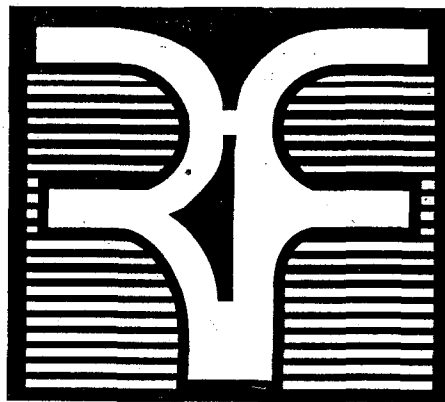


19TH ANNUAL REPORT



RAJKUMAR FORGE LIMITED

BOARD OF DIRECTORS	: S.PADMANABHAN Chairman
	PRABHAKAR B. KORE
	PRADEEP BHARGAVA
	SWASTIK SIRSIKAR
	SHANTANU R. KOTHAVALA
	RAJKUMAR S. KOTHAVALA Managing Director
COMPANY SECRETARY	: VIJAY.V. KULKARNI
AUDITOR	: M/S BAPAT & COMPANY
	CHARTERED ACCOUNTANTS
BANKERS	: BANK OF BARODA
REGISTRAR AND TRANSFER AGENTS	LINK INTIME INDIA PRIVATE LIMITED
	BLOCK NO 202,2'ND FLOOR
	AKSHAY COMPLEX ,NEAR
	GANESH TEMPLE,DHOLE PATIL
	ROAD,PUNE – 411 001
	PHONE NO : (020)26050084,26051629, 26503395
	TELE FAX : 020 -26053503
REGISTERED OFFICE	: NOVELTY CLASSIC, FLAT NO. : 201,
	2ND FLOOR, BEHIND MARUTI CARE POINT,
	OFF SENAPATI BAPAT ROAD,
	PUNE 411 016
	PHONE (020) 25639050, 25639051,25639052
	FAX : (020) 25639049 • WEBSITE : www.rkforging.com
FACTORY	: GAT NO 357,KHARABWADI
	• CHAKAN- TALEGAON ROAD
	CHAKAN- 410501, TALUKA- KHED
	DISTRICT-PUNE

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Rajkumar Forge Limited will be held on Saturday the 25th day of July, 2009 at 10.30 A.M at Poona Club Limited, 6 Bund Garden Road, Pune 411 001 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 and Profit and Loss-Account as on that date and Reports of the Auditors and Directors thereon.
2. To declare dividend on preference shares.
3. To declare a dividend on equity shares.
4. To appoint a Director in place of Mr. P.B.Kore who retires by rotation but being eligible, offers himself for re-appointment.
5. To appoint Director in place of Mr. Swastik Sirsikar who retires by rotation but being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION** :
"RESOLVED THAT THE COMPANY'S AUDITORS, M/S BAPAT AND COMPANY, CHARTERED ACCOUNTANTS BE AND ARE HEREBY REAPPOINTED AS AUDITORS OF THE COMPANY TO HOLD THE OFFICE FROM CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY AND THE BOARD OF DIRECTORS BE AND IS HEREBY AUTHORISED TO FIX THEIR REMUNERATION FOR THE PERIOD."

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass with or without modification, the following resolution as an **SPECIAL RESOLUTION**.
"RESOLVED THAT pursuant to the provisions of Section 198, 269,309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 read with Article 141 of Articles of Association of the company and subject to such other approvals as may be necessary, approval of members is hereby accorded to the reappointment of Mr.R.S.Kothavale as Managing Director of the Company for a period of 3 (Three) years with effect from 1st July,2009 upon the terms and conditions as set out in the agreement to be entered into between the Company and Mr.R.S.Kothavale and initialed by Mr. S.Padmanabhan, Chairman for the purpose of identification."
"FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to review and/or revise the terms, conditions, remuneration including minimum remuneration, perquisites, and other benefits being given of to be given to Mr. R.S.Kothavale in line / conformity with any amendment to the relevant provisions in the Companies Act,1956 and /or the Rules and Regulations made there under and /or the guidelines as may be announced by the appropriate authorities from time to time and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto as may be agreed between the Board of Directors and Mr.R.S.Kothavale."

By Order of Board of Directors

Place : Pune
Date : 27th April, 2009

R.S.KOTHAVALA
MANAGING DIRECTOR

NOTES :

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The instrument appointing a proxy, in order to be effective, shall be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting. Proxies shall not have any right to speak at the Meeting.
- 3) Members who hold shares in dematerialized form are requested to bring their **CLIENT ID** and **DP ID** numbers for easy identification of attendance at the meeting.
- 4) Members holding shares in dematerialized form are requested to intimate any change in their address, bank details etc. to their respective DPS. Those members who are holding shares in physical form are requested to advise **Link Intime India Private Limited**, Registrar and Transfer agent of the Company having its head office at C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai 400078 and having its local office at " Second Floor, Akshay Complex, Dhole Patil Road, Pune-411001 immediately of any change in their address.

- 5) The Register of Members and Share Transfer Books of the Company will remain close from Tuesday 21st July, 2009 to Saturday 25th July, 2009 (both days inclusive).
- 6) Members may avail of the facility of dematerialization by opening Demat Accounts with Depository Participants of either National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) and get the equity share certificates dematerialised. The ISIN No of the Company is INE-013J01016.
- 7) Members desirous of getting any information in respect of accounts of the Company and proposed resolutions, are requested to send their queries in writing to Company at its' Registered Office at least 7 days before the date of the meeting, so that the required information to the extent possible can be made available at the meeting.
- 8) Members are requested to bring their copies of Annual Report to the Meeting.
- 9) Members /proxies attending the meeting should bring the Attendance Slip, duly filled in for handing over at the venue of the meeting.

By Order of Board of Directors

Place : Pune
Date : 27th April, 2009

R.S.KOTHAVALA
MANAGING DIRECTOR

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT,1956.

Special Business Item No 7 :

Mr.R.S.Kothavale is promoter director of your company. He has been serving as a Managing Director since inception. His forth term is up to 30th June,2009. The Remuneration Committee and the Board of Directors have, at their respective meetings held on 27th April, 2009, approved the remuneration of Mr.R.S.Kothavale as Managing Director for further period of three years w.e.f 1st July, 2009 subject to the approval of members as required under the provisions of the Companies Act 1956.

Shri.R.S.Kothavale shall not, while he continues to be Managing Director, be subject to retirement by rotation pursuant to the provisions of Section 255 of the Companies Act,1956.

The Board of Directors is of the opinion that re-appointment of Mr.R.S.Kothavale as Managing Director is in the best interest of the Company as his dynamic leadership, mature guidance, knowledge of the Company's core activities and wide experience will benefit the Company. Hence your Directors are of the view that it would be in the best interest of the Company to reappoint him as Managing Director for another term of three years.

Pursuant to the aforesaid Board Resolution appointing Mr.R.S.Kothavale, as Managing Director, of the Company, the Company proposes to enter into an agreement with Mr.R.S.Kothavale w.e.f.1st July, 2009. The appointment of Mr.R.S.Kothavale is as per the provisions of Section 269 read with Schedule XIII to the Companies Act, 1956 and is subject to the approval of members in the Annual General Meeting. Hence the resolution stated at Item No 7 is placed before the Annual General Meeting for its approval.

The important terms and conditions of appointment and remuneration applicable to Mr.R.S.Kothavale, as set out in the draft agreement effective from 1st July,2009 are as under :

Mr.R.S.Kothavale will be looking after the overall working of the Company and such additional duties as may be assigned by the Board of Directors from time to time. The period of appointment will be 3 years i.e 1st July,2009 to 30th June 2012. (A) Mr. R. S. Kothavale shall be entitled to following salary and perquisites, even in the case of in adequacy of profit in any financial year.

BASIC SALARY :

Rs 1,13,000 -(Rupees One Lakh Thirteen Thousand only) per month.

PERQUISITES

- (a) In addition to the aforesaid salary, the Managing Director shall be entitled to the following perquisites :
 - 1) Reimbursement of medical expenses incurred for self and family Rs.10,000 per month.
 - 2) Leave travel assistance for self and family not exceeding Rs.1,20,000 per annum.
 - 3) Fees of club, which will include admission fees up to Rs.12,000 per annum.
 - 4) Personal accident insurance, premium whereof does not exceed Rs.60,000 per annum.
 - 5) Two Cars with drivers for official purpose.
 - 6) Telephone and fax facilities at residence
 - 7) Contribution to ,superannuation fund, to the extent these either singly or put together are not taxable under Income Tax Act, 1961.
 - 8) Gratuity at the rate not exceeding 15 days' salary for each completed year of service and
 - 9) Leave at the rate of one month for every eleven months of service.

