in-Progress Stock under broad heads are given below:

|                | Year ended 31/03/2014 |                 | Year ended 31/03/2013 |                 |
|----------------|-----------------------|-----------------|-----------------------|-----------------|
|                | Opening               | Closing         | Opening               | Closing         |
| Steel Forgings | 8,388.90              | 7,452.97        | 6,632.55              | 8,388.90        |
|                | <b>8,388.90</b>       | <b>7,452.97</b> | <b>6,632.55</b>       | <b>8,388.90</b> |

(b) Details of Vendor Managed Inventory under broad heads are given below:

|                |   |               |              |   |
|----------------|---|---------------|--------------|---|
| Steel Forgings | - | 101.79        | 90.49        | - |
|                | - | <b>101.79</b> | <b>90.49</b> | - |



**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**24. Employee Benefits Expenses**

Employee Benefits Expenses consist of the following:

|   | Year ended      |                 |
|---|-----------------|-----------------|
|   | 31/03/2014      | 31/03/2013      |
| (a) Salaries, Wages, Bonus, Exgratia, Incentive etc.                | 3,354.39        | 2,935.52        |
| (b) Gratuity fund contributions                                     | 49.89           | 55.58           |
| (c) Provident Fund / Employees Pension Fund & E. S. I. Contribution | 179.18          | 168.31          |
| (d) Expense on Employee Stock Option Scheme (ESOP)                  | 8.44            | 30.20           |
| (e) Staff welfare expenses  | 101.14          | 116.18          |
|   | <b>3,693.04</b> | <b>3,305.79</b> |
| Less: Transferred to Capital Work-in-Progress                       | 775.09          | 498.80          |
|   | <b>2,917.95</b> | <b>2,806.99</b> |

**25. Finance Costs**

Finance Costs consist of the following:

|  | Year ended      |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Interests Expenses                         | 3,059.23        | 2,389.05        |
| Other Borrowing Costs                      | 426.68          | 868.66          |
|  | <b>3,485.91</b> | <b>3,257.72</b> |
| Less: Transfer to Capital Work-in-Progress | 1,259.53        | 1,089.43        |
|  | <b>2,226.38</b> | <b>2,168.28</b> |

**26. Depreciation and Amortization Expenses**

|  | Year ended      |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Depreciation and Amortization Expenses           | 2,502.09        | 2,262.48        |
| Less: Depreciation Capitalised to CWIP (Project) | 10.30           | 0.27            |
|  | <b>2,491.79</b> | <b>2,262.21</b> |

**27. Other Expenses**

Other Expenses consist of the following:

|   | Year ended |            |
|---|------------|------------|
|   | 31/03/2014 | 31/03/2013 |
| Carriage Inward Expenses  | 214.95     | 226.12     |
| Stores, Spares & Die Blocks Consumed (Including Packing Material) | 2,279.45   | 2,122.93   |
| Processing Charges  | 1,494.28   | 1,376.61   |
| Repairs to:   |            |            |
| - Plant & Machinery   | 109.68     | 133.72     |
| - Factory Shed & Building   | 33.02      | 35.57      |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

|   | Year ended      |                 |
|---|-----------------|-----------------|
|   | 31/03/2014      | 31/03/2013      |
| Rent  | 32.51           | 22.76           |
| Rates & Taxes   | 15.54           | 9.55            |
| Insurance Charges (Including Keyman Insurance)                              | 143.37          | 102.97          |
| Repairs & Maintenance   | 167.34          | 132.36          |
| Miscellaneous Expenses  | 491.10          | 425.31          |
| Bank Charges & Commission   | 30.45           | 32.22           |
| Postage, Telegraph & Telephone  | 44.09           | 44.92           |
| Legal & Professional Expenses (a)   | 292.38          | 259.58          |
| Travelling & Conveyance Expenses  | 275.67          | 256.44          |
| (Including Directors Travelling ₹ 108.34 Lacs (Previous year ₹ 80.06 Lacs)) |                 |                 |
| Advertisement Expenses  | 19.50           | 14.54           |
| Payment to Auditors (b)   | 23.74           | 17.79           |
| Brokerage & Commission Expenses   | 137.12          | 81.20           |
| Vehicle Running Expenses  | 39.33           | 36.11           |
| Carriage Outward Expenses   | 588.16          | 549.08          |
| Export Expenses   | 1,095.07        | 613.47          |
| Discount & Rebate (Net)   | 322.36          | 22.92           |
| Exchange Rate Difference  | (145.56)        | (36.84)         |
| Sundry Balances Written Off (Net)   | 37.46           | (31.70)         |
| Discarded Assets  | 12.04           | 21.25           |
|   | <b>7,753.05</b> | <b>6,468.89</b> |
| Less: Transfer to Capital Work-in-Progress                                  | 558.60          | 344.02          |
|   | <b>7,194.45</b> | <b>6,124.87</b> |

**(a) Legal & Professional Expenses include :**

|   | Year ended |            |
|---|------------|------------|
|   | 31/03/2014 | 31/03/2013 |
| i. Payment to a firm of solicitors in which Director is a partner | 2.51       | 0.15       |
| ii. Payment towards technical consultancy charges to a Director   | 1.90       | 2.20       |

**(b) Details of payment to Auditors**

Statutory Auditors:

|                        | Year ended   |              |
|------------------------|--------------|--------------|
|                        | 31/03/2014   | 31/03/2013   |
| Audit Fees             | 11.00        | 8.50         |
| Tax Audit Fees         | 2.00         | 1.50         |
| For other Services     | 10.50        | 7.53         |
| Out of Pocket Expenses | 0.24         | 0.26         |
|                        | <b>23.74</b> | <b>17.79</b> |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**28. Non-Operating Income includes expenses relating to earlier years expenses amounting to ₹ 9.00 Lacs (Previous year Income (Net) ₹ 1.53 Lacs) as per following details**

| Sl. No.      | Particulars            | Year ended  |               |
|--------------|------------------------|-------------|---------------|
|              |                        | 31/03/2014  | 31/03/2013    |
| 1            | Discount / Claim Paid  | -           | 90.06         |
| 2            | E. S. I. Contribution  | 0.14        | -             |
| 3            | Electricity Charges    | -           | 0.03          |
| 4            | Directors Remuneration | -           | (89.33)       |
| 5            | Service Tax            | 8.86        | (2.29)        |
| <b>Total</b> |                        | <b>9.00</b> | <b>(1.53)</b> |

29. The Company has paid a managerial remuneration of ₹ 338.29 Lacs and ₹ 354.48 Lacs during the financial year 2012-13 and 2013-14. Out of which an amount of ₹ 120.48 Lacs and ₹ 191.72 Lacs is in excess of the limits as laid down in the section 309(3) read with schedule XIII of the Companies Act, 1956 for the financial year 2012-13 and 2013-14 respectively. Since the payment of the remuneration in excess of the limits requires approval of the Central Government the Company has made an application to the Central Government and the approval is awaited.

30. During the year the Company has acquired 27.18% shares of M/s. Globe Forex & Travels Ltd and it has thus become a wholly owned subsidiary of the Company w.e.f 8th April, 2013.

**31. Contingent Liabilities and Commitments (to the extent not provided)**

|   | As at      |            |
|---|------------|------------|
|   | 31/03/2014 | 31/03/2013 |
| <b>A. Contingent Liabilities</b>  |            |            |
| (a) Claims against the Company not acknowledged as debt   |            |            |
| (i) Electricity charges demand of Jharkhand State Electricity Board. (Appeal pending before High Court, Jharkhand)  | 45.24      | 45.24      |
| (ii) Demand from Jharkhand State Electricity Board on account of disconnection of line at Plant I (Appeal pending before Dy. Commissioner, Sariekela)                 | -          | 2.29       |
| (iii) Demand for Income Tax for the AY 2007-08 (Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata)  | 8.03       | 8.03       |
| (iv) Demand for Income Tax for the AY 2008-09 (Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata)   | 3.96       | 3.96       |
| (v) Demand for Service Tax for the FY 2004-05, 2005-06, 2006-07 (upto July 2006) (Appeal pending before the Excise & Service Tax Appellate Tribunal, Kolkata)         | 35.98      | 35.98      |
| (vi) Demand for Sales Tax for the FY 2009-10 (Appeal pending before the The Joint Commissioner of Sales Tax, Kolkata)   | -          | 7.36       |
| (vii) Demand for sales Tax for Nov, 2012 for wrong availment of Input tax credit (Appeal pending before Joint Commissioner of Commercial Taxes (Appeals), Jamshedpur) | -          | 7.41       |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

|   | As at      |            |
|---|------------|------------|
|   | 31/03/2014 | 31/03/2013 |
| (b) Bills discounted with Banks   | -          | 108.00     |
| (c) Bank Guarantee  | 567.63     | 567.63     |
| (d) Custom duty on Capital goods imported under EPCG Scheme / Advance Licence, against which export obligation of ₹ 37,294.89 Lacs (Previous year ₹ 1 2,520.47 Lacs) is to be fulfilled | 5,169.27   | 1,666.41   |
| (e) Corporate guarantee given to SBI, Commercial Branch, Jamshedpur, on behalf of Globe Forex & Travels Ltd.  | 1,000.00   | -          |
| <b>B. Commitments</b>   |            |            |
|   | As at      |            |
|   | 31/03/2014 | 31/03/2013 |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for  | 17,474.91  | 26,481.32  |

**32. Employee Benefits**

|   | As at         |               |
|---|---------------|---------------|
|   | 31/03/2014    | 31/03/2013    |
| (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)    |               |               |
| a) Expenses recognized during the year.   |               |               |
| Current Service Cost  | 53.45         | 44.20         |
| Interest Cost   | 27.93         | 19.59         |
| Expected return on plan assets  | (22.79)       | (15.13)       |
| Actuarial (Gain) / Loss   | (17.12)       | 3.69          |
| Net Cost  | <b>41.47</b>  | <b>52.35</b>  |
| 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                     | 299.90        | 227.07        |
| Present value of obligation   | 341.37        | 279.42        |
| Amount recognized in Balance Sheet  | <b>41.47</b>  | <b>52.35</b>  |
| c) Reconciliation of opening and closing balances of Defined Benefit obligation       |               |               |
| Present Value of Defined Benefit obligation at the beginning of the year              | 279.42        | 210.36        |
| Current Service Cost  | 53.45         | 44.20         |
| Interest Cost   | 27.93         | 19.59         |
| Actuarial (Gain) / Loss on obligation   | (19.43)       | 5.27          |
| Benefit paid  | -             | -             |
| Present Value of Defined benefit obligation at the year end                           | <b>341.37</b> | <b>279.42</b> |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

|  | As at                                    |  |
|--|--|--|
|  | 31/03/2014                               | 31/03/2013                               |
| d) Reconciliation of opening and closing balances of fair value of Plan Assets |  |  |
| Fair value of plan assets at beginning of the year                             | 227.07                                   | 167.91                                   |
| Actual return on plan assets   | 22.79                                    | 15.13                                    |
| Actuarial Gain / (Loss)  | (2.31)                                   | 1.58                                     |
| Employer contribution  | 52.35                                    | 42.45                                    |
| Benefit Paid   | -  | -  |
| Fair value of plan assets at the end of the year                               | <b>299.90</b>                            | <b>227.07</b>                            |
| e) Investment details  |  |  |
| Insurer Managed Funds                      100%                                | <b>299.90</b>                            | <b>227.07</b>                            |
| f) Actuarial Assumptions   |  |  |
| Mortality Table (LIC)  | L.I.C.<br>(2006 - 08),<br>Ultimate Table | L.I.C.<br>(1994 - 96),<br>Ultimate Table |
| Discount Rate (per annum)  | 9%                                       | 8%                                       |
| Rate of escalation in salary (per annum)                                       | 7%                                       | 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 using projected unit method

- (ii) Leave salary – Compensated absents : The Company also extends 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 ₹ 133.02 Lacs (Previous year ₹ 122.36 Lacs).