Explanation : For the purpose of item (ii) & (iii) above family means the spouse, the dependent children and dependent parents of Managing Director.

Mr. R.S. Kothavale shall be entitled to commission in case adequacy of profit on any financial year:

COMMISSION

Mr. R. S. Kothavale shall be entitled to commission as may be decided by the Board of Directors based on the net profits of the Company each year, subject to the condition that the aggregate remuneration of the Managing Director shall not exceed the limit laid down under Section 309 of the Companies Act, 1956.

FURTHER RESOLVED THAT the terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board of Directors as it may in its discretion deem fit so as not to exceed the limits specified in Schedule XIII to the Companies ACT, 1956, or any amendment made thereafter in that regard and to grant annual increments and to make such improvements in the terms of remuneration. The intention is that, no further approval of Company will be required so long as remuneration of Managing Director is not in excess of maximum permissible under relevant laws, regulations, guidelines or instructions as may be promulgated or issued after date of this meeting but with such other approvals sanctions or permissions, if any, required for such revision in the remuneration."

The aforesaid may be treated as an abstract of the terms of Mr.R.S.Kothavale appointment as Managing Director pursuant to Section 302 of the Companies Act, 1956.

The documents and / or letters referred to in the Resolution and in the Explanatory Statement annexed hereto are open for inspection by the Members at the Secretarial Department of the Company, on all working days between 10:30 A.M to 12:30 P.M. up to the date of Annual General Meeting except Saturday, Sunday and Public Holidays, till conclusion of the ensuing Annual General Meeting.

Mr.R. S. Kothavale himself and Mr.Shantanu.R: Kothavale and Mr.Prabhakar .B.Kore relatives of Mr.R:S.Kothavale be deemed to be interested in the resolution.

Information pursuant to part II (B) (iv), of schedule XIII the Companies Act, 1956 is below :

I. General Information

1. Nature of industry.	Forging, Steel Forging, Forged Articles
2. Date of commencement of Commercial Production.	22nd June, 1990
3. Financial Performance on given indicators	For the year ended 31 st March, 2009:- Sales:- Rs. 445,574,797/- Net Profit after Tax :- Rs.25,847,748/-
4. Export performance and Net Foreign Exchange Collaborations	Rs. 398,502,836/- Nil
5. Foreign Investment of Collaborators Total investment of Promoters	Nil 53.90 % of Equity Capital is held by Promoters of the Company.

II. Information about the appointee

1. Background Details.	Mr. Rajkumar .S.Kothavale is aged 70 years, is Mechanical and Electrical Engineer from College of Engineering, Poona. Since 1962 he worked in Bharat Forge Limited till Feb.1989 in various capacities. He was Vice-President (Operations) at the time of retirement.
2. Past Remuneration	Rs. 75,000/- per month
3. Recognition or Awards	Nil
4. Job Profile & his Suitability	Mr.R.S.Kothavale, is Mechanical & Electrical Engineer having 45 years of experience in Forging Industry. He has wide exposure in areas of Manufacturing, Sales & Marketing, finance, Design and Development and Project Implementation. He has developed many critical automobile components which were earlier imported. He has also developed nuclear plant forgings, aircraft forgings, titanium forgings for space program. He is Managing Director of Rajkumar Forge Limited. His leadership is

	essential for your company's future growth.
5. Remuneration proposed	1,13,000/- per month
6. Comparative Remuneration profile with respect to Industry, Size of the Company, Profile of position and person.	No company was available for comparison of remuneration in respect of size of the Company, profile of position and person.
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	There is no pecuniary relationship other than receipt of remuneration as Managing Director. Mr. R.S.Kothavale is related to Mr. Shantanu. R: Kothavale and Mr. Prabhakar. B. Kore, Directors of the Company.

III Other Information.

1. Reasons for Loss or Inadequate profits	Sluggish demand, increase in cost of raw materials and unprecedented variation in the exchange rate of rupee against dollar had resulted in your company incurring losses or in adequate profits.
2. Steps taken or Proposed	The Company continues to make suitable investments to improve the yield. The Company has taken steps to reduce cost and increase exports. The marketing efforts will be focused to increase export market and maintain domestic market.
3. Expected increase in productivity and profits in measurable terms.	In the year 2010 in the light of good demand and order booking for products of the Company and with better operational efficiency, the company is expected to generate additional operating profit of at least 5 %.

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITIONS

The Indian Manufacturing Industry is backbone of Indian economy. The year 2008-2009 has witnessed low economic growth from Aug-Sep 2008. In the year 2008-2009 GDP growth was at 6% as compared to 2007-2008 which was 8.7% and contribution by manufacturing industry was about 17% of GDP. Forging Industry is backbone for automobile and heavy engineering industry. Our unit is related to Heavy Engineering and Machine Building Industry which is a core sector.

OPERATIONS & FINANCIAL PERFORMANCE :

Sales and profit performance for the year ended 31st March, 2009 showed improvement in Sales turnover by 4.48 % as compared to last years sales. Following is the summary of performance.

Year	2008-2009 (Rs. Lacs)	2007-2008 (Rs. Lacs)
Sales	4502.28	4309.28
Cost of operation	3997.13	3829.97
Interest & Depreciation	301.45	286.73
Profit before Tax	399.39	192.58
Provision for Taxation	140.92	64.55
Net Profit after Tax	258.47	128.03

Export performance of the Company for the last three years is tabled below :

Year	Export Value (Rs.)	Total Sales Value (Rs.)	% Export	% Export Growth
2006-2007	256,673,623	407,812,846	62.94	85.44
2007-2008	328,724,200	430,812,348	76.30	28.07
2008-2009	398,502,836	450,228,502	88.51	3.97

GENERAL :

The Registered Office of the Company will be shifted to 18, Shivaji Co-operative Housing Society, Pune. The Company will keep stakeholders and shareholders informed about the same.

The ERP system of the Company, procured from M/s P.C. Soft Pune is under implementation & is likely to be fully functional by September, 2009. The Company will derive the benefit of ERP System after its full implementation. The Company continues to be certified and governed by ISO 14001 for environmental management system and OHSAS 18001 for Occupational Health and Safety Management System and also under ISO 9001-2000.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY :

Company has reasonable Internal Control system to safeguard all assets of the Company and detects frauds or irregularities, if any. The internal control system are designed to ensure reliability of financial records and other records for preparing financial statements.

CONCERN & THREATS :

The world economy is experiencing economic slow down, India is not an exception to it. The Companies export account for about 90% of the total business. However, international buyers have also slowed down placing of orders. The economic slow down may affect the turnover of the company.

Impact of the volatile Foreign Exchange Rates is enormous in last twelve months. The Company has taken forward exchange cover from Bank of Baroda, Pune Camp Branch to reduce the impact of exchange rate difference and is also implementing cost reduction programme.

OUTLOOK::

During the year under review, the Company was able to increase its sales in spite of the adverse and competitive conditions. Market out look for next two years looks promising. However global slowdown and exchange rate fluctuations may create adverse impact on performance of the Company.

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.

HUMAN RESOURCES :

The Company has total of 80 people employed as on 31st March, 2009. The Company enjoys cordial relations with its employees. The key focus of the Company is to attract, retain and develop talent. The Board wishes to place on record its appreciation of the contribution made by the employees at all levels during the year.

APPRECIATION

Your Directors wish to place on record their grateful thanks to Bank of Baroda for their valuable assistance and co-operation and for trust and confidence reposed in the Company by the shareholders.

TO THE BOARD OF DIRECTORS OF RAJKUMAR FORGE LIMITED

CERTIFICATION BY CHIEF EXECUTIVE OFFICER OF THE COMPANY

We, the undersigned, in my capacity as Managing Director of Rajkumar Forge Limited, ("the Company"), to the best of my knowledge and belief, certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year ended 31st March, 2009 and to the best of our knowledge and belief:
 - (i) these statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief no transactions entered in to by the Company during the year ended 31st March, 2009 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have been taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control over financial reporting during the year.
 - (ii) Significant change in accounting policies during the year and that the same have been disclosed in the notes to financial statement; and
 - (iii) Instances of significant fraud of which we are aware and the involvement there in, if any, of the management or an employee having a significant role in the companies internal control system over financial reporting.

RAJKUMAR KOTHAVALE
Managing Director

Date : 14th April, 2009 Place : Pune

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Rajkumar Forge Limited's philosophy on Corporate Governance aims at establishing the mechanism by which the most effective and efficient values, principles, management policies and procedures of the Company are inculcated. The essence of Corporate Governance for the Company lies in promoting and maintaining integrity, transparency and accountability throughout the organization. It is not only a sine qua non for facing intense competition for sustainable growth in the emerging global business scenario but is also an embodiment of the parameters of fairness, accountability and transparency to maximize value for the stakeholders.

This chapter of the Report plus the information given under the Management Discussion and Analysis and Shareholder Information constitutes the report on Corporate Governance for the Year 2008-2009.

2. BOARD LEVEL ISSUES

• Composition of Board

The Board of Directors consists of six Directors as on 31st March, 2009, comprising of Chairman who is a non-executive Director, Managing Director who is a executive director. The other four (4) Directors are non-executive, and out of which two (2) are independent. Details are given in Table 1.

• Number of Board Meetings

During the year 5 Board Meetings were held on 24th May, 2008, 25th July 2008, 27th September, 2008, 26th October, 2008, 30th January, 2009.

• Directors attendance Record

Table 1 gives the composition of the Board, the category of Directors and their attendance record.

Table 1

Name of Director	Category	No. of Board Meetings held	No of Board Meeting attended
S: Padmanabhan Chairman	Non-Executive Independent	5	4
P: B: Kore	Promoter and Non-Executive	5	4
S: R: Kothavale	Non-Executive	5	1
Pradeep Bhargava	Non-Executive Independent	5	5
Swastik Sirsikar	Non-Executive Independent	5	5
R. S: Kothavale Managing Director	Promoter Executive	5	5

Table 1A shows attendance of Directors at last Annual General Meeting.

Name of Director	No of General Meetings held	No of General Meeting attended
S: Padmanabhan Chairman	1	1
Pradeep Bhargava	1	0
P: B: Kore	1	1
S: R: Kothavale	1	1
Swastik Sirsikar	1	1
R. S: Kothavale Managing Director	1	1

OUTSIDE DIRECTORSHIP

Name of Director	Directorship in Public Limited Companies	Directorship in Private Limited Companies
S: Padmanabhan Chairman	13	03
Pradeep Bhargava	03	00
P: B: Kore	02	00
S: R: Kothavale	00	00
Swastik Sirsikar	01	01
R. S: Kothavale Managing Director	00	01

None of the Directors is a member of more than 10 Board level committees of Public Companies in which they are Directors, nor is Chairman of more than five such Committees.

As mandated by Clause 49, the independent Directors on Rajkumar Forge Limited :

1. Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its directors, Its senior management which may affect independence of Director.
2. Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
3. Have not been executive of the Company in the immediately preceding three financial years.
4. Are not partners or executives or were not partners or executives during the preceding three financial years
 - a) Statutory audit firm or the internal audit firm that is associated with the Company.
 - b) Legal firm and consulting firm that have a material association with the Company
 - c) Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the directors.
 - c) Are not substantial shareholders of the Company i.e do not own two percent or more of block of voting power.

Information placed before the Board

The Board of Rajkumar Forge Limited is presented with all relevant information on various vital matters affecting the working of the Company in addition to the matters set out in Annexure 1A of Clause 49 of the Listing Agreement. Also extensive information is provided on various critical matters such as production, sales, export, financial performance, foreign exchange exposure, staff matters, legal proceedings, share transfer compliance, quarterly financial results, significant labour and human relation matters, and other such matters.

3. AUDIT COMMITTEE

The role and terms of reference of the Audit Committee covers the matters specified under Clause 49 of the Listing Agreement, with the Stock Exchanges, Section 292A of the Companies Act, 1956 other terms as may be referred by the Board of Directors and interalia includes the following :

1. Reviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Reviewing with the management the annual and quarterly financial statements before submission to the Board
3. Discussing with Internal Auditors any significant findings and follow up on such issues;
4. Reviewing with the management, external and internal auditors, the adequacy of internal control system
5. Reviewing details of related party transactions
6. Reviewing the Company's financial and risk management policies.
7. Reviewing any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standards etc.
8. Discussing with the external auditors before the Audit Commences on the nature and scope of Audit, as well as having post audit discussion to ascertain area of concern.

The Audit Committee comprises of two (2) non-executive and independent directors, Mr. Pradeep Bhargava and Mr. Swastik Sirsikar and one (1) executive director Mr. Rajkumar S. Kothavale. Mr. Pradeep Bhargava is Chairman of the Committee. All members are financially literate and have related financial management expertise. Account Officers, the Statutory Auditors and the Internal Auditors also attend the Audit Committee Meetings. The Company Secretary acts as a Secretary of the Committee.

During the year under review, four meetings of the Audit Committee were held on 24th May 2008, 25th July 2008, 26th October 2008 and 30th January, 2009.

The Number of Audit Committee Meetings and attendance of the members of Audit Committee meeting is given below :

Name of Director	Category	No of Audit Meetings held	No of Meetings Attended
R.S.Kothavale	Promoter Executive	4	4
Pradeep Bhargava	Non-Executive Independent	4	4
Swastik Sirsikar	Non-Executive Independent	4	4

4. REMUNERATION COMMITTEE

The present Remuneration Committee comprises of two non-executive Independent Directors, viz Mr. Pradeep Bhargava, Mr. Swastik Sirsikar are members of Remuneration Committee, with Mr. Pradeep Bhargava the Chairman of the Committee.

The board terms of reference of the remuneration committee are as follows :

- To decide on the remuneration policy of the managerial personnel
- To approve the appointment/re-appointment of the managerial personnel for such tenure as they may decide.
- To approve the remuneration package to the managerial personnel within the limits provided in Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the said Act.

Such other powers/functions as may be delegated by the Board from time to time.

REMUNERATION TO DIRECTORS

REMUNERATION DURING THE YEAR 2008-2009

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Sitting fees (Rs.)	Total (Rs.)
P.B.Kore	N.A	N.A	20,000	20,000
S.R.Kothavale	N.A	N.A	5,000	5,000
Pradeep Bhargava	N.A	N.A	45,000	45,000
Swastik Sirsikar	N.A	N.A	45,000	45,000
S Padmanabhan	N.A	N.A	20,000	20,000
R.S.Kothavale Managing Director	9,08,400	4,10,013	N.A	13,18,413
		Total	1,35,000	14,53,413

Notes : Salary = Basic salary only.

Perquisite include housing, reimbursement of medical expences, leave travel concession, club fees, personal accident insurance and reimbursement of medical expences, telephone and fax facilities, contribution to Provident Fund, Super Annuity Fund or Annuity Fund, provision of gratuity and leave encashment provision for motor car. Allowances include leave travel concession for the year, whether paid or provided.

The tenure of office of Managing Director is 3 years Commercially from 1st July, 2009 and ending on 30th June, 2012. The Managing Director is entitled to terminate the agreement by giving six months notice. Similarly company can terminate the agreement and provide for compensation for loss of office as per provisions of Companies Act, 1956.

There is no Stock Option Scheme for any director.

5. INVESTOR/SHAREHOLDERS GRIVANCE COMMITTEE

The Shareholder's/Investor Grievance Committee of the Board has been constituted to look into complaints like transfer of shares, non-receipt of Balance Sheet, Non-receipt of Annual Report etc.

The Committee comprises of Mr. Swastik Sirsikar and Mr. R.S.Kothavale, executive Director. Mr. Swastik Sirsikar is Chairman of the Committee. The status of Complaints, is reported to the Board of Directors at every Board Meeting. Mr. Vijay.V. Kulkarni, Company Secretary, Member of the Institute of Company Secretaries of India, is Compliance Officer. The Compliance Officer can be contacted at :

Rajkumar Forge Limited

Flat no 201, 2nd Floor,
Behind Maruti Care Point,
Off Senapati Bapat Road
Pune-411016

Tel :-020 - 25639050, 25639051, 25639052 • Fax :020- 25639049

EMAIL: secretarial@rkforge.in, invest@rkforge.in

The total number of complaints received and replied to the satisfaction of shareholders and SEBI during the year ended 31st March 2009 were 16. There were no complaints pending as on 31st March, 2009.

6. GENERAL BODY MEETINGS :

Date	Location	Time
26 th August, 2006	Poona Club, 6 Bund Garden Road, Pune- 1	11.00 A.M
28 th July, 2007	Poona Club, 6 Bund Garden Road, Pune - 1	10.00 A.M
25 th July, 2008	Poona Club, 6 Bund Garden Road, Pune-1	10.30 A.M

No Special Resolutions were passed at Eighteenth Annual General Meeting of the Company.