**33. Related Parties**

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

- |   |   |
|---|---|
| (i) 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 (P) Ltd.<br>(100% subsidiary of Riddhi Portfolio (P) Ltd.) |
|   | (iii) M/s. Ramkrishna Rail & Infrastructure Pvt. Ltd.                                       |
|   | (iv) M/s. Clifftop Infrabuild Pvt. Ltd.   |
|   | (v) M/s. Northeast Infra Properties Pvt. Ltd.   |
| (ii) Subsidiary of the Company  | M/s. Globe Forex & Travels Ltd  |
| (iii) ESOP Trust of the Company   | M/s Ramkrishna Forgings Employee Welfare Trust  |
| (iv) Key Management Personnel   |   |
| Mahabir Prasad Jalan  | Chairman cum Whole Time Director  |
| Naresh Jalan  | Managing Director   |
| Pawan Kumar Kedia   | Finance Director  |
| (v) Relative of Key Management Personnel  |   |
| Rashmi Jalan  | Wife of Mr. Naresh Jalan  |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

## (b) Transaction with related parties:

|  | Year ended |            |
|--|------------|------------|
|  | 31/03/2014 | 31/03/2013 |
| Nature of Transaction during the year.   |            |            |
| <b>(i) Subsidiary of the Company</b>   |            |            |
| Loan Given - Globe Forex & Travels Ltd.  | 703.26     | 621.11     |
| Interest Received - Globe Forex & Travels Ltd. (TDS ₹ 10.18 Lacs, Previous year ₹ 0.16 Lacs)                               | 101.75     | 1.58       |
| Loan Repayment by - Globe Forex & Travels Ltd.   | 280.26     | 71.11      |
| Cost of SAP Implementation recovered from - Globe Forex & Travels Ltd. (TDS ₹ 1.41 Lacs, Previous year NIL)                | 14.13      | 12.74      |
| Reimbursement of Legal Expenses  | 7.30       | -          |
| Purchase of Air Tickets and Others Receipts including commission   | 199.04     | 28.60      |
| Investment in Shares   | -          | 575.96     |
| <b>(ii) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence</b> |            |            |
| Loan Taken - Riddhi Portfolio (P) Ltd.   | -          | 4,408.00   |
| Interest Paid- Riddhi Portfolio (P) Ltd. (TDS of NIL, Previous year ₹ 7.71 Lacs)   | -          | 69.37      |
| Loan Repayment - Riddhi Portfolio (P) Ltd.   | -          | 4,477.37   |
| Loan Taken - Eastern Credit Capital (P) Ltd.   | -          | 2,087.90   |
| Interest Paid- Eastern Credit Capital (P) Ltd. (TDS NIL, Previous year ₹ 0.82 Lacs.)                                       | -          | 7.34       |
| Loan Repayment - Eastern Credit Capital (P) Ltd.   | -          | 2,960.22   |
| Share Allotment Money Received for Preferential Issue  | -          | 999.68     |
| Warrant Allotment money received*  | 578.50     | 1,000.03   |
| Warrant conversion money received and converted in to Equity Shares  | 1,247.03   | 17.55      |
| Warrant conversion money received pending conversion Equity Shares   | 75.68      | 282.45     |
| Dividend paid - Riddhi Portfolio (P) Ltd.  | 60.25      | 117.64     |
| Dividend paid - Eastern Credit Capital (P) Ltd.  | 32.58      | 43.40      |
| Dividend paid - Ramkrishna Rail & Infrastructure Pvt. Ltd.   | 0.02       | 0.04       |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

|   | Year ended |            |
|---|------------|------------|
|   | 31/03/2014 | 31/03/2013 |
| <b>(iii) Key Management Personnel</b>   |            |            |
| Managerial Remuneration **  |            |            |
| i) Mahabir Prasad Jalan   | 186.56     | 174.67     |
| ii) Naresh Jalan  | 125.65     | 132.91     |
| iii) Pawan Kumar Kedia  | 18.27      | 17.57      |
| Rent Paid - Naresh Jalan  | 6.00       | 6.00       |
| Lease Rent - Naresh Jalan   | 24.00      | 13.13      |
| Dividend paid   | 11.44      | 23.32      |
| <b>(iv) Relative of Key Management Personnel</b>  |            |            |
| Dividend paid - Rashmi Jalan  | 4.19       | 8.38       |
| <b>(v) Trust of the Company</b>   |            |            |
| Advance paid  | -          | 265.73     |
| Repayment / Adjustment  | 231.96     | 140.05     |
| Dividend  | 7.99       | 20.31      |
| (c) Balance outstanding as at 31st March, 2014  |            |            |
| <b>(i) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence</b> |            |            |
| Warrant Allotment money received*   | 578.50     | 994.18     |
| Warrant conversion money received pending conversion Equity Shares  | 75.68      | 282.45     |
| <b>(ii) Subsidiary of the Company</b>   |            |            |
| Loan - Globe Forex & Travels Limited  | 973.00     | 551.42     |
| Cost of SAP Implementation recovered from - Globe Forex & Travels Ltd.  | -          | 12.74      |
| Trade payable - Purchase of Air Ticket and Other Receipts   | 33.64      | 17.50      |
| Investment in Shares  | 659.82     | 575.96     |
| <b>(iii) Trust of the Company</b>   | 968.19     | 1,200.15   |
| <b>(iv) Corporate guarantee given to SBI, Commercial Branch, Jamshedpur on behalf of Globe Forex &amp; Travels Ltd.</b>   | 1,000.00   | -          |

Note : \* Includes amount received being balance amount of 75% of issue price and warrant allotment money @ 25% of the issue price.

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

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**34. Pre-operative Expenses (Included in Capital Work in Progress)**

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

|  | Year ended      |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Salaries, Wages & Allowances                         | 775.09          | 498.80          |
| Power and Fuel                                       | 37.70           | 20.85           |
| Stores, Spares & Die Blocks Consumed                 | 13.28           | 61.85           |
| Raw materials  | -               | 511.58          |
| Interest / Bank Charges                              | 812.36          | 1,089.43        |
| Exchange Rate Difference                             | 125.96          | -               |
| Miscellaneous Expenses                               | 83.69           | -               |
| Rates & Taxes  | 4.75            | -               |
| Insurance Charges                                    | 24.69           | -               |
| Depreciation   | 10.30           | -               |
| Travelling Expenses                                  | 90.59           | 131.44          |
| Professional Fees/ Consultancy                       | 165.84          | 150.73          |
| <b>Total</b>   | <b>2,144.26</b> | <b>2,464.67</b> |
| Less: Preoperative Income (Including Stock of Scrap) | -               | 190.99          |
|  | <b>2,144.26</b> | <b>2,273.68</b> |
| Add: Balance brought forward from previous year      | 2,021.34        | 133.61          |
|  | <b>4,165.60</b> | <b>2,407.29</b> |
| Less: Allocated to Fixed Assets                      | -               | 385.95          |
| <b>Balance Carried forward</b>                       | <b>4,165.60</b> | <b>2,021.34</b> |

**35. Exchange Rate Difference**

Foreign currency exchange difference Loss of ₹ 49.79 Lacs (Previous year Loss of ₹ 56.85 Lacs) on long term borrowing 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.913(E) dt. 29.12.2011) issued by Ministry of Corporate Affairs.

**36. Operating Lease**

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 Statement of Profit & Loss.



**Notes to the Financial Statements** for the year ended 31st March, 2014

(Lacs)

**37. Foreign Currency exposures that are not hedged by derivative instrument or otherwise as on 31st March, 2014 are as under :**

|                              |          | As at      |            |
|------------------------------|----------|------------|------------|
|                              |          | 31/03/2014 | 31/03/2013 |
| i. Sundry Debtors            |          |            |            |
|                              | In USD * | 15.09      | 11.81      |
|                              | In EUR   | 10.53      | 13.85      |
| ii. Buyer's Credit           | In USD   | 0.13       | 3.77       |
|                              | In JPY   | 1,050.00   | 1,050.00   |
|                              | In EUR   | 0.14       | 0.72       |
| iii. Sundry Creditor         | In JPY   | -          | 240.00     |
|                              | In EUR   | 16.90      | -          |
| iv. Vendor Managed Inventory | In USD   | 2.99       | -          |

\* PCFC / PSFC loan in USD has not been considered to the extent outstanding foreign debtors in USD as on 31.03.2014

**38. Segment information**

(₹ in Lacs)

|   |  | Year ended       |                  |
|---|--|------------------|------------------|
|   |  | 31/03/2014       | 31/03/2013       |
| a. Primary Segment Information: The Company is operating in a single segment namely Forgings. |  |                  |                  |
| Information about Secondary Segments : Geographical   |  |                  |                  |
| Revenue by Geographical Market  |  |                  |                  |
| India   |  | 31,266.65        | 34,950.53        |
| Outside India   |  | 11,686.13        | 5,439.16         |
|   |  | <b>42,952.78</b> | <b>40,389.69</b> |
| <b>Carrying Amount of Segment Assets</b>  |  |                  |                  |
| Outside India   |  | 5,862.16         | 3,417.69         |

Note: 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.

**39. Earnings Per Share (EPS)**

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

|   |  | Year ended  |             |
|---|--|-------------|-------------|
|   |  | 31/03/2014  | 31/03/2013  |
| <b>Profit for the period</b>  |  | 845.25      | 1,102.88    |
| <b>Weighted average number of shares used in the calculation of EPS:</b>            |  |             |             |
| Weighted average number of Basic Equity Shares outstanding                          |  | 2,52,95,393 | 1,87,26,493 |
| Shares deemed to be issued for no consideration in respect of Shares Warrant Issued |  | -           | -           |
| Weighted average number of Shares outstanding (Including Diluted)                   |  | 2,52,95,393 | 1,87,26,493 |
| Face value of per share (₹)   |  | 10.00       | 10.00       |
| Basic EPS (₹)   |  | 3.34        | 5.89        |
| Diluted EPS (₹)   |  | 3.34        | 5.89        |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**40. Share Based Payment**

Under the Employee Stock Option Scheme ("ESOS 2009"), the Company has granted number of options to its eligible employees. Each option when exercised would be converted into one fully paid-up equity share of ₹ 10/- of the Company. Options granted under the ESOS 2009 carry no rights to dividends and no voting rights till the date of exercise. At the reporting date, details of outstanding options held by the employees are as follows:

|                     | As at 31/03/2014 |                        | As at 31/03/2013 |                        |
|---------------------|------------------|------------------------|------------------|------------------------|
|                     | Numbers          | Average Exercise Price | Numbers          | Average Exercise Price |
| Options Outstanding | -                | -                      | 2,18,270         | ₹ 20                   |
| Options Exercisable | -                | -                      | 56,642           | ₹ 20                   |

**a. Employee stock option scheme**

- (i) The shareholders of the Company had approved the ESOP 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 above scheme is administered through an ESOP trust namely Ramkrishna Forging Employee Welfare Trust.
- (ii) The Company in its Board Meeting on 14th November 2013 has aligned its ESOP scheme with the new SEBI Guidelines and has decided to grant 7,96,419 numbers of options to its employees in future based on recommendation of Remuneration & Compensation committee.
- (iii) The Compensation Committee in its meeting held on 12th September, 2009 has granted 4,68,159 numbers options to be converted into equivalent number of equity shares to the employees of the Company. The options under the scheme has been vested and all the employees has converted these options into shares as per the eligible criteria of the scheme and there no pending options to be converted into shares as on the reporting date. With the vesting and exercise of all the option the scheme has been closed by the Company.

**b. Movement of Options Granted:**

The movement of the options under ESOS 2009 for the year ended 31st March, 2014 are as follows:

|                                      | Year ended |            |
|--------------------------------------|------------|------------|
|                                      | 31/03/2014 | 31/03/2013 |
| Outstanding at beginning of the year | 2,18,270   | 3,17,236   |
| Granted during the year              | -          | -          |
| Forfeited during the year            | 17,161     | 11,113     |
| Exercised during the year            | 2,01,109   | 87,853     |
| Outstanding at the end of the year   | -          | 2,18,270   |
| Exercisable at the end of the year   | -          | 56,642     |

- c. The employee share based payment plans have been accounted based on the intrinsic value method and accordingly ₹ 8.44 Lacs (Previous year ₹ 30.20 Lacs) has been charged as employee compensation cost. Had the fair value method of accounting been used, the employee compensation cost would have been ₹ 8.78 Lacs (Previous year ₹ 35.80 Lacs).

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**d. Fair Valuation:**

(a) The impact on the profits and EPS of the fair value method is given in the table below -

|  | Year ended    |                 |
|--|---------------|-----------------|
|  | 31/03/2014    | 31/03/2013      |
| Reported Net Profit                                      | 845.25        | 1,102.88        |
| Add: Compensation cost under ESOS as per intrinsic value | 8.44          | 30.20           |
| Less: Compensation cost under ESOS as per fair value     | 8.78          | 35.80           |
| Proforma Net Profit                                      | <b>844.92</b> | <b>1,097.28</b> |
| <b>Reported Earning per Share (EPS):</b>                 |               |                 |
| Basic EPS (in ₹)   | 3.34          | 5.89            |
| Diluted EPS (in ₹)                                       |               |                 |
| <b>Proforma Earning per Share (EPS):</b>                 |               |                 |
| Basic EPS (in ₹)   | 3.34          | 5.86            |
| Diluted EPS (in ₹)                                       | 3.34          | 5.86            |

e. The loans advanced to the Trust for purchase of shares from the market as at March 31, 2014, is ₹ 968.19 Lacs (Previous year ₹ 1,200.15 Lacs). 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.

41. The Company has recognised a capital subsidy (in the form of sales tax refund) of ₹ 516.90 Lacs under Jharkhand Industrial Policy, 2001 which has been credited to Capital Reserve.

42. Information related to Micro, Small and Medium Enterprises Development Act, 2006 (the Act) is disclosed hereunder. The information given below has been determined to the extent such parties have been identified on the basis of information available with the Company:

|   | As at        |              |
|---|--------------|--------------|
|   | 31/03/2014   | 31/03/2013   |
| (a) (i) Principal amount remaining unpaid to any supplier at the end of the accounting year   | 55.29        | 14.68        |
| (ii) Interest due on above  | -            | -            |
| <b>Total</b>  | <b>55.29</b> | <b>14.68</b> |
| (b) Amount of interest paid by the buyer in terms of Section 16 of the Act, along with amount of payment made beyond the appointed date during the year.  | -            | -            |
| (c) Amount of interest accrued and remaining unpaid at the end of the financial year.   | -            | -            |
| (d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.  | -            | -            |
| (e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose disallowance as a deductible expenditure under Section 23 of the Act. | -            | -            |

**Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**43. (a) C.I.F. value of imports by the Company (Including goods in transit and imported items purchased locally):**

|                            | Year ended |            |
|----------------------------|------------|------------|
|                            | 31/03/2014 | 31/03/2013 |
| Components and Spare parts | 131.09     | 104.67     |
| Capital Goods              | 17,268.99  | 183.02     |

**(b) Expenditure in foreign currency during the year (Paid or provided):**

|   | Year ended |            |
|---|------------|------------|
|   | 31/03/2014 | 31/03/2013 |
| Foreign Bank Charges                    | 2.80       | 1.01       |
| Professional and consultation fees      | 11.78      | -          |
| Interest paid on FC loan                | 278.11     | -          |
| Interest paid on Buyer Credit (FC Loan) | 10.98      | 4.54       |
| Technical Service & Supervision Charges | 2.53       | 7.91       |
| Travelling                              | 18.58      | 114.02     |
| Commission Paid                         | 16.40      | 3.38       |
| Loan Processing Charges (IFC)           | -          | 108.68     |
| Salary paid                             | 131.54     | 87.73      |
| Office Equipments                       | -          | 7.17       |
| Storage Charges                         | 1.68       | -          |
| Management Fees / Waiver Fees           | 94.80      | 9.49       |
| Legal Fees                              | 7.84       | -          |
| Commitment Fees                         | 83.69      | -          |
| Postage / Telegram / Telephone          | 2.80       | -          |
| Printing & Stationery                   | 0.88       | -          |
| Customs Duty                            | 1.30       | -          |
| Claim against export sales              | 3.85       | 29.38      |

**(c) Total value of imported raw materials, spare parts and components consumed during the year and the total value of indigenous raw materials, spare parts and components consumed and the percentage of each to the total consumption:**

|                             | Year ended 31/03/2014 |                  | Year ended 31/03/2013 |                  |
|-----------------------------|-----------------------|------------------|-----------------------|------------------|
|                             | Qty (MT)              | Value            | Qty (MT)              | Value            |
| i. Consumption ( ₹ Lacs)    |                       |                  |                       |                  |
| Raw Materials               | 48,662.02             | 21,709.63        | 50,376.42             | 22,654.70        |
| Imported                    | -                     | -                | -                     | -                |
| Indigenous                  | 48,662.02             | 21,709.63        | 50,376.42             | 23,166.28        |
| Less: Trial Run Consumption |                       | -                |                       | 511.58           |
|                             |                       | <b>21,709.63</b> |                       | <b>22,654.70</b> |
| Stores and Spare parts      |                       | 2,279.44         |                       | 2,061.09         |
| Imported                    |                       | 57.42            |                       | 18.90            |
| Indigenous                  |                       | 2,222.03         |                       | 2,104.04         |
| Less: Trial Run Consumption |                       | -                |                       | 61.85            |
|                             |                       | <b>2,222.03</b>  |                       | <b>2,042.19</b>  |

**Notes to the Financial Statements** for the year ended 31st March, 2014

|                                     | Year ended 31/03/2014 |        | Year ended 31/03/2013 |        |
|-------------------------------------|-----------------------|--------|-----------------------|--------|
|                                     | Qty (MT)              | Value  | Qty (MT)              | Value  |
| ii. Percentage of Total Consumption |                       |        |                       |        |
| Raw Materials                       | 100%                  | 100%   | 100%                  | 100%   |
| Imported                            | -                     | -      | -                     | -      |
| Indigenous                          | 100%                  | 100%   | 100%                  | 100%   |
| Stores and Spare parts              |                       | 100%   |                       | 100%   |
| Imported                            |                       | 2.52%  |                       | 0.92%  |
| Indigenous                          |                       | 97.48% |                       | 99.08% |

**(d) Earnings in Foreign Exchange :**

(₹ in Lacs)

|  | Year ended |            |
|--|------------|------------|
|  | 31/03/2014 | 31/03/2013 |
| Export of goods calculated on F.O.B. basis   | 9,924.74   | 5,197.61   |
| Die design & preparation charged (Recovered) | 1,411.41   | 25.06      |

**(e) Remittance of Foreign currency on A/c of Dividend to Non-Resident to Shareholders**

59.38

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**44.** Figures for the previous year have been regrouped and reclassified to conform to the classification of the current period, where necessary.

As per of our attached report of even date

For and on behalf of the Board

**For Singhi & Co.**

Chartered Accountants

Firm Registration No. 302049E

**Rajiv Singhi**

Partner

Membership No. 53518

Place : Kolkata

Date : The 19th day of May, 2014

**Mahabir Prasad Jalan**

Chairman

**Naresh Jalan**

Managing Director

**Pawan Kumar Kedia**

Finance Director

**Alok Kumar Sharda**

Chief Financial Officer

**Rajesh Mundhra**

Company Secretary



## Independent Auditors' Report

To the Board of Directors of  
**Ramkrishna Forgings Limited**

We have audited the accompanying consolidated financial statements of **RAMKRISHNA FORGINGS LTD.** ("the Company") its subsidiary (collectively referred as Group) which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India, including Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### EMPHASIS OF MATTER

1. We draw attention to Note No.30 to the financial statements which describes that the Company has paid a managerial remuneration of ₹ 354.48 Lakhs and ₹ 338.29 Lakhs during the financial year 2013-14 and 2012-13 respectively. Out of which an amount of ₹ 191.72 Lakhs and ₹ 120.48 Lakhs is in excess of the limits as laid down in the Section 309(3) read with Schedule XIII of the Companies Act, 1956 for the financial year 2013-14 and 2012-13 respectively. Since the payment of the remuneration in excess of the limits requires approval of the Central Government, accordingly the Company has made an application to the Central Government and the approval is awaited. Our opinion is not qualified in respect of this matter.
2. We draw attention to Note No. 31 to the financial statements which describes that during the year, the subsidiary company has changed the method of Revenue Recognition from Gross sale basis to Net revenue basis i.e. recognizing the commission on ticket and services charges from the customer on the issue of tickets. Management believes that this change will

## Independent Auditors' Report

result in more appropriate presentation and is in line with Industry practice. Accordingly, the Subsidiary Company has also restated the previous year figure to conform the current year presentation.

Had the Subsidiary Company continued to follow the earlier method of revenue recognition, the Gross operating revenue for the year would have been higher by ₹ 12,322.41 Lakhs (previous year ₹ 1,634.64 Lakhs) and purchases would have been higher by ₹ 12,322.41 Lakhs (previous year ₹ 1,634.64 Lakhs). However there is no impact on the reported profit/loss. Our opinion is not qualified in respect of this matter.

**For SINGHI & CO.**

*Chartered Accountants*

Firm Registration No.302049E

**Rajiv Singhi**

*Partner*

Membership No. 53518

Place : Kolkata

Dated : The 19th day of May, 2014

**Consolidated Balance Sheet** as at 31st March, 2014

(₹ in Lacs)

| Particulars                           | Note | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|---------------------------------------|------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>         |      |                           |                           |
| <b>Shareholders' Funds</b>            |      |                           |                           |
| Share Capital                         | '2'  | 2,609.94                  | 2,109.59                  |
| Reserves and Surplus                  | '3'  | 28,907.96                 | 21,797.91                 |
| Money received against Share Warrants |      | 654.18                    | 1,276.63                  |
|                                       |      | <b>32,172.08</b>          | <b>25,184.13</b>          |
| <b>Non-Current Liabilities</b>        |      |                           |                           |
| Long-Term Borrowings                  | '4'  | 35,721.70                 | 12,752.87                 |
| Deferred Tax Liabilities              | '5'  | 2,919.18                  | 2,997.09                  |
| Long-Term Provisions                  | '6'  | 23.38                     | 21.07                     |
|                                       |      | <b>38,664.26</b>          | <b>15,771.03</b>          |
| <b>Current Liabilities</b>            |      |                           |                           |
| Short-Term Borrowings                 | '7'  | 12,216.72                 | 10,479.35                 |
| Trade Payables                        | '8'  | 11,477.14                 | 5,793.54                  |
| Other Current Liabilities             | '9'  | 8,162.48                  | 5,622.83                  |
| Short-Term Provisions                 | '10' | 359.74                    | 357.23                    |
|                                       |      | <b>32,216.08</b>          | <b>22,252.94</b>          |
|                                       |      | <b>1,03,052.42</b>        | <b>63,208.11</b>          |
| <b>ASSETS</b>                         |      |                           |                           |
| <b>Non-Current Assets</b>             |      |                           |                           |
| Fixed Assets                          |      |                           |                           |
| Tangible Assets                       | '11' | 23,434.44                 | 24,225.63                 |
| Intangible Assets                     | '11' | 812.48                    | 675.41                    |
| Capital Work-in-Progress              |      | 34,703.98                 | 3,962.47                  |
| Intangible Assets under Development   |      | -                         | 28.00                     |
| Non-Current Investments               | '12' | 10.50                     | 12.43                     |
| Long-Term Loans and Advances          | '13' | 8,670.81                  | 6,783.15                  |
| Other Non-Current Assets              | '14' | -                         | 67.20                     |
|                                       |      | <b>67,632.21</b>          | <b>35,754.29</b>          |
| <b>Current Assets</b>                 |      |                           |                           |
| Inventories                           | '15' | 15,713.47                 | 14,918.73                 |
| Trade Receivables                     | '16' | 13,558.34                 | 8,750.33                  |
| Cash and Bank Balances                | '17' | 1,527.33                  | 383.65                    |
| Short-Term Loans and Advances         | '18' | 1,902.64                  | 1,923.43                  |
| Other Current Assets                  | '19' | 2,718.43                  | 1,477.68                  |
|                                       |      | <b>35,420.21</b>          | <b>27,453.82</b>          |
|                                       |      | <b>1,03,052.42</b>        | <b>63,208.11</b>          |