And also no Special Resolutions were passed in the above meetings by postal ballot. No extraordinary general meeting was held during the year under review

7. PARTICULARS OF REAPPOINTMENT OF DIRECTORS :

1. **Mr. P. B.Kore :** Mr.Prabhakar Kore is active member of the Parliament of India representing consistency of Karnataka State besides this he is also Director of Indian Sugar Exim Corporation Ltd and Rajeshree Group, Bangalore. He is Chairman of KEL Society and is active member of various social organizations in diverse capacities.

He is holding 1,70,100 equity shares of the Company and his shareholding 1.55%. He is also related to the promoter Director Mr. R. S. Kothavale and Shantanu.R.Kothavale, Director of the Company

2. **Mr.Swastik Sirsikar :** Mr.Swastik Sirsikar has done Diploma in Civil Engineering and Master in Business Administration and Diploma in Financial Management. He has the rich experience of 29 years in construction business. He is Director in Swank Engineering Private Limited and Director of Poona Club Ltd. He is also member of various social services International NGOs holding responsible and key portfolios in the administrative capacities. He is holding 5100 Equity Shares of the Company and his shareholding is 0.047%.

8. DISCLOSURES

- During the year under review, there has been no materially significant related party transactions made by the Company with its Promoters, Directors or management that may have potential conflict with the interests of the Company at large.
- During the last three years, there were no strictures or penalties imposed by either SEBI or the stock exchanges or any statutory authority for non compliance of any matter related to the capital markets.

The company has all not complied with the following : The company has not framed any specific whistle blower policy. However, the Company affirms that there were no instances of denying access to any personnel to the audit committee.

Your Company conforms to norms of Corporate Governance as envisaged in the Companies Act, 1956 and in the Listing Agreement with the Stock Exchanges. A report on Corporate Governance, along with the certificate of compliance from the Auditors forms part of this report. However, the company has not adopted the non-mandatory requirements as mentioned in Annexure ID of Clause 49 of the Listing Agreement.

9. MEANS OF COMMUNICATION

The quarterly results were published in national daily news papers-The Free Press Journal (English edition) and Navshakti (Marathi edition) on following dates as given below :

- Audited Financial Results for the period ended on 31.03.2008 on 26.05.2008.
- Unaudited Financial Results – First Quarter ended on 30.06.2008 on 26.07.2008
- Unaudited Financial Results –Second Quarter ended on 30.09.2008 on 27/10/2008
- Unaudited Financial Results –Third Quarter ended on 31.12.2008

on 01.02.2009.

The Company notices to the shareholders regarding convening of General Meeting and Communication with Stock Exchanges, SEBI and the Registrar of Companies, Pune by Registered Post and Fax. The Companies website address is www.rkforging.com where by all the necessary information relating to the Company and its performance is maintained by the Company including from per nomination.

10. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting :

- Date and Time** : 25th July, 2009 at 10.30.a.m
- Venue** : Poona Club,6 Boat Club-Road, Pune- 411 001
- Financial Year** : 1st April,2008 to 31st March,2009
- Date of Book Closure** : 21st July, 2009 to 25th July, 2009(both days inclusive)
- Dividend Payment** : The Board of Directors has recommended dividend at 8.50% on Equity Shares i.e. Rs. 0.85 paise per share dividend. The dividend if declared by Annual General Meeting will be paid on from 3rd August, 2009. Pro-rata Preference dividend is paid at 4% as per terms of issue for the year ended 31st March, 2009.

V) Listing on Stock Exchanges & Stock Code

- The Company's shares are listed on
- The Pune Stock Exchange Limited. : 13369
 - The Stock Exchange Mumbai : 513369
 - The Stock Exchange Ahmedabad : 48230

VI) Market Price Data : Available *

*On 31st March, 2009 the equity shares of the company were quoted at Rs 6.87 per share on The Bombay Stock Exchange Limited.

VII) Registrar and Transfer Agents :

Your Company has appointed M/s Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) as its Registrar and Transfer Agents. It is SEBI registered Registrar and Transfer Agents. The entire work relating to processing of transfer of shares has been transferred to M/s Link Intime India Private Limited :

- Head Office** : C-13,Pannalal Silk Mills Compound L.B.S. Marg Bhandup, Mumbai 400078
- Tele phone No** : (022) 25963838
- Fax No** : (022) 25946969
- Pune Office** : Block No. 202, Second Floor, Akshay Complex, Dhole Patil Road, Pune – 411001
- Telephone No.** : (020) 26053503, 26051629
- E-mail ID** : pune@intimespectrum.co.in
- Web** : www.linkintime.co.in

Share Transfer System :

The Company in its Board Meeting held on 25.11.2005 has reconstituted this committee by delegating the power of share transfer to Mr.Rajkumar S.Kothavale under Clause 49 (IV) (G) (iv) of the Listing Agreement w.e.f.01.12.2005. The Committee meets every week to consider and approve the transfer, transmission, consolidation, sub division and issue of duplicate certificates. The Company's R & T Agent M/s Link Intime India Private Limited issues share certificate of transfer to the shareholders within 30 days of receipt of certificate for transfer. There are no legal proceedings against the Company on any share transfer matter.

VIII) Distribution of shareholding :

Distribution Schedule

Distribution of shareholding as on 31st March, 2009

Shareholding of Nominal Value Rs.	Shareholders Number	Shareholders % to Total	Share Amount in Rupees	Share Amount % to Total
Up to 5000	12910	95.1290	17,311,000	15.8240
5,001 to 10,000	370	2.7260	3,188,000	2.9140
10001 to 20,000	122	0.8990	1,894,000	1.7310
20001 to 30000	44	0.3240	1,124,000	1.0270
30001 to 40000	30	0.2210	1,131,000	1.0340
40001 to 50000	31	0.2280	1,522,000	1.3910
50001 to 1,00,000	27	0.1990	2,395,000	2.1890
1,00,001 and above	37	0.2730	80,829,000	73.8880
Total	13,571	100.0000	109,394,000	100.0000

Shareholding Pattern (as on 31st March, 2009)

Serial No	Category	No of shares	% of shareholding
1	Promoters holding		
A	Promoters		
	Indian Promoters	5,896,900	53.9052
	Foreign Promoters	Nil	Nil
	Sub-Total	5,896,900	53.9052
B	Non-Promoter's Shareholding		
2	Institutional Investors		
A	Mutual Funds and UTI	Nil	Nil
B	Banks, Financial Institutions, Insurance Companies	100	0.0009
C	FIIS	Nil	Nil
	Sub Total	100	0.0009
3	Others		
A	Private Corporate Bodies	23,800	0.2176
B	Indian Public	3,909,500	35.7378
C	NRIS / OCBS	1,101,500	10.0691
D	Any Others	7,600	0.0694
	Sub Total	5,042,500	46.09
	Grand Total	10,939,400	100

(IX) Dematerialization of Shares :

The equity share of the Company were admitted for dematerialization on NSDL and CDSL effective from 10th March, 2008 and 23rd January, 2008 respectively and, ISIN NO. - INE 013J01016 has been allotted to the Company. As on 31st March, 2009, 8,85,900 (Eight Lakh Eighty Five Thousand Nine Hundred) equity shares viz 8.10 % of the paid-up equity share capital has been dematerialize

- X) Outstanding GDRs/ADRS/Warrants or Any Convertible Instruments, conversion date and likely impact on equity : Not issued.
- XI) Plant Location : Gat No 357, Kharabwadi, Chakan Talegaon Road, Chakan 410501, Taluka Khed, District Pune.
- XII) Address for correspondence : Shareholder's Correspondence can be addressed to :

1. Link Intime India Private Limited :

Head Office : C-13, Pannalal Silk Mills Compound
L.B.S. Marg Bhandup, Mumbai 400078

Telephone No : (022) 25963838
Fax No : (022) 25946979

Pune Office : Block No. 202, Second Floor, Akshay Complex, Dhole Patil Road, Pune - 411001

Tele phone No (020) 26053503, 26051629
E-mail ID pune@intimespectrum.co.in

2. The Company Secretary, Rajkumar Forge Limited
Flat No 201, 2nd Floor, Behind Maruti Care Point, Off Senapati Bapat Road, Pune - 411016
Tel : 25639050, 25639051, 25639052 • Fax : 25639049
Email : secretarial@rkforge.in, invest@rkforge.in

Code of Conduct

The Board of Rajkumar Forge Limited has laid down a code of conduct for all Board Members and Senior Management of the Company. The code of conduct is available on the website of the Company, www.rkforging.com. As required by Clause 49 (D) (ii) all the Board Members and Senior Management have affirmed compliance of code of conduct of the Company. The Managing Director has also confirmed and certified the same to the Board of Directors.