**Significant Accounting Policies**

Accompanying Notes are an integral part of the financial statements

'1'

As per our attached report of even date

**For Singhi & Co.**

Chartered Accountants

Firm Registration No.302049E

**Rajiv Singhi**

Partner

Membership No. 53518

Place : Kolkata

Date : The 19th day of May, 2014

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



**Consolidated Statement of Profit & Loss** for the year ended 31st March, 2014

(₹ in Lacs)

| Particulars  | Note | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|--|------|--|--|
| <b>REVENUES</b>  |      |  |  |
| Revenue from Operations (Gross)                            | '20' | 47,476.93                              | 44,637.19                              |
| Less: Excise Duty  |      | 3,756.22                               | 4,139.97                               |
| <b>Revenue from Operations (Net)</b>                       |      | <b>43,720.71</b>                       | <b>40,497.22</b>                       |
| Other Income   | '21' | 161.02                                 | 367.22                                 |
| <b>Total Revenues</b>                                      |      | <b>43,881.73</b>                       | <b>40,864.44</b>                       |
| <b>EXPENSES</b>  |      |  |  |
| Cost of Raw Materials Consumed                             | '22' | 21,709.63                              | 22,654.70                              |
| Changes in Inventories                                     | '23' | 1,062.26                               | (1,800.00)                             |
| Employee Benefit Expenses                                  | '24' | 3,330.08                               | 2,872.88                               |
| Power & Fuel   |      | 4,320.07                               | 4,446.87                               |
| Finance Cost   | '25' | 2,287.66                               | 2,025.37                               |
| Depreciation and Amortization Expenses                     | '26' | 2,507.44                               | 2,265.57                               |
| Other Expenses   | '27' | 7,370.63                               | 6,802.73                               |
| <b>Total Expenses</b>                                      |      | <b>42,587.77</b>                       | <b>39,268.13</b>                       |
| <b>Profit before tax</b>                                   |      | <b>1,293.96</b>                        | <b>1,596.31</b>                        |
| Tax Expense :  |      |  |  |
| Current tax  |      | 526.00                                 | 368.00                                 |
| MAT Credit Entitlement                                     |      | -                                      | (261.00)                               |
| Tax adjustments for earlier years (Net)                    |      | 0.12                                   | 0.83                                   |
| Deferred tax   |      | (77.86)                                | 690.18                                 |
| <b>Profit / (Loss) after Tax before Minority Interests</b> |      | <b>845.70</b>                          | <b>798.30</b>                          |
| Less: Minority Interests                                   |      | -                                      | (79.56)                                |
| <b>Profit/ (Loss) after Tax and Minority Interest</b>      |      | <b>845.70</b>                          | <b>877.86</b>                          |
| <b>Earnings per Share (Face value ₹ 10 each)</b>           |      |  |  |
| Basic & Diluted EPS (₹)                                    | '37' | <b>3.34</b>                            | <b>4.69</b>                            |

**Significant Accounting Policies**

'1'

**Accompanying Notes are an integral part of the financial statements**

As per our attached report of even date

For and on behalf of the Board

**For Singhi & Co.**

Chartered Accountants

Firm Registration No.302049E

**Rajiv Singhi**

Partner

Membership No. 53518

Place : Kolkata

Date : The 19th day of May, 2014

**Mahabir Prasad Jalan**

Chairman

**Naresh Jalan**

Managing Director

**Pawan Kumar Kedia**

Finance Director

**Alok Kumar Sharda**  
Chief Financial Officer**Rajesh Mundhra**  
Company Secretary

**Consolidated Cash Flow Statement** for the Year Ended 31st March, 2014

(₹ in Lacs)

| Particulars   | 2013 - 14          | 2012 - 13          |
|---|--------------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                 |                    |                    |
| <b>NET(LOSS)/PROFIT BEFORE EXTRAORDINARY ITEM AND TAXES</b>                   | 1,293.96           | 1,596.31           |
| <b>Adjustments for:</b>   |                    |                    |
| Depreciation  | 2,507.44           | 2,265.57           |
| Investment Written off  | 0.14               | 10.40              |
| Sundry Balance written (back) / Off   | 37.45              | (31.70)            |
| (Profit) / Loss on sale of Fixed Assets/Discarded Assets                      | 11.40              | 19.50              |
| (Profit) / Loss on sale of Investments  | 0.64               | -                  |
| Employees Stock Option Expenses   | 8.44               | 30.20              |
| Interest income   | (293.83)           | (85.44)            |
| Interest expense  | 2,285.07           | 2,025.38           |
| Liabilities no longer required to be written back                             | (11.90)            | (231.61)           |
| Bad Debts Written Off   | 0.03               | 525.66             |
| Effect of Exchange rate change (Net)  | (145.56)           | (36.84)            |
| Dividend income   | (8.04)             | (20.31)            |
| <b>Operating Profit/(Loss) before Working Capital Changes</b>                 | <b>5,685.24</b>    | <b>6,067.12</b>    |
| <b>Movements in Working Capital</b>   |                    |                    |
| Decrease/(Increase) in Trade receivable                                       | (5,317.03)         | (1,276.25)         |
| Decrease/(Increase) in Loans & Advances & Others Current & Non-Current Assets | (2,911.41)         | (6,685.96)         |
| Decrease/(Increase) in Inventories  | (794.74)           | (1,817.99)         |
| (Decrease)/Increase in Trade Payables   | 5,694.04           | (2,497.60)         |
| (Decrease)/Increase in Loans & Others Current Liabilities                     | (89.43)            | (17.55)            |
| Direct Tax paid   | (291.07)           | (454.11)           |
|   | <b>(3,709.64)</b>  | <b>(12,749.46)</b> |
| <b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES (A)</b>                       | <b>1,975.60</b>    | <b>(6,682.34)</b>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                 |                    |                    |
| Purchase of Fixed Assets (Including Capital Work in Progress)                 | (29,078.94)        | (5,838.07)         |
| Proceeds from Sale of Fixed Assets / Adjusted                                 | 59.92              | 924.30             |
| Proceeds from Sale of Investments   | 1.16               | -                  |
| Purchase of Shares of Subsidiary  | (83.86)            | (225.96)           |
| Investment in Shares in Others  | -                  | (10.00)            |
| Advances Recoverable from ESOP Trust  | 91.99              | (186.82)           |
| Interest Received   | 277.78             | 53.95              |
| Dividend Received   | 8.04               | 20.31              |
| <b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B)</b>                         | <b>(28,723.91)</b> | <b>(5,262.29)</b>  |

**Consolidated Cash Flow Statement** for the Year Ended 31st March, 2014

(₹ in Lacs)

| Particulars   | 2013 - 14        | 2012 - 13        |
|---|------------------|------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                         |                  |                  |
| Proceeds from Issue of Share Capital including Securities Premium     | 5,908.85         | 3,773.03         |
| Share Warrant Allotment Money Received                                | 75.68            | 1,276.63         |
| Capital Subsidy against Sales Tax Paid                                | -                | 1,309.40         |
| Capital Subsidy against Fixed Assets                                  | -                | 567.63           |
| Proceed from Long Term Borrowings                                     | 26,145.69        | 8,838.77         |
| Repayment of Long Term Borrowings                                     | (3,051.12)       | (3,724.39)       |
| Short Term Borrowings (Net)   | 2,530.25         | 2,863.59         |
| Interest Paid   | (3,423.57)       | (2,401.98)       |
| Dividend including Dividend Tax                                       | (293.78)         | (421.85)         |
| <b>NET CASH INFLOW FROM FINANCING ACTIVITIES (C)</b>                  | <b>27,892.00</b> | <b>12,080.83</b> |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b> | <b>1,143.68</b>  | <b>136.20</b>    |
| OPENING CASH AND CASH EQUIVALENTS                                     | 383.65           | 247.45           |
| CLOSING CASH AND CASH EQUIVALENTS                                     | 1,527.33         | 383.65           |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>         | <b>1,143.68</b>  | <b>136.20</b>    |

**Notes :**

- a) Above statement has been prepared under indirect method except in case of interest, dividends and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.
- b) Addition to Fixed Assets are stated inclusive of interest capitalised and movements of capital work in progress in between beginning and end of the year and treated as part of Investing Activities.

|   |                  |                  |
|---|------------------|------------------|
| <b>c) Cash and Cash Equivalents Include</b> | <b>2013 - 14</b> | <b>2012 - 13</b> |
| - Cash in hand                              | 10.10            | 50.40            |
| - <b>With Scheduled Bank -</b>              |                  |                  |
| a) Fixed deposit Account                    | 1,454.75         | 250.00           |
| b) Current Account                          | 62.48            | 83.25            |
|   | <b>1,527.33</b>  | <b>383.65</b>    |

- d) Closing Cash and Cash Equivalents represents "Cash & Bank Balance" except ₹ 1.52 Lacs lying in Current Account with schedule bank on account of unclaimed dividends which are not available for use by the Company.

As per our attached report of even date

For and on behalf of the Board

**For Singhi & Co.**

Chartered Accountants

Firm Registration No.302049E

**Rajiv Singhi**

Partner

Membership No. 53518

Place : Kolkata

Date : The 19th day of May, 2014

**Mahabir Prasad Jalan**

Chairman

**Naresh Jalan**

Managing Director

**Pawan Kumar Kedia**

Finance Director

**Alok Kumar Sharda**  
Chief Financial Officer**Rajesh Mundhra**  
Company Secretary



## Consolidated Notes to the Financial Statements for the year ended 31st March, 2014

### 1. Significant Accounting Policies

#### A : Principles of Consolidation

The Consolidated Financial Statements (CFS) relates to Ramkrishna Forgings Limited (the Company) and its Subsidiary (the Group). The CFS has been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" (AS 21), and is prepared on the following basis :

- (a) The financial statements of the Company and its Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating inter-group balances and inter-group transactions including unrealized profits / losses in period end assets, such as inventories, fixed assets etc. The difference between the Company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the CFS as Goodwill or Capital Reserve, as the case may be. Minority Interest's share in net profit / loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the CFS is identified and recognized after taking into consideration:
  - (i) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
  - (ii) The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.
  - (iii) The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.
  - (iv) The excess of loss over the minority interest in the equity, is adjusted against Reserve of the Company.
- (b) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any and to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

#### B : Accounting Convention

The CFS 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.

#### C : Use of Estimates

In preparing Group's CFS 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.

#### D : Fixed Assets

- (i) 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.
- (ii) Capital work-in-progress are stated at cost including interest, fund raising cost and related expenses incurred during construction or pre-operative period.
- (iii) Machinery spares which can be used only in connection with an item of Fixed Asset and whose use as per technical assessment is expected to be irregular are capitalised and depreciated prospectively over the residual life of the respective assets.