Place : Pune
Date : 27th April, 2009

R.S.KOTHAVALA
Managing Director

To,

**The Members of
Rajkumar Forge Limited**

Auditors' Certificate on Corporate Governance

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on 31st March, 2009.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for examination and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

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

For BAPAT AND COMPANY
Chartered Accountants

Amod Bapat
Partner
Membership No. 103972

Place: Pune
Date: 27th April, 2009

DIRECTORS' REPORT

To,
The Members,
Your Directors have pleasure in presenting their Nineteenth Annual Report with Audited Accounts of the Company for the year ended 31st March 2009.

FINANCIAL HIGHLIGHTS

	31.03.2009 (Rs. Lacs)	31.03.2008 (Rs. Lacs)
Profit/(Loss) for the year before interest,	700.83	479.30
Financial Charges & Depreciation		
Less:		
Interest, Financial Charges for the year	169.52	165.92
Depreciation	131.92	120.81
Profit/(Loss) for the year	399.39	192.58
Add/(Less) Provision for Income Tax	(139.62)	(88.29)
Add/(Less) Deferred Tax	(1.29)	23.74
Net Profit/(Loss) for the period	258.48	128.03

DIVIDEND :

Your Directors recommend a dividend at the rate of 8.5% viz Rs.85 Paise per equity share.

REDEMPTION OF PREFERENCE SHARES AND PAYMENT OF PREFERENCE DIVIDEND

The Directors of the Company resolved to redeem 5,00,000 4% Non-Cumulative Preference Shares of Rs.10 each on 24th May,2008 and accordingly the preference shares as detailed below were redeemed and proportional dividend from 1st April, 2009 up to the Date of redemption is paid.

Sr.No	Date of redemption	Redemption amount (Rs.)	Preference Dividend paid (Rs.)
1.	31/07/2008	1,000,000	13,369
2.	30/08/2008	2,000,000	33,534
3.	30/09/2008	2,000,000	40,107

OPERATIONS:

During the year under consideration, customer order position was satisfactory. Sales income is at Rs. 4697.99 Lacs compared to previous years Rs. 4304.05 Lacs. Sales income increased by 9.15% compared to previous year income. Exports increased from Rs. 3287.24 Lacs (previous year) to Rs.3985.03 Lacs. Showing improvement by 21.23%. The Company is hopeful of improving both Export and Domestic Sales for the year 2009-2010, which will result in better profitability. The Company has earned net profit of Rs. 258.48 Lacs during the financial year 2008-2009.

PUBLIC DEPOSITS :

During the period under review your company has not accepted any fixed deposits from the public.

CLARIFICATION ON AUDIT QUALIFICATIONS :

The Statutory Auditors have pointed out non-compliance of AS-15 relating to liability on account of Leave Encashment and Gratuity. However the Company has provided for the same on actual basis instead of actuarial valuation.

In respect of the outstanding payment of Sales Tax Liability to the extent of Rs. 35.82 Lacs, the Company is expecting refunds to the extent of Rs. 406.47 Lacs from the Sales Tax Department and believes that the outstanding liability of Rs.35.82 Lacs will get adjusted against the refund amount in full.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuance to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibility statement, it is hereby confirmed:

- That in preparation of the Annual Accounts for the financial year ended March 31, 2009, the applicable accounting standards have been followed along with proper explanations relating to material departures
- That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and the profit of the Company for the financial year under review.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the accounts for the financial year ended March 31, 2009 on "going concern basis"

DIRECTORS :

Mr. Prabhkar Kore retires by rotation at this Meeting and being eligible, offers himself for re-appointment.

Mr.Swastik Sirsikar retires by rotation at this Meeting and being eligible, offers himself for re-appointment.

The brief resume and other details relating to the Directors who are to be re-appointed form part of the Report on Corporate Governance.

AUDITORS :

You are requested to re-appoint the retiring auditor M/s Bapat & Company for the current year to hold the office from the conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

PERSONNEL :

There are no employees in respect of whom particulars are required to be disclosed pursuant to Section 217 (2A) of Companies Act, 1956.

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

The additional information required under the provisions of 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 and forming a part to this report is given in **Annexure A** to this report.

ACKNOWLEDGEMENTS :

Your Directors wish to place on record their appreciation for the co-operation extended by various Government Authorities, Financial Institutions, shareholders, management and staff of the Company.

ON BEHALF OF THE BOARD

R.S.KOTHAVALA

MANAGING DIRECTOR

Place : Pune

Date 27th April, 2009.

ANNEXURE TO THE DIRECTORS REPORT

ANNEXURE-A

Information required 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

A. Conservation of Energy

a. Energy conservation measures

- The Company has installed a 1600 Tons Press Complex with integrated manipulator and ingot truck, rotary table, equipped with computer control. This is very high-speed press with computer C.N.C. control which results into optimum productivity and hence reduction in energy cost.

b. Impact of measures under (a) above : The Company has operated on optimal cost.

c. Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of Industries specified in Schedule thereto

POWER AND FUEL CONSUMPTION

	2008-2009	2007-2008
1. Electricity Purchase		
Units (inKWH)	16,37,728.	20,75,880
Total Cost (Rs.)	82,60,044	12,286,563
Rate/Unit (Rs.)	5.04	5.92
2. Fuel		
Oil Quantity (K.L)	2385.730	29,52,170
Total Cost (Rs.)	8,29,90,600	77,7,63,776
Rate/K(Ltrs)	34,786	26.34

CONSUMPTION PER UNIT OF PRODUCTION

1. Steel Forging Production (MT)	3000.944	3414.670
Electricity (Unit- KWH)	545.73	607.92
Fuel Oil (Ltrs)	794.99	864.55

B. Technology Absorption Research and Development (R & D)

1. Specific Areas in which R & D Activity is being carried on by the Company

- Development of new products
- Improvement of product quality
- Process Improvement
- Cost effectiveness

2. Benefits derived out of above R & D : The Company is confident of improvement in product quality as well as being cost effective.

3. Future plan of action :

The Company's efforts will continue in the areas of development of new and critical forgings and improvement in quality. The Company already possesses the necessary technology for manufacturing of forgings.

C. Foreign Exchange Earnings and outgo

	2008-2009	2007-2008
Foreign Exchange inflow		
FOB value of Exports (Rs. Lacs)	3,985.03	3,270.68
Others	22.61	18.84
Foreign Exchange outflow (Rs. Lacs)	331.18	19.68

AUDITORS' REPORT

To,

The Members of

RAJKUMAR FORGE LIMITED.

1. We have audited the attached Balance Sheet of **RAJKUMAR FORGE LIMITED**, as at 31st March, 2009, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, **subject to Note No. 1 – F (c & d) of Schedule O – Notes forming part of Financial Statements**
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2009, we report that none of the Directors are disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us the said Financial Statements **read with Note No. 1 – F (c & d) , Note No. 5 – C to E and Note No. 6 of Schedule O – Notes forming part of Financial Statements** give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **BAPAT AND COMPANY**
Chartered Accountants

Place: Pune
Date: 27th April , 2009

Amod Bapat
Partner
Membership.No. 103972

ANNEXURE TO THE AUDITORS' REPORT

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

1. a) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. However, these records need further improvement.
- b) According to the information and explanations given to us, the fixed assets are physically verified by the management during the year according to a regular programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. To the best of our knowledge and as represented to us by the management, no material discrepancies were noticed in respect of assets verified during the year.
- c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
2. a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have been substantially confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stock as compared to the records were not material.
3. 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 Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of the business for the purchases of the inventory and fixed assets and for sale of goods. As per the information given to us, no major weaknesses in the internal controls have been identified by the management or the internal auditors of the Company during the year.
5. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, the transactions that needed to be entered into the register have been so entered.
 - b) According to the information and explanations given to us where each of such transactions is in excess of Rs.5,00,000/- (Rupees Five Lacs Only) in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time based on the circumstances explained by the Company.
6. The Company has not accepted deposits from the public. Hence, the question of the Company complying with the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, does not arise.
7. In our opinion, the internal audit system carried out by an independent firm of Chartered Accountant is generally commensurate with the size of the Company and the nature of its business.
8. As informed to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
9. a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities

except in case of repayment of Deferred Sales Tax amounting to Rs. 35.82 Lakhs as declared by the Company .

b) According to the information and explanations given to us and the records of the Company, the following dues of Excise Duty, Sales Tax and Income Tax have not been deposited on account of dispute:

Sr.	Nature of disputed Statutory dues	Amount (Rs.)	Forum where dispute is pending
1	Excise Duty	2,710,789	High Court, Mumbai
2	Sales Tax 1994-95	7,809,940	Maharashtra Sales Tax Tribunal, Mumbai
3	Sales Tax 1996-97	5,394,767	Deputy Commissioner of Sales Tax, Pune
4	Sales Tax 1997-98	4,272,305	Deputy Commissioner of Sales Tax, Pune
5	Sales Tax 1998-99	5,632,305	Maharashtra Sales Tax Tribunal, Mumbai
6	Sales Tax 1999-2000	3,803,338	Deputy Commissioner of Sales Tax, Pune
7	Income Tax A.Y. 2002-2003	5,407,000	Income Tax Appellate Tribunal, Pune

10. The Company has no accumulated losses as at 31st March, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company has not issued any debentures upto the balance sheet date.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us and on the basis of the total expenditure incurred on the various assets till date, the term loans obtained by the Company, in our opinion, have been applied for the purpose for which they were obtained.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

For BAPAT AND COMPANY
Chartered Accountants

Amod Bapat
Partner

Place: Pune
Date: 27th April, 2009

Membership No. 103972

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	Rupees	As at 31/03/2009 Rupees	Rupees	As at 31/03/2008 Rupees
SOURCES OF FUNDS					
Shareholders Funds					
Share Capital	A		109,394,000		114,394,000
Reserves and Surplus	B		44,782,691		23,994,258
Loan Funds					
Secured Loans	C		97,884,056		126,338,429
Unsecured Loans	D		11,419,587		11,419,587
Deferred Taxation					
Deferred Tax Liabilities		11,800,754		13,156,569	
Deferred Tax Assets		11,470,684		12,956,138	
(Refer Note No 21)					
			330,070		200,431
TOTAL			263,810,404		276,346,705
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	209,387,489		186,961,649	
Less: Depreciation		121,126,492		107,933,069	
Net Block		88,260,997		79,028,580	
Capital Work-in-progress		841,245		624,733	
			89,102,242		79,653,313
Investments			0		0
Current Assets, Loans and Advances					
Inventories	F	86,188,376		105,958,943	
Sundry Debtors		68,489,955		96,093,343	
Cash and Bank Balances		12,609,725		6,925,430	
Loans and Advances		119,281,455		117,478,498	
		286,569,511		326,456,214	
Less: Current Liabilities and Provisions:					
Current Liabilities	G	50,120,414		82,287,093	
Provisions		61,740,935		47,475,729	
		111,861,349		129,762,822	
Net Current Assets			174,708,162		196,693,392
TOTAL			263,810,404		276,346,705
Notes Forming Part Of the Financial Statements					
	O				

As per our attached report of even date

For and on behalf of the Board

BAPAT & COMPANY
Chartered Accountants

AMODA. BAPAT
Partner
M. No. 103972
Place : Pune
Date : 27th April, 2009

VIJAY V. KULKARNI
Company Secretary
M. No. A 20665

R.S. KOTHAVALA
Managing Director

S.PADMANABHAN
Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2009

	Schedule	Rupees	As at 31/03/2009 Rupees	Rupees	As at 31/03/2008 Rupees
INCOME					
Gross Sales	H	450,228,502		430,812,348	
Less: Excise Duty		4,653,705		11,292,319	
Net Sales			445,574,797		419,520,029
Operating Income	I		21,243,420		9,296,056
Other Income	J		2,980,577		1,588,937
	TOTAL		469,798,794		430,405,022
EXPENDITURE					
Material and Manufacturing Expenses	K		367,052,644		346,389,835
Personnel Expenses	L		13,582,560		13,477,971
Sales, Administration and Other Expenses	M		19,078,511		22,606,566
Interest and Finance Charges	N		16,951,811		16,591,639
Depreciation	E		13,193,423		12,080,986
	TOTAL		429,858,949		411,146,997
Profit Before Tax			39,939,845		19,258,025
Less Provision for Taxes					
Current Tax			13,700,000		8,576,000
Deferred Tax			129,639		(2,374,318)
Fringe Benefit Tax			262,458		253,064
Profit After Tax			25,847,748		12,803,279
Balance Brought Forward from Previous Balance Sheet			9,132,682		(3,436,617)
Adjustments relating to earlier years					
Excess/(Short) provision for taxation and tax refunds			5,921,719		0
Profit Available for Appropriation			40,902,149		9,366,662
APPROPRIATIONS					
Dividend On Preference Share			87,010		200,000
Tax On above Dividend			14,791		33,980
Proposed Dividend On Equity Shares			9,298,490		0
Tax On above Dividend			1,580,743		0
Transfer to Capital Redemption Reserve			5,000,000		0
Balance carried to Balance Sheet			24,921,115		9,132,682
Earning Per Share -(Refer Note No 19) (Face Value of Rs 10/- per share)					
Basic and Diluted			2.35		1.15
Notes Forming Part Of the Financial Statements	O				

As per our attached report of even date

For and on behalf of the Board

BAPAT & COMPANY
Chartered AccountantsAMODA. BAPAT.
Partner
M. No. 103972
Place : Pune
Date : 27th April, 2009VIJAY V. KULKARNI
Company Secretary
M. No. A 20665R.S. KOTHAVALI
Managing DirectorS.PADMANABHAN
Chairman

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2009

	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
Schedule A Share Capital		
Authorized		
1,25,00,000 (P Y 1,25,00,000) Equity Shares of Rs. 10/- each	125,000,000	125,000,000
7,50,000 (P Y 7,50,000) 4% Redeemable, Non Cumulative Preference Shares of Rs. 10/- each	7,500,000	7,500,000
Total	132,500,000	132,500,000
Issued, Subscribed and Paid Up		
1,09,39,400 (P Y: 1,09,39,400) Equity Shares of Rs. 10/- each, fully paid up	109,394,000	109,394,000
(P Y: 5,00,000) 4% Redeemable Non Cumulative Preference Shares of Rs. 10/- each, fully paid up (Redeemed during the year)	0	5,000,000
Total	109,394,000	114,394,000
Schedule B Reserves and Surplus		
Capital Redemption Reserve	5,000,000	0
State Government Subsidy	3,000,000	3,000,000
General Reserve	11,861,576	11,861,576
Profit and Loss Account	24,921,115	9,132,682
Total	44,782,691	23,994,258
Schedule C Secured Loans		
From Bank		
Term Loan	1,666,000	11,667,500
Working Capital (Refer Note No 4)	96,218,056	114,670,929
Total	97,884,056	126,338,429
Schedule D Unsecured Loans		
Sales Tax Deferral Loan (Refer Note No 5 E)	11,419,587	11,419,587
Total	11,419,587	11,419,587

SCHEDULE - E - FIXED ASSETS AND DEPRECIATION

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31-Mar-08	Additions	Deductions	As at 31-Mar-09	Upto 31-Mar-08	Additions	Deductions	Upto 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
A	Freehold Land	1,756,504	0	0	1,756,504	0	0	0	0	1,756,504	1,756,504
B	Buildings	31,319,026	927,804	0	32,246,830	4,999,387	973,540	0	5,972,927	26,273,903	26,319,639
C	Plant and Machinery	150,128,616	21,498,036	0	171,626,652	102,435,941	11,956,421	0	114,392,362	57,234,290	47,692,675
D	Furniture & Fixtures	2,163,490	0	0	2,163,490	435,094	112,031	0	547,125	1,616,365	1,728,396
E	Vehicles	1,594,013	0	0	1,594,013	62,647	151,431	0	214,078	1,379,935	1,531,366
	TOTAL	186,961,649	22,425,840	0	209,387,489	107,933,069	13,193,423	0	121,126,492	88,260,997	79,028,580
	Previous Year Total	173,707,315	16,786,822	3,532,488	186,961,649	96,669,174	12,080,986	817,091	107,933,069	79,028,580	77,038,141