#### E : Depreciation and Amortization

- (i) Depreciation on tangible 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.
- (ii) Depreciation on assets added / disposed off during the year is provided on pro-rata basis.
- (iii) 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.
- (iv) Leasehold lands are amortized over the lease period.
- (v) Intangible Assets are amortized over their useful life on straight line basis.

## Consolidated Notes to the Financial Statements for the year ended 31st March, 2014

### F : Impairment of Assets

The Group on an annual basis makes an assessment of any indicator that may lead to Impairment of Assets. If any such indication exists, the Group 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 Statement of Profit & Loss. 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.

### G : 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 Inventories of Raw Materials, Stores and Spares and Fuel are determined on weighted average method. Inventories of Finished Goods and Work 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.

### H : Investments

- (i) 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.
- (ii) Current Investments are stated at lower of cost or fair value.

### I : Foreign Currency Transactions

- (i) Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Year end balance of foreign currency transaction are translated at the year end rate.
- (ii) Any Income or Expense on account of exchange rate difference either on settlement or on translation is recognized in the Statement of Profit & Loss except in case of long term borrowings relating to acquisition of fixed assets where resultant exchange rate difference has been adjusted to the carrying cost of such assets.
- (iii) 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.

### J : Employee Benefits

- (i) Short term employees benefit are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which related service is rendered.
- (ii) Post employment and other long term benefit are recognized as an expense in the Statement of Profit and Loss 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 Statement of Profit and Loss.
- (iii) The Company's contribution to the Provident Fund and the Family pension fund are charged to Statement of Profit and Loss.

### K : Employee Stock Option Scheme / Share-based payments

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 Statement of Profit & Loss 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 Statement of Profit & Loss on straight line basis over the vesting period.

### L : 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.

Dividend income on investment is accounted for when the right to receive the payment is established.

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014**M : 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 Statement of Profit & Loss.

**N : Government Grant**

Government grants are recognised when there is a reasonable assurance that the same will be received. Revenue grants are recognised in the Statement of Profit & Loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

**O : Taxation**

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 Statement of Profit & Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**P : 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.

**Q : 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.

**R : Provisions, Contingent Liabilities and Contingent Assets, Impairment of tangible and intangible assets excluding goodwill**

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 Consolidated Notes on Accounts. Contingent assets are neither recognized nor disclosed in the CFS.

**2. Share Capital**

|  | As at       |                 |             |                 |
|--|-------------|-----------------|-------------|-----------------|
|  | 31/03/2014  |                 | 31/03/2013  |                 |
|  | Numbers     | (₹ in Lacs)     | Numbers     | (₹ in Lacs)     |
| <b>Authorized :</b>                        |             |                 |             |                 |
| Equity Shares of ₹ 10/- each               | 2,97,50,000 | 2,975.00        | 2,97,50,000 | 2,975.00        |
|  |             | <b>2,975.00</b> |             | <b>2,975.00</b> |
| <b>Issued :</b>                            |             |                 |             |                 |
| Equity Shares of ₹ 10/- each               | 2,60,99,440 | 2,609.94        | 2,10,95,940 | 2,109.59        |
|  |             | <b>2,609.94</b> |             | <b>2,109.59</b> |
| <b>Subscribed and Paid-up:</b>             |             |                 |             |                 |
| Equity Shares of ₹ 10/- each fully paid-up | 2,60,99,440 | 2,609.94        | 2,10,95,940 | 2,109.59        |
|  |             | <b>2,609.94</b> |             | <b>2,109.59</b> |

## Consolidated Notes to the Financial Statements for the year ended 31st March, 2014

- i) The Company had issued 30,77,000 warrants to M/s. Eastern Credit Capital (P) Limited (formally Eastern Credit Capital Limited), Promoter group, on a preferential basis at a price of ₹ 130 per warrant. Out of the above 12,79,000 warrants has been converted into equity shares during the year and the balance 17,80,000 warrants could be converted into equity shares of ₹ 10/- each at a premium of ₹ 120/- within 18 months from the date of allotment i.e 19th January, 2013.

The Company on 3rd April, 2013 has issued and allotted 37,24,500 equity shares of ₹ 10 each to Wayzata II Indian Ocean Limited at a Price of ₹ 132.75 per share.

The Company had a balance of ₹ 282.45 Lacs at the beginning of the year and has received an amount of ₹ 5,909.52 Lacs on account of issue of shares to Wayzata II Indian Ocean Limited and conversion of warrants issued to Promoters into equity shares. Out of above an amount of ₹ 5,811.46 Lacs has been utilised for financing the capital expenditure in respect of the Project and an amount of ₹ 380.52 Lacs is lying in the bank accounts of the Company.

The Company has received an amount of ₹ 75.68 Lacs for further conversion of warrants into equity shares and the same is also lying in the bank accounts of the Company.

### Reconciliation of the number of Shares outstanding:

| Equity Shares                                | As at              |                    |
|--|--------------------|--------------------|
|  | 31/03/2014         | 31/03/2013         |
| Outstanding at the beginning of the year     | 2,10,95,940        | 1,81,48,540        |
| Add: Shares issued on conversion of warrants | 12,79,000          | 18,000             |
| Add: Shares issued on Allotment              | 37,24,500          | 29,29,400          |
| Outstanding at the end of the year           | <b>2,60,99,440</b> | <b>2,10,95,940</b> |

(₹ in Lacs)

### 3. Reserves and Surplus

Reserves and Surplus consist of the following:

|   | As at            |                 |
|---|------------------|-----------------|
|   | 31/03/2014       | 31/03/2013      |
| <b>(a) Capital Reserve</b>  |                  |                 |
| As per last Financial Statement   | 2,758.08         | 2,019.81        |
| Add: Capital Subsidy received   | 516.90           | 738.27          |
|   | <b>3,274.98</b>  | <b>2,758.08</b> |
| <b>(b) Securities Premium Account</b>   |                  |                 |
| As per last Financial Statement   | 9,288.61         | 5,810.32        |
| Add: Allotment of equity shares   | 4,571.82         | 3,456.69        |
| Add: On conversion of warrants into equity shares                               | 1,534.80         | 21.60           |
|   | <b>15,395.23</b> | <b>9,288.61</b> |
| <b>(c) Revaluation Reserve</b>  |                  |                 |
| Revaluation Reserve created during the year (Refer Note.3.1)                    | 79.31            | -               |
| Less : Depreciation on account of revaluation                                   | 0.64             | -               |
|   | <b>78.67</b>     | <b>-</b>        |
| <b>(d) Employee Stock Options Outstanding</b>                                   |                  |                 |
| Employee Stock Options Outstanding (Include transfer to employee welfare trust) | 11.59            | 143.61          |
| Less : Deferred Employee Compensation   | 11.59            | 11.12           |
|   | <b>-</b>         | <b>132.49</b>   |

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**3. Reserves and Surplus**

Reserves and Surplus consist of the following:

|  | As at            |                  |
|--|------------------|------------------|
|  | 31/03/2014       | 31/03/2013       |
| <b>(e) General Reserve</b>                             |                  |                  |
| As per last Financial Statement                        | 648.15           | 548.15           |
| Add: Transfer from Statement of Profit and Loss        | 50.00            | 100.00           |
|  | <b>698.15</b>    | <b>648.15</b>    |
| <b>(f) Surplus in the Statement of Profit and Loss</b> |                  |                  |
| As per last Financial Statement                        | 8,970.58         | 8,486.50         |
| Add: Profit for the period                             | 845.70           | 877.86           |
|  | <b>9,816.28</b>  | <b>9,364.36</b>  |
| Less: Proposed Dividend on equity shares               | 260.99           | 251.09           |
| Less: Tax on proposed equity dividend                  | 44.36            | 42.69            |
| Less: Transfer to General Reserve                      | 50.00            | 100.00           |
|  | <b>9,460.93</b>  | <b>8,970.58</b>  |
|  | <b>28,907.96</b> | <b>21,797.91</b> |

3.1 The company has revalued its office building situated at 8, Ho-Chi-Minh Sarani, Kolkata-700 071 to its Market Value ₹ 250 Lacs vide valuation report dated 30th September 2013, the resultant surplus ₹ 79.31 Lacs has been added to Office Building and credited to Revaluation Reserve.

**4. Long-Term Borrowings**

|  | Non Current portion<br>As at |                  | Current Maturities<br>As at |                 |
|--|------------------------------|------------------|-----------------------------|-----------------|
|  | 31/03/2014                   | 31/03/2013       | 31/03/2014                  | 31/03/2013      |
| <b>Secured</b>   |                              |                  |                             |                 |
| From Banks   |                              |                  |                             |                 |
| Term Loan  | 35,721.70                    | 12,684.03        | 3,137.06                    | 2,011.31        |
| Motor Car Loan   | -                            | -                | -                           | 0.39            |
|  | <b>35,721.70</b>             | <b>12,684.03</b> | <b>3,137.06</b>             | <b>2,011.70</b> |
| <b>Unsecured</b>   |                              |                  |                             |                 |
| From Banks   |                              |                  |                             |                 |
| Term Loan  | -                            | -                | -                           | 1,000.00        |
| VAT Deferment Payment Scheme   | -                            | 68.84            | 68.84                       | 68.84           |
|  | -                            | <b>68.84</b>     | <b>68.84</b>                | <b>1,068.84</b> |
|  | <b>35,721.70</b>             | <b>12,752.87</b> | <b>3,205.90</b>             | <b>3,080.15</b> |
| <b>Less: Disclosed under the head current liabilities<br/>(Refer Note No. 9)</b> | -                            | -                | 3,205.90                    | 3,080.15        |
|  | <b>35,721.70</b>             | <b>12,752.87</b> | -                           | -               |



**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**5. Deferred Tax**

Major components of Deferred Tax arising on account of temporary timing differences are given below:

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| <b>(a) Deferred Tax Liabilities</b>            |                 |                 |
| Depreciation and Amortization Expenses         | 3,156.43        | 3,216.42        |
|  | <b>3,156.43</b> | <b>3,216.42</b> |
| <b>(b) Deferred Tax Assets</b>                 |                 |                 |
| On Retirement benefits expenses as per AS - 15 | 47.10           | 28.74           |
| Carry forward of Business Losses               | 159.19          | 159.63          |
| Carry forward of Unabsorbed Depreciation       | 30.96           | 30.96           |
|  | <b>237.25</b>   | <b>219.33</b>   |
| <b>Deferred Tax Liabilities (Net)</b>          | <b>2,919.18</b> | <b>2,997.09</b> |

**6. Long-Term Provisions**

Long-term Provisions consist of the following:

|                                 | As at        |              |
|---------------------------------|--------------|--------------|
|                                 | 31/03/2014   | 31/03/2013   |
| Provision for Employee Benefits | 23.38        | 21.07        |
|                                 | <b>23.38</b> | <b>21.07</b> |

**7. Short-term Borrowings**

|                                 | As at            |                  |
|---------------------------------|------------------|------------------|
|                                 | 31/03/2014       | 31/03/2013       |
| <b>Secured</b>                  |                  |                  |
| Loans repayable on demand       |                  |                  |
| From Bank- Working Capital Loan | 11,672.50        | 9,757.57         |
|                                 | <b>11,672.50</b> | <b>9,757.57</b>  |
| <b>Unsecured</b>                |                  |                  |
| Loans repayable on demand       |                  |                  |
| From Bank                       | 494.50           | 603.41           |
| From Other Parties              | 49.72            | 118.37           |
|                                 | <b>544.22</b>    | <b>721.78</b>    |
|                                 | <b>12,216.72</b> | <b>10,479.35</b> |