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2009

	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
Schedule F Current Assets, Loans and Advances		
Inventories		
(At Cost or Net Realisable Value, whichever is lower and as certified by the Management)		
Stores, Spares & Consumables	2,486,151	1,337,491
Raw Material	25,282,922	31,415,483
Work in Progress	57,710,261	73,205,969
Finished Goods	709,042	0
Total	86,188,376	105,958,943
Sundry Debtors		
(Unsecured, considered Good unless otherwise stated)		
Debts outstanding for a period Exceeding Six months	1,453,623	8,863,461
Others	67,036,332	93,502,747
Reserve for Doubtful Debts	0	(4,272,865)
Total	68,489,955	98,093,343
Cash and Bank Balances		
Cash on Hand	78,837	6,717
Balances with Scheduled Banks		
In Current Accounts	5,604,798	155,026
In Fixed Deposits	6,926,090	6,763,687
(Including interest accrued)		
Total	12,609,725	6,925,430
Loans and Advances		
(Unsecured, considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	84,096,100	91,630,183
Deposits	1,084,010	786,720
Balance with Customs, Central Excise Department	17,934,057	17,053,449
Advance Payment of Taxes	16,167,288	8,008,146
Total	119,281,455	117,478,498
Schedule G Current Liabilities & Provisions		
Current Liabilities:		
Sundry Creditors (Refer Note No 6)	17,073,243	39,569,455
Advances from Customers	20,388,453	33,787,511
Other Liabilities	12,658,718	8,930,127
Total	50,120,414	82,287,093

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2009

	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees		As at 31/03/2008 Rupees
Provisions:				
Taxation	17,541,020			13,351,489
Dividend on Preference Shares	0			200,000
Tax On above Dividend	0			33,980
Dividend on Equity Shares	9,298,490			0
Tax On above Dividend	1,580,743			0
Contingencies	29,623,444			29,623,444
Towards Employees	3,697,238			4,266,816
Total	61,740,935			47,475,729
	Rupees	Rupees	Rupees	Previous Year Rupees
Schedule H Sales				
Sale of Forgings Export	398,502,836		328,724,200	
Sale of Forgings Domestic	36,594,366		93,156,999	
Sale of Scrap	9,840,780		8,115,043	
Sales Conversion Basis	5,548,570		2,708,894	
Gross Sales	450,486,552		432,705,136	
Sales Returns (Rejection)	258,050		1,892,788	
	450,228,502			430,812,348
Schedule I Operating Income				
DEPB Sales	19,663,420			6,618,206
DEPB Provision Sales	1,580,000			2,677,850
	21,243,420			9,296,056
Schedule J Other Income				
Profit /Loss on Sale Of Fixed Assets	0			486,734
Exchange Gain/(Loss)	55,686			(523,670)
Miscellaneous Income and Interest	2,924,891			1,625,873
Total	2,980,577			1,588,937
Schedule K Materials and Manufacturing Expenses				
Material Consumption:				
Opening Stock Raw Materials	31,415,483		16,479,569	
ADD : Purchases	220,892,359		239,949,188	
	252,307,842		256,428,757	
LESS: Closing Stock Raw Materials	25,282,922		31,415,483	
Rawmaterial Consumed	227,024,920			225,013,274
(Increase)/Decrease in Inventories				
Closing Inventories				
Finished goods	709,042		0	
Work in Progress	57,710,261		73,205,969	
	58,419,303		73,205,969	
Opening Inventories				
Finished Goods	0		0	
Work in Progress	73,205,970		61,306,550	
	73,205,970		61,306,550	
	14,786,667			(11,899,419)
	241,811,587			213,113,855
Manufacturing Expenses				
Consumption Of Stores, Spares & Tools	7,640,171		8,990,554	
Power & Fuel	92,361,076		91,138,568	
Machining Charges	11,578,460		16,130,753	
Repairs & Maintenance - Plant & Machinery	967,868		2,297,818	
Excise Duty	1,913,433		2,041,921	
Freight	3,469,636		6,977,320	
Other Manufacturing Expenses	7,310,413		5,699,046	
	125,241,057			133,275,980
Total	367,052,644			346,389,835

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2009

	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
Schedule L Personnel Expenses		
Salaries, Wages and Allowances	11,493,438	10,965,496
Contribution to Provident and Other Funds	903,265	976,383
Welfare Expenses	1,185,857	1,536,092
Total	13,582,560	13,477,971
Schedule M Sales, Administration and Other Expenses		
Sales Commission	50,000	516,581
Other Selling and Administration Expenses	10,973,047	10,502,206
Travelling and Conveyance Expenses	2,392,671	2,393,617
Rent	516,000	564,104
Rates and Taxes	67,920	67,920
Repairs to Building	41,020	0
Insurance Charges	128,480	242,542
Directors' Sitting Fees	135,000	130,000
Clearing & Forwarding	4,774,373	8,189,596
Total	19,078,511	22,606,566
Schedule N Interest and Finance Charges		
Interest on Fixed Loans	10,621,610	8,273,951
Interest Others	4,201,226	5,848,730
Bank Charges	2,128,975	2,468,958
Total	16,951,811	16,591,639

SCHEDULE 'O' - NOTES FORMING THE PART OF FINANCIAL STATEMENTS

1. Significant Accounting Policies :

A) System Of Accounting :

- i. The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- ii. The Financial Statements are prepared under the historical cost convention in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 1956.
- iii. Estimates and Assumptions used in preparation of the Financial Statements are based upon Managements evaluations of the relevant facts and circumstances as of the date of the Financial Statements, which may differ from the actual result at a subsequent date.

B) Fixed Assets:

Fixed Assets are stated at their original cost of acquisition including expenses related to acquisition and installation of the concerned assets. Fixed Assets are shown net of accumulated depreciation (except free hold land).

C) Depreciation :

Depreciation has been charged on the Fixed Assets under Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, as amended. Depreciation on additions and deductions to assets during the year is being provided on pro-rata basis.

D) Basis of Valuation of Inventories :

Cost of Inventories have been computed to include all cost of Purchases, Cost of Conversion and other costs incurred in bringing inventories to their present location.

- 1) Raw Materials, Stores and Spares and Goods In Transit are valued at lower of cost or estimated realizable value. The costs are ascertained using the weighted average method/FIFO as applicable except in case of slow moving and obsolete material.
- 2) Work-in-Progress and Finished Goods: At lower of weighted average cost or estimated realisable value of raw materials plus proportionate production overheads as per stage of production.
- 3) Scrap is valued at estimated realizable value

E) Foreign Currency Conversion:

The Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities are translated at the year end exchange rates and the profit / loss so determined and also the realized exchange gains / losses are recognized in the profit and loss account.

Premium on forward cover contracts is reflected in the profit and loss account over the period of contracts. The net amount payable to Bank against Foreign Currency payable and Amount Receivable from Bank against Forward Contracts are reflected under current liabilities.

F) Employee Benefits :

- a) Provident Fund : Liability is determined on the basis of contribution as required under the statutory rules.
- b) Superannuation Fund : Contribution is made to Life Insurance Corporation of India in respect of employees covered under the Scheme.
- c) Gratuity: Liability under the Payment of Gratuity Act, 1972 has been provided in the books of accounts. The liability is neither externally funded nor actuarially valued.
- d) Privilege Leave entitlements Liability is provided for in respect of unutilized leaves to the credit of respective employees as per the Rules of the Company. The liability is neither externally funded nor actuarially valued.

G) Taxation :

- a) Provision for Taxation is made on the Basis of the Taxable Profits computed for the current accounting period in accordance with the Income-Tax Act, 1961.
- b) Deferred Tax resulting from timing differences between book profits and tax profits is accounted for at the current rates of tax to the extent the timing differences are expected to crystallise, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which such Deferred Tax Assets can be realised.

H) Revenue Recognition :

- a) Sale of goods is recognized at the point of dispatch to the customer. Sales include excise duty but exclude value added tax/sales tax. In order to comply with the Accounting Standards Interpretation (ASI-14) issued by the Institute of Chartered Accountants of India, gross sales (including excise duty) and net sales (excluding excise duty) is disclosed in the profit and loss account.
- b) Export Incentives i.e DEPB License Sales is provided for based on actual physical License received by the company.

I) Contingent Liabilities and Provisions:

Contingent Liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved. Provisions are recognized when the Company has a legal/constructive obligation and on management discretion as a result of a past event, for which it is probable that a cash outflow may be required and a reliable estimate can be made of the amount of the obligation.