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**8. Trade Payables**

Trade Payables consist of the following:

|                                    | As at            |                 |
|------------------------------------|------------------|-----------------|
|                                    | 31/03/2014       | 31/03/2013      |
| Micro, Small and Medium Enterprise | 55.29            | 14.68           |
| Others                             | 11,421.85        | 5,778.86        |
|                                    | <b>11,477.14</b> | <b>5,793.54</b> |

**9. Other Current Liabilities**

Other current liabilities consist of the following:

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Current maturities of long-term debt (Refer Note No. 4)                                | 3,205.90        | 3,080.54        |
| Share Application Money Pending Refund   | -               | 101.25          |
| Interest accrued but not due on borrowings   | 174.56          | 63.56           |
| Amount shall be credited to Investor's Education and Protection Fund (as and when due) |                 |                 |
| Unpaid Dividend  | 1.52            | 1.44            |
| Project Liabilities  | 3,051.47        | 999.22          |
| Advance from Customers   | 151.51          | 59.70           |
| Advance from Other Parties   | -               | 10.00           |
| Payable to Employees   | 469.42          | 454.24          |
| Statutory dues   | 183.87          | 149.93          |
| Other Payables #   | 924.23          | 702.95          |
|  | <b>8,162.48</b> | <b>5,622.83</b> |

# Other payable represents Repairs &amp; Maintenance, Carriage Outward Expenses, etc.

**10. Short-Term Provisions**

Short-term Provisions consist of the following:

|                          | As at         |               |
|--------------------------|---------------|---------------|
|                          | 31/03/2014    | 31/03/2013    |
| Employee Benefits        |               |               |
| - Gratuity               | 50.44         | 60.22         |
| - Leave Encashment       | 3.95          | 3.23          |
| Proposed Dividend        | 260.99        | 251.09        |
| Tax on Proposed Dividend | 44.36         | 42.69         |
|                          | <b>359.74</b> | <b>357.23</b> |

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**11. Fixed Assets**

| Description                        | Gross Block         |                          |                            |                     | Depreciation / Amortization |                 |                            |                     | Net Block           |                     |
|------------------------------------|---------------------|--------------------------|----------------------------|---------------------|-----------------------------|-----------------|----------------------------|---------------------|---------------------|---------------------|
|                                    | As at<br>01-04-2013 | Additions/<br>Adjustment | Deductions/<br>Adjustments | As at<br>31-03-2014 | As at<br>01-04-2013         | For the Year    | Deductions/<br>Adjustments | As at<br>31-03-2014 | As at<br>31-03-2014 | As at<br>31-03-2013 |
| <b>A. Tangible Assets</b>          |                     |                          |                            |                     |                             |                 |                            |                     |                     |                     |
| <b>Land &amp; Land Development</b> |                     |                          |                            |                     |                             |                 |                            |                     |                     |                     |
| Lease Hold Land                    | 138.34              | —                        | —                          | 138.34              | 40.32                       | 4.54            | —                          | 44.86               | 93.48               | 98.02               |
| Free Hold Land                     | 468.57              | 18.64                    | —                          | 487.21              | —                           | —               | —                          | —                   | 487.21              | 468.57              |
| <b>Total</b>                       | <b>606.91</b>       | <b>18.64</b>             | <b>—</b>                   | <b>625.55</b>       | <b>40.32</b>                | <b>4.54</b>     | <b>—</b>                   | <b>44.86</b>        | <b>580.69</b>       | <b>566.59</b>       |
| Factory Shed & Building            | 2,521.40            | —                        | —                          | 2,521.40            | 474.43                      | 84.21           | —                          | 558.64              | 1,962.76            | 2,046.97            |
| Office Building*                   | 3,360.24            | 149.30                   | 24.20                      | 3,485.34            | 125.91                      | 55.32           | 1.12                       | 180.11              | 3,305.23            | 3,234.33            |
| Plant & Machinery                  | 26,156.91           | 573.57                   | 85.38                      | 26,645.10           | 9,581.66                    | 2,073.55        | 75.85                      | 11,579.36           | 15,065.74           | 16,575.25           |
| Vehicles                           | 263.29              | 55.15                    | 60.05                      | 258.39              | 84.59                       | 22.60           | 38.30                      | 68.89               | 189.50              | 178.70              |
| Furnitures & Fixtures              | 1,210.17            | 806.45                   | —                          | 2,016.62            | 205.28                      | 116.34          | —                          | 321.62              | 1,695.00            | 1,004.89            |
| Computer                           | 568.39              | 62.92                    | 0.50                       | 630.81              | 343.22                      | 55.73           | 0.16                       | 398.79              | 232.02              | 225.17              |
| Office Equipments                  | 196.70              | 24.83                    | 6.64                       | 214.89              | 38.86                       | 10.35           | 1.00                       | 48.21               | 166.68              | 157.84              |
| Air Condition Machine              | 272.57              | 25.19                    | 15.11                      | 282.65              | 36.68                       | 12.71           | 3.56                       | 45.83               | 236.82              | 235.89              |
| <b>Total (A)</b>                   | <b>35,156.58</b>    | <b>1,716.05</b>          | <b>191.88</b>              | <b>36,680.75</b>    | <b>10,930.95</b>            | <b>2,435.35</b> | <b>119.99</b>              | <b>13,246.31</b>    | <b>23,434.44</b>    | <b>24,225.63</b>    |
| <b>B. Intangible Assets</b>        |                     |                          |                            |                     |                             |                 |                            |                     |                     |                     |
| Goodwill on Consolidation          | 419.33              | 102.45                   | 18.59                      | 503.19              | —                           | —               | —                          | —                   | 503.19              | 419.33              |
| Computer Software                  | 377.14              | 125.72                   | —                          | 502.86              | 121.07                      | 82.18           | —                          | 203.25              | 299.61              | 256.08              |
| Online Portal Website Development  | —                   | 10.50                    | —                          | 10.50               | —                           | 0.82            | —                          | 0.82                | 9.68                | —                   |
| <b>Total (B)</b>                   | <b>796.47</b>       | <b>238.67</b>            | <b>18.59</b>               | <b>1,016.55</b>     | <b>121.07</b>               | <b>83.00</b>    | <b>—</b>                   | <b>204.07</b>       | <b>812.48</b>       | <b>675.41</b>       |
| <b>Total (A+B)</b>                 | <b>35,953.05</b>    | <b>1,954.72</b>          | <b>210.47</b>              | <b>37,697.30</b>    | <b>11,052.02</b>            | <b>2,518.35</b> | <b>119.99</b>              | <b>13,450.38</b>    | <b>24,246.92</b>    | <b>24,901.04</b>    |
| Previous Year                      | 33,494.45           | 3,598.60                 | 1,139.98                   | 35,953.05           | 8,857.90                    | 2,384.80        | 190.68                     | 11,052.02           | 24,901.04           | —                   |

\*Out of ₹ 55.32 Lacs depreciation provided on Office Building, ₹ 0.64 Lacs is adjusted through Revaluation Reserve.

**12. Non-Current Investments**

Non-Current Investments consist of the following:

|   | As at        |              |
|---|--------------|--------------|
|   | 31/03/2014   | 31/03/2013   |
| (i) <b>Other than Trade</b>   |              |              |
| <b>Investments in Equity Instruments (Unquoted) (at cost)</b>   |              |              |
| 1,050 Equity Shares (Previous year 1,050 Equity Shares) of "Adityapur Auto Cluster" of ₹ 1000/- each fully paid up                    | 10.50        | 10.50        |
| <b>In Equity Shares of Other Company (Quoted) - Fully paid-up</b>   |              |              |
| 400 Equity Shares (Previous year 400 Equity Shares) of "Allahabad Bank" of ₹ 10/- each fully paid up                                  | —            | 0.04         |
| 1,000 Equity Shares (Previous year 1,000 Equity Shares) of "Gujarat Narmada Valley Fertilizers Co. Ltd." of ₹ 10/- each fully paid up | —            | 1.09         |
| 1,200 Equity Shares (Previous year 1,200 Equity Shares) of "Indo Rama Synthetics India Ltd." of ₹ 10/- each fully paid up             | —            | 0.66         |
| 200 Equity Shares (Previous year 200 Equity Shares) of "J.J. Exporters Ltd." of ₹ 10/- each fully paid up                             | —            | 0.14         |
|   | <b>10.50</b> | <b>12.43</b> |

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

- ii) Although the book value of investments (amount not ascertained) is lower than cost, considering the strategic and long term nature of the investments in the opinion of the management such decline is temporary in nature and no provision is necessary for the same.

**13. Long-Term Loans and Advances**

Long-Term Loans and Advances consist of the following:

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Capital Advance #                                    | 7,790.54        | 6,014.52        |
| Unsecured, Considered Good                           |                 |                 |
| Security Deposits #                                  | 765.85          | 665.27          |
| Unsecured, Considered Good                           |                 |                 |
| Other loans and advances - Advances Recoverable from |                 |                 |
| Unsecured, Considered Good                           |                 |                 |
| - Prepaid Expenses                                   | 52.61           | 42.65           |
| - Employees  | 61.81           | 60.71           |
|  | <b>8,670.81</b> | <b>6,783.15</b> |

# Doubtful ₹ Nil (Previous year ₹ Nil)

**14. Other Non-Current Assets**

Other non-current Assets consist of the following:

|                              | As at      |              |
|------------------------------|------------|--------------|
|                              | 31/03/2014 | 31/03/2013   |
| Accrued Interest             | -          | 15.39        |
| Claims and Other Receivables | -          | 51.81        |
|                              | -          | <b>67.20</b> |

**15. Inventories (Valued at lower of cost and Net Realisable Value)**

Inventories consist of the following:

|  | As at            |                  |
|--|------------------|------------------|
|  | 31/03/2014       | 31/03/2013       |
| Work-in-Progress   | 7,452.97         | 8,388.90         |
| Raw Materials  | 3,218.23         | 1,881.37         |
| Fuel & Gas   | 200.11           | 93.96            |
| Stores and Spares  | 4,568.26         | 4,126.07         |
| Vendor Managed Inventory (including in transit ₹ 61.61 Lacs) | 101.79           | -                |
| Finished Goods   | 0.11             | -                |
| Forgings Scrap   | 172.00           | 428.43           |
|  | <b>15,713.47</b> | <b>14,918.73</b> |

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**16. Trade Receivables**

Trade Receivables consist of the following:

|   | As at            |                 |
|---|------------------|-----------------|
|   | 31/03/2014       | 31/03/2013      |
| Outstanding for a period exceeding six months (from the due date) | 312.42           | 90.29           |
| Unsecured, Considered Good  |                  |                 |
| Outstanding for a period less than six months                     | 13,245.92        | 8,660.04        |
| Unsecured, Considered Good  |                  |                 |
|   | <b>13,558.34</b> | <b>8,750.33</b> |

**17. Cash and Bank Balances**

Cash and Bank Balances consist of the following:

|   | As at           |               |
|---|-----------------|---------------|
|   | 31/03/2014      | 31/03/2013    |
| Cash and Cash Equivalents                           |                 |               |
| Cash in hand  | 10.10           | 50.40         |
| Balance with Banks:                                 |                 |               |
| - In Current Accounts                               | 62.48           | 83.25         |
| - Deposits with less than 3 months initial maturity | 1,400.00        | -             |
|   | <b>1,472.58</b> | <b>133.65</b> |
| Other Balances                                      |                 |               |
| - Deposits with more than 3 months initial maturity | 54.75           | 250.00        |
|   | <b>54.75</b>    | <b>250.00</b> |
|   | <b>1,527.33</b> | <b>383.65</b> |

**18. Short-Term Loans and Advances**

Short-Term Loans and Advances consist of the following:

|  | As at           |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Security and Other Deposits #                    | 5.91            | 3.07            |
| Unsecured, Considered Good                       |                 |                 |
| Others - Advances Recoverable from               |                 |                 |
| Unsecured, Considered Good                       |                 |                 |
| - Advance Tax (Net of Provision for Tax)         | 3.74            | 148.81          |
| - Income Tax Refundable                          | 233.72          | 64.60           |
| - Ramkrishna Forgings Ltd Employee Welfare Trust | 968.19          | 1,200.15        |
| - Advances with Airlines (LCC)                   | 71.37           | 28.05           |
| - Employees                                      | 92.73           | 80.28           |
| - Suppliers of Goods & Services                  | 366.96          | 254.17          |
| - Prepaid Expenses                               | 160.02          | 144.30          |
|  | <b>1,902.64</b> | <b>1,923.43</b> |

# Doubtful ₹ Nil (Previous year ₹ Nil)

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**19. Other Current Assets**

Other Current Assets consist of the following:

|   | As at           |                 |
|---|-----------------|-----------------|
|   | 31/03/2014      | 31/03/2013      |
| Accrued Interest                                | 79.73           | 53.18           |
| Accrued Export and Other Incentives             | 434.15          | 334.63          |
| MAT Entitlement Receivable                      | 6.53            | 265.62          |
| Refund Receivable from Airlines                 | -               | 13.69           |
| Balance with Customs, Port Trusts, Excise, etc. | 1,425.42        | 637.59          |
| Others #  | 772.60          | 172.97          |
|   | <b>2,718.43</b> | <b>1,477.68</b> |

# Includes Capital subsidy receivable, Insurance claims Receivable, etc.

**20. Revenue from Operations**

Revenue from Operations consist of the following:

|   | Year ended |                  |            |                  |
|---|------------|------------------|------------|------------------|
|   | 31/03/2014 |                  | 31/03/2014 |                  |
| Sale of Products                                  |            |                  |            |                  |
| Steel Forgings                                    |            | 41,649.95        |            | 40,545.30        |
| Job Work Sales                                    |            | 610.59           |            | 1,003.02         |
| Sale of Services                                  |            |                  |            |                  |
| Sale of Air Tickets and Other Receipts            | 12,435.89  |                  | 1,630.49   |                  |
| Less : Purchase of Air Tickets and Other Receipts | 12,322.41  | 113.48           | 1,634.64   | (4.15)           |
| Commission & Incentive                            |            | 654.45           |            | 111.67           |
| Other Operating Revenues                          |            | 4,448.46         |            | 2,981.35         |
|   |            | <b>47,476.93</b> |            | <b>44,637.19</b> |
| Less: Excise Duty Paid                            |            | 3,756.22         |            | 4,139.97         |
|   |            | <b>43,720.71</b> |            | <b>40,497.22</b> |

**21. Other Income**

Other Income consist of the following:

|   | Year ended    |               |
|---|---------------|---------------|
|   | 31/03/2014    | 31/03/2013    |
| Interest Income :                                   |               |               |
| On Current Investments                              | 15.19         | 9.21          |
| On Others   | 73.53         | 76.23         |
| On Income Tax Refund                                | 1.61          | -             |
| Dividend Income :                                   |               |               |
| On Current Investments                              | 8.04          | 20.31         |
| Liabilities no longer required to be written back # | 11.90         | 231.61        |
| Other Non-Operating Income (Net)                    | 50.75         | 29.86         |
|   | <b>161.02</b> | <b>367.22</b> |

# Represents previous year written back on account of one time settlement arrived with the Allahabad Bank against their working capital dues.

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**22. Cost of Raw Materials Consumed**

Cost of Raw Materials consumed consist of the following:

|                             | Year ended       |                  |
|-----------------------------|------------------|------------------|
|                             | 31/03/2014       | 31/03/2013       |
| Round                       | 15,321.15        | 13,983.79        |
| Billets                     | 6,388.48         | 9,182.49         |
|                             | <b>21,709.63</b> | <b>23,166.28</b> |
| Less: Trial Run Consumption | -                | 511.58           |
|                             | <b>21,709.63</b> | <b>22,654.70</b> |

**23. Changes in Inventories**

Changes in Inventories consist of the following:

|  | Year ended      |                   |
|--|-----------------|-------------------|
|  | 31/03/2014      | 31/03/2013        |
| <b>Opening Stock</b>                               |                 |                   |
| Vendor Managed Inventory                           | -               | 90.49             |
| Work-in-Progress                                   | 8,388.90        | 6,632.55          |
| Forging Scrap                                      | 428.43          | 63.11             |
|  | <b>8,817.33</b> | <b>6,786.15</b>   |
| <b>Less: Closing Stock</b>                         |                 |                   |
| Vendor Managed Inventory                           | 101.79          | -                 |
| Work-in-Progress                                   | 7,452.97        | 8,388.90          |
| Finished Goods                                     | 0.11            | -                 |
| Forging Scrap                                      | 172.00          | 428.43            |
|  | <b>7,726.87</b> | <b>8,817.33</b>   |
| (Increase) / Decrease in Stock                     | 1,090.46        | (2,031.18)        |
| Add: Excise Duty on (Increase) / Decrease in Stock | (28.20)         | 40.19             |
|  | <b>1,062.26</b> | <b>(1,990.99)</b> |
| Add: Stock of Trial run production                 | -               | 190.99            |
|  | <b>1,062.26</b> | <b>(1,800.00)</b> |

(a) Details of Work-in-Progress Stock under broad heads are given below:

|                | Year ended 31/03/2014 |                 | Year ended 31/03/2013 |                 |
|----------------|-----------------------|-----------------|-----------------------|-----------------|
|                | Opening               | Closing         | Opening               | Closing         |
| Steel Forgings | 8,388.90              | 7,452.97        | 6,632.55              | 8,388.90        |
|                | <b>8,388.90</b>       | <b>7,452.97</b> | <b>6,632.55</b>       | <b>8,388.90</b> |

(b) Details of Vendor Managed Inventory under broad heads are given below:

|                |   |               |              |   |
|----------------|---|---------------|--------------|---|
| Steel Forgings | - | 101.79        | 90.49        | - |
|                | - | <b>101.79</b> | <b>90.49</b> | - |

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**24. Employee Benefits Expenses**

Employee Benefits Expenses consist of the following:

|   | Year ended      |                 |
|---|-----------------|-----------------|
|   | 31/03/2014      | 31/03/2013      |
| Salaries, Wages, Bonus, Exgratia, Incentive etc.                | 3,744.73        | 2,997.67        |
| Gratuity fund contributions                                     | 54.99           | 57.07           |
| Provident Fund / Employees Pension Fund & E. S. I. Contribution | 191.49          | 170.01          |
| Expense on Employee Stock Option Scheme (ESOP)                  | 8.44            | 30.20           |
| Staff welfare expenses  | 105.52          | 116.73          |
|   | <b>4,105.17</b> | <b>3,371.68</b> |
| Less: Transferred to Capital Work-in-Progress                   | 775.09          | 498.80          |
|   | <b>3,330.08</b> | <b>2,872.88</b> |

**25. Finance Costs**

Finance Costs consist of the following:

|  | Year ended      |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Interests Expenses                         | 3,117.92        | 2,371.95        |
| Other Borrowing Costs                      | 429.27          | 46.77           |
|  | <b>3,547.19</b> | <b>2,418.71</b> |
| Less: Transfer to Capital Work-in-Progress | 1,259.53        | 393.34          |
|  | <b>2,287.66</b> | <b>2,025.37</b> |

**26. Depreciation and Amortization Expenses**

|  | Year ended      |                 |
|--|-----------------|-----------------|
|  | 31/03/2014      | 31/03/2013      |
| Depreciation and Amortization Expenses           | 2,517.74        | 2,265.84        |
| Less: Depreciation Capitalised to CWIP (Project) | 10.30           | 0.27            |
|  | <b>2,507.44</b> | <b>2,265.57</b> |



**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**27. Other Expenses**

Other Expenses consist of the following:

|   | Year ended      |                 |
|---|-----------------|-----------------|
|   | 31/03/2014      | 31/03/2013      |
| Carriage Inward Expenses  | 214.95          | 226.12          |
| Stores, Spares & Die Blocks Consumed (Including Packing Material)           | 2,279.45        | 2,122.93        |
| Processing Charges  | 1,494.28        | 1,376.61        |
| Repairs to:   |                 |                 |
| Plant & Machinery   | 109.68          | 133.72          |
| Factory Shed & Building   | 33.02           | 35.57           |
| Franchise Fees  | 6.60            | 5.01            |
| Business Promotion Expenses   | 16.84           | 2.91            |
| Rent  | 71.88           | 31.46           |
| Rates & Taxes   | 18.74           | 9.59            |
| Insurance Charges (Including Keyman Insurance)                              | 148.42          | 104.07          |
| Repairs & Maintenance   | 185.45          | 135.27          |
| Miscellaneous Expenses  | 512.30          | 429.72          |
| Bank Charges & Commission   | 35.42           | 854.97          |
| Postage, Telegraph & Telephone  | 61.15           | 48.43           |
| Legal & Professional Expenses   | 313.31          | 260.24          |
| Travelling & Conveyance Expenses  | 281.74          | 235.05          |
| (Including Directors Travelling ₹ 108.34 Lacs (Previous year ₹ 80.06 Lacs)) |                 |                 |
| Advertisement Expenses  | 19.68           | 14.70           |
| Payment to Auditors   | 28.74           | 22.21           |
| Brokerage & Commission Expenses   | 137.47          | 81.31           |
| Vehicle Running Expenses  | 43.22           | 36.58           |
| Carriage Outward Expenses   | 588.16          | 549.08          |
| Export Expenses   | 1,095.07        | 613.47          |
| Discount & Rebate (Net)   | 322.36          | 22.92           |
| Exchange Rate Difference  | (145.56)        | (36.84)         |
| Sundry Balances Written Off (Net)   | 37.49           | (31.70)         |
| Bad Debt Written Off  | -               | 525.66          |
| Investment Written Off  | 0.14            | 10.40           |
| Loss on Sale of Fixed Assets  | 6.26            | 2.13            |
| Loss on Sale of Investments   | 0.64            | -               |
| Prior Period Expenses   | 0.29            | -               |
| Discarded Assets  | 12.04           | 21.25           |
|   | <b>7,929.23</b> | <b>7,842.84</b> |
| Less: Transfer to Capital Work-in-Progress                                  | 558.60          | 1,040.11        |
|   | <b>7,370.63</b> | <b>6,802.73</b> |

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

28. During the year the Company has acquired 27.18% shares of M/s. Globe Forex & Travels Ltd and it has thus become a wholly owned subsidiary of the Company w.e.f 8th April, 2013.

29. The list of subsidiary which is included in the CFS of the Group and the Group's effective ownership interest therein are as under:

| Name of the Company        | Relationship | Country of Incorporation | Group's Proportion of Ownership Interest as on 31/03/2014 | Group's Proportion of Ownership Interest as on 31/03/2013 |
|----------------------------|--------------|--------------------------|---|---|
| Globe Forex & Travels Ltd. | Subsidiary   | India                    | 100.00%   | 72.82%  |

30. The Company has paid a managerial remuneration of ₹ 338.29 Lacs and ₹ 354.48 Lacs during the financial year 2012-13 and 2013-14. Out of which an amount of ₹ 120.48 Lacs and ₹ 191.72 Lacs is in excess of the limits as laid down in the section 309(3) read with schedule XIII of the Companies Act, 1956 for the financial year 2012-13 and 2013-14 respectively. Since the payment of the remuneration in excess of the limits requires approval of the Central Government the Company has made an application to the Central Government and the approval is awaited.