2. Contingent liabilities not provided for in respect of :

	31.03.2009	31.03.2008
	Rupees	Rupees
A) Banks:		
1) Counter Guarantee issued by Bank	1,88,892	44,15,450
2) Letter of Credit issued by Bank on behalf of the Company	1,63,55,580	2,48,25,000
B) Guarantees Given by the Company on behalf of other Companies	2,35,00,000	2,35,00,000
Maximum Outstanding during the year Rs. 2,06,50,000 (previous Year 2,10,00,000)		
C) Claims against company not acknowledged as debt	NIL	NIL
D) Estimated value of Contracts remaining to be executed on Capital Accounts and not provided for (net of advances)	1,96,02,652	1,86,72,650

SCHEDULE 'O' - NOTES FORMING THE PART OF FINANCIAL STATEMENTS

- E) Income Tax Case for A.Y. 2002-2003 pending before ITAT (Pune Bench) 54,07,000 NIL
- 3) In order to follow prudent disclosure and reporting norms the Company has made provision for entire disputed liability of pending demands towards excise duty and sales tax amounting to Rs. 2,96,23,444 during the F.Y. 2005-06.
- 4) **A) Working Capital Facilities from Bank of Baroda Ltd are:**
 Secured by way of hypothecation of the Company's Stocks and Book Debts, both present and future and also secured by charge on Company's immovable properties, both present and future, Personal Guarantees by the Directors of the Company Mr. R. S. Kothavale, Mr. Shantanu R. Kothavale and Mr. P. B. Kore. Cheques amounting to Rs. 4.10 Crores are issued from Cash Credit account but not presented by the vendors up to 31st March 2009.
- B) Term Loan from Bank of Baroda is:**
 Secured by way of hypothecation of Plant and Machinery and also secured by charge on Company's immovable properties, both present and future, Personal Guarantees by Directors of the Company Mr. R. S. Kothavale, Mr. Shantanu R. Kothavale and Mr. P. B. Kore.
- 5) **A)** In the opinion of the management current assets, loans and advances are approximately of the value stated, if realized, in the ordinary course of business.
B) Balances of Sundry Debtors and Sundry Creditors are taken as per ledger and are subject to confirmations / reconciliations.
C) Sales Tax Refund, Sales Tax Payable, Cenvat Credit and Service Tax Credit figures are taken as per the companies returns filed and are subject to Government Assessment.
D) Based on the Companies Experience, from the current year Inventory of semis has been valued by applying net realizable value.
E) Repayment of Sales Tax Deferral Loan due during the current year was Rs. 35.82 lacs.

6) The Information with regards to vendors under "The Micro, Small and Medium Enterprises Development Act, 2006" is pending and hence no disclosures have been made in this regard.

7) Information regarding Licensed and Installed Capacity, Production, Stocks & Turnover:

Sr. No.	Product	Licensed	Installed	Actual	Turnover	Turnover	Opening	Opening	Closing	Closing
		Capacity	Capacity	Production	Quantity	Value	Stock	Stock	Stock	Stock
		Quantity	Quantity	Quantity			Quantity	Value	Quantity	Value
		Tonnes	Tonnes	Tonnes	Tonnes	Rs. in Lakhs	Tonnes	Rs. in Lakhs	Tonnes	Rs. in Lakhs
1	Closed Die Forgings Raw and or Proof Machined Condition	6,000	6,000	(\$) 1,689.209	1683.544	4455.75	0	0	5.665	7.09
				(*)	(*)	(*)				
				[(\$) As forged Tonnage 3000.944]						
	(Previous Year)	6,000	6,000	(\$) 2,220.550	2,220.550	4195.20	0	0	0	0
				(*)	(*)	(*)				
				[(\$) As forged Tonnage 3414.670]						
2	Forged Rolls in Proof and or Finish Machined Condition	3,000	3,000	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(Previous Year)	3,000	3,000	NIL	NIL	NIL	NIL	NIL	NIL	NIL
3	Forged Pipe Moulds in Proof and or Finish machined Condition	1,000	1,000	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(Previous Year)	1,000	1,000	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(*) As certified by the management and being technical matter accepted by auditors. The Licensed & Installed Capacity is expressed in 'as forge' condition. Actual production & sales quantity is 'as sold' condition. The Machining capacity is not set-up by the Company.

(*) Quantity of Outside Job Works produced and sold for the current year is 136.959 tons: Rs. 55.49 Lakhs (is 73.850 tons: Rs. 27.09 Lakhs in last year) is not included in the above figures.

	Unit	31.03.2009		31.03.2008	
		Quantity	Value	Quantity	Value
8) Details of Raw Material & Fuel Consumption :					
Steel & Alloy Ingots – Raw Material	Tons	3,805.870	22,70,24,920	4,487.955	22,50,13,274
Light Diesel Oil – Fuel	Kilo Ltrs	2385.730	8,29,90,600	2,952.170	7,77,63,776
9) Details of Imported and Indigenous Raw Material. Consumed:					
		Percentage	Value	Percentage	Value
Imported		11.70	2,65,51,908	Nil	Nil
Indigenous		88.30	20,04,73,012	100.00	22,50,13,274
Total		100.00	22,70,24,920	100.00	22,50,13,274

SCHEDULE 'O' - NOTES FORMING THE PART OF FINANCIAL STATEMENTS

10) Payment to Auditors :	31.03.2009	31.03.2008
(Including Service Tax)		
i) As Auditors		
- Audit Fees	2,75,750	1,96,630
ii) In Other Capacity		
- Tax Audit Fees	38,605	39,326
- Limited Review	30,000	33,708
- In Other Capacity	10,000	12,420
11) Remuneration to Managing Director :		
-Salaries, Allowances and Perquisites	13,18,413(*)	12,98,849(*)
(*) Includes perquisites as under:		
1) Rent	2,40,000	2,40,000
2) Leave Encashment	Nil	Nil
3) Gratuity	43,270	43,270
4) Super Annuation	90,000	90,000
5) Health Insurance	36,743	25,579
12) Computation of Profits for the purpose of director's remuneration under section 349 of the Companies Act, 1956 is not furnished as the remuneration is not paid to the Managing Director or Directors based on such computation of profit. The remuneration paid to the Managing Director is based on the remuneration provided in Section II of Part II of Schedule XIII of the Act, 1956 which provides for the remuneration payable by the Companies having no profit or inadequate profits. The same is already approved by the directors and shareholders of the company as desired.		
13) CIF Value of Imports :		
Raw Materials	3,06,83,609	Nil
Spares & Components	8,62,242	8,77,523
Capital Goods	8,98,633	Nil
14) Expenditure in Foreign Currency:		
Foreign Travel	6,73,460	9,74,454
Professional Fees	0	32,147
Sales Commission	0	84,183
15) Earnings in Foreign Currency:		
1. FOB value of Exports	39,85,02,836	32,70,68,415
2. Other Receipts	22,61,296	0
16) Exceptional Items:		
Machinery of Rs. 225,13,104 (including taxes) Sold during FY 2007-08 was rejected during the current year. There was no profit /Loss on this transactions. This Machinery is now used by the Company and hence capitalized.		
17) Related Party Disclosures :		
a) Remuneration paid or payable to Directors for the year ended 31 st March 2009		

Name Of the Director	Sitting Fees in (Rs)	Salary and perquisites (in Rs)	Supper Annuation Fund	Total In (Rs.)
Mr. R. S. Kothavale Managing Director	NA	12,28,413	90,000	13,18,413
Mr. S. Padmanabhan Chairman	20,000	NA	NA	20,000
Mr. P. B. Kore	20,000	NA	NA	20,000
Mr. S. R. Kothavale	5,000	NA	NA	5,000
Mr. S.M.Sirsikar	45,000	NA	NA	45,000
Mr Pradeep Bhargava	45,000	NA	NA	45,000

SCHEDULE 'O' - NOTES FORMING THE PART OF FINANCIAL STATEMENTS

b) Transactions with related party as required by Accounting Standard 18

(Amount in Rs.)

SrNo.	Particulars	Nature Of Relations	2008-2009	2007-2008
1	Lease Rent	Key Management Personnel	240,000	240,000
2	Office Rent	Others	Nil	120,000
3	Reimbursement of Expenses	Others	Nil	41,604
4	Purchase of goods	Others	9,991	98,752
5	Sale Of goods	Others	43,572	23,954
6	Machining & Commitment Charges	Others	46,44,051	3,22,465
7	Sale Of Machinery	Others	Nil	2,2513,104
8	Reversal Of Sale Of Machinery	Others	2,25,13,104	Nil
9	Loan Given	Others	Nil	2,2513,104
10	Guarantee Given to Bank	Others	2,35,00,000	2,35,00,000
11	Balance Receivable by RFL Loan Others	Others	Nil 58,47,904	2,2513,104 Nil
12	Balance Payable by RFL	Others	Nil	2,46,397

Names of Related Parties and description of relationship

Sr No	Particulars	Name Of the Party
1	Key Management Personnel	Mr. R. S. Kothavale Mr. S. R. Kothavale
2	Others	Mr