31. During the year, M/s Globe Forex & Travels Limited, the Subsidiary Company has changed its method of Revenue Recognition from Gross sale basis to Net revenue basis i.e. recognizing the commission on ticket and services charges from the customer on the issue of tickets. Management believes that this change will result in more appropriate presentation and is in line with the industry practice. Accordingly, the Company has also restated the previous year figures to conform the current year presentation.

Had the Company continued to follow the earlier method of revenue recognition, the Gross operating revenue for the year would have been higher by ₹ 12,322.41 Lacs (Previous year ₹ 1,634.64 Lacs) and purchases would have been higher by ₹ 12,322.41 Lacs (Previous year ₹ 1,634.64 Lacs). However there is no impact on the reported profit/loss.

(₹ in Lacs)

**32. Contingent Liabilities and Commitments (to the extent not provided)**

|  | As at      |            |
|--|------------|------------|
|  | 31/03/2014 | 31/03/2013 |
| <b>A. Contingent Liabilities</b>   |            |            |
| (a) Claims against the Company not acknowledged as debt  |            |            |
| (i) Electricity charges demand of Jharkhand State Electricity Board. (Appeal pending before High Court, Jharkhand)   | 45.24      | 45.24      |
| (ii) Demand for Income Tax for the AY 2007-08 (Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata)  | 8.03       | 8.03       |
| (iii) Demand for Income Tax for the AY 2008-09 (Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata)   | 3.96       | 3.96       |
| (iv) Demand for Service Tax for the FY 2004-05, 2005-06, 2006-07 (upto July 2006) (Appeal pending before the Excise & Service Tax Appellate Tribunal, Kolkata)       | 35.98      | 35.98      |
| (v) Demand from Jharkhand State Electricity Board on account of disconnection of line at Plant I (Appeal pending before Dy. Commissioner, Sariekela)                 | -          | 2.29       |
| (vi) Demand for Sales Tax for the FY 2009-10 (Appeal pending before the The Joint Commissioner of Sales Tax, Kolkata)  | -          | 7.36       |
| (vii) Demand for sales Tax for Nov, 2012 for wrong avilment of Input tax credit (Appeal pending before Joint Commissioner of Commercial Taxes (Appeals), Jamshedpur) | -          | 7.41       |

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**32. Contingent Liabilities and Commitments (to the extent not provided)**

|  | As at      |            |
|--|------------|------------|
|  | 31/03/2014 | 31/03/2013 |
| (b) Bills discounted with Banks  | -          | 108.00     |
| (c) Bank Guarantee   | 567.63     | 567.63     |
| (d) Custom duty on Capital goods imported under EPCG Scheme / Advance Licence, against which export obligation of ₹ 37,294.89 Lacs (Previous year ₹ 12,520.47 Lacs) is to be fulfilled | 5,169.27   | 1,666.41   |
| <b>B. Commitments</b>  |            |            |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for   | 17,474.91  | 26,481.32  |

**33. Employee Benefits**

|   | As at         |               |
|---|---------------|---------------|
|   | 31/03/2014    | 31/03/2013    |
| Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits : |               |               |
| i. In respect of Gratuity a defined benefit scheme (based on actuarial valuation) |               |               |
| a) Expenses recognized during the year  |               |               |
| Current Service Cost  | 61.51         | 50.07         |
| Interest Cost   | 30.04         | 21.18         |
| Expected return on plan assets  | (21.50)       | (16.24)       |
| Actuarial (Gain) / Loss   | (21.49)       | 2.24          |
| Net Cost  | <b>48.56</b>  | <b>57.25</b>  |
| 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                 | 317.27        | 239.69        |
| Present value of obligation   | 367.71        | 299.91        |
| Amount recognized in Balance Sheet  | <b>50.44</b>  | <b>60.22</b>  |
| c) Reconciliation of opening and closing balances of Defined Benefit obligation   |               |               |
| Present Value of Defined Benefit obligation at the beginning of the year          | 299.91        | 229.72        |
| Current Service Cost  | 61.51         | 50.07         |
| Interest Cost   | 30.04         | 21.18         |
| Actuarial (Gain) / Loss on obligation   | (23.74)       | 3.96          |
| Benefit paid  | -             | (5.02)        |
| Present Value of Defined benefit obligation at the year end                       | <b>367.72</b> | <b>299.91</b> |



## Consolidated Notes to the Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

### 33. Employee Benefits

|  | As at                          |                                |
|--|--------------------------------|--------------------------------|
|  | 31/03/2014                     | 31/03/2013                     |
| d) Reconciliation of opening and closing balances of fair value of Plan Assets |                                |                                |
| Fair value of plan assets at beginning of the year                             | 239.68                         | 184.19                         |
| Actual return on plan assets   | 24.08                          | 16.24                          |
| Actuarial Gain / (Loss)  | (2.25)                         | 1.72                           |
| Employer contribution  | 55.76                          | 42.56                          |
| Benefit Paid   | -                              | (5.02)                         |
| Fair value of plan assets at the end of the year                               | <b>317.27</b>                  | <b>239.69</b>                  |
| e) Investment details  |                                |                                |
| Insurer Managed Funds 100%   | 317.27                         | 239.69                         |
| f) Actuarial Assumptions   | L.I.C.                         | L.I.C.                         |
| Mortality Table (LIC)  | (1994 - 96),<br>Ultimate Table | (1994 - 96),<br>Ultimate Table |
| Discount Rate (per annum)  | 9%                             | 8%                             |
| Rate of escalation in salary (per annum)                                       | 7%                             | 6%                             |

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 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 using projected unit method.

ii. Leave salary – Compensated absents :- The company also extends 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 ₹ 142.79 Lacs (Previous year ₹ 126.69 Lacs).

### 34. Related Parties

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

(i) 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 (P) Ltd.  
(100% subsidiary of Riddhi Portfolio (P) Ltd.)
- (iii) M/s. Ramkrishna Rail & Infrastructure Pvt. Ltd.
- (iv) M/s. Clifftop Infrabuild Pvt. Ltd.
- (v) M/s. Northeast Infra Properties Pvt. Ltd.

(ii) ESOP Trust of the Company

(iii) **Key Management Personnel**

Mahabir Prasad Jalan

Naresh Jalan

Pawan Kumar Kedia

(iv) **Relative of Key Management Personnel**

Rashmi Jalan

Chairman cum Whole Time Director

Managing Director

Finance Director

Wife of Mr. Naresh Jalan

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

## (b) Transaction with related parties:

|   | Year ended |            |
|---|------------|------------|
|   | 31/03/2014 | 31/03/2013 |
| Nature of Transaction during the year.  |            |            |
| <b>(i) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence</b> |            |            |
| Loan Taken - Riddhi Portfolio (P) Ltd.  | -          | 4,408.00   |
| Interest Paid- Riddhi Portfolio (P) Ltd. (Previous Year TDS of ₹ 7.71 Lacs)   | -          | 69.37      |
| Loan Repayment - Riddhi Portfolio (P) Ltd.  | -          | 4,477.37   |
| Loan Taken - Eastern Credit Capital (P) Ltd.  | -          | 2,087.90   |
| Interest Paid- Eastern Credit Capital (P) Ltd. (Previous Year TDS ₹ 0.82 Lacs)  | -          | 7.34       |
| Loan Repayment - Eastern Credit Capital (P) Ltd.  | -          | 2,960.22   |
| Share Allotment Money Received for Preferential Issue   | -          | 999.68     |
| Warrant Allotment money received *  | 578.50     | 1,000.03   |
| Warrant conversion money received and converted in to Equity Shares   | 1,247.03   | 17.55      |
| Warrant conversion money received pending conversion Equity Shares  | 75.68      | 282.45     |
| Dividend - Riddhi Portfolio (P) Ltd.  | 60.25      | 117.64     |
| Dividend - Eastern Credit Capital (P) Ltd.  | 32.58      | 43.40      |
| Dividend - Ramkrishna Rail & Infrastructure (P) Ltd.  | 0.02       | 0.04       |
| <b>(ii) Key Management Personnel</b>  |            |            |
| Managerial Remuneration **  |            |            |
| i) Mahabir Prasad Jalan   | 186.56     | 174.67     |
| ii) Naresh Jalan  | 125.65     | 132.91     |
| iii) Pawan Kumar Kedia  | 18.27      | 17.57      |
| Rent Paid - Naresh Jalan  | 6.00       | 6.00       |
| Lease Rent - Naresh Jalan   | 24.00      | 13.13      |
| Dividend paid   | 11.44      | 23.32      |
| <b>(iii) Relative of Key Management Personnel</b>   |            |            |
| Dividend - Rashmi Jalan   | 4.19       | 8.38       |
| <b>(iv) ESOP Trust of the Company</b>   |            |            |
| Advance paid  | -          | 265.73     |
| Repayment / Adjustment  | 231.96     | 140.05     |
| Dividend  | 7.99       | 20.31      |
| (c) Balance outstanding as at 31st March, 2014  |            |            |
| <b>(i) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence</b> |            |            |
| Warrant Allotment money received *  | 578.50     | 994.18     |
| Warrant conversion money received pending conversion Equity Shares  | 75.68      | 282.45     |
| <b>(ii) ESOP Trust of the Company</b>   | 968.19     | 1,200.15   |

Note - \* Includes amount received being balance amount of 75% of issue price and warrant allotment money @25% of the issue price.

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

**Consolidated Notes to the Financial Statements** for the year ended 31st March, 2014

(₹ in Lacs)

**35. Exchange Rate Difference**

Foreign currency exchange difference Loss of ₹ 49.79 Lacs (Previous year Loss of ₹ 56.85 Lacs) on long term borrowing 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. 913 (E) dt. 29.12.2011) issued by Ministry of Corporate Affairs.

**36. Segment information**

|  | Year ended       |                  |
|--|------------------|------------------|
|  | 31/03/2014       | 31/03/2013       |
| Primary Segment Information: The Company is operating in a single segment namely Forgings. |                  |                  |
| Information about Secondary Segments : Geographical  |                  |                  |
| Revenue by Geographical Market   |                  |                  |
| India  | 32,034.59        | 35,058.05        |
| Outside India  | 11,686.13        | 5,439.16         |
|  | <b>43,720.71</b> | <b>40,497.21</b> |
| <b>Carrying Amount of Segment Assets</b>   |                  |                  |
| Outside India  | 5,862.10         | 3,417.47         |

Note: 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.

**37. Earning per share (EPS)**

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

|  | Year ended  |             |
|--|-------------|-------------|
|  | 31/03/2014  | 31/03/2013  |
| Weighted average number of Equity shares outstanding                       | 2,52,95,393 | 1,87,26,493 |
| Profit after Taxation & Minority Interest and before Extra- Ordinary Items | 845.70      | 877.86      |
| Profit after Taxation & Minority Interest and after Extra- Ordinary Items  | 845.70      | 877.86      |
| Basic & Diluted EPS before Extra- Ordinary Item (In ₹)                     | 3.34        | 4.69        |
| Basic & Diluted EPS after Extra- Ordinary Item (In ₹)                      | 3.34        | 4.69        |
| Face value of per share (₹)  | 10.00       | 10.00       |

**38.** Figures for the previous year have been regrouped and reclassified to conform to the classification of the current period, where necessary.

As per our attached report of even date

For and on behalf of the Board

**For Singhi & Co.**

Chartered Accountants

Firm Registration No.302049E

**Rajiv Singhi**

Partner

Membership No. 53518

Place : Kolkata

Date : The 19th day of May, 2014

**Mahabir Prasad Jalan**

Chairman

**Naresh Jalan**

Managing Director

**Pawan Kumar Kedia**

Finance Director

**Alok Kumar Sharda**  
Chief Financial Officer

**Rajesh Mundhra**  
Company Secretary

## Notes

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## Notes





## **Ramkrishna Forgings Limited**

CIN No: L74210WB1981PLC034281

Ramkrishna Chambers, 72, Shakespeare Sarani, Kolkata - 700 017

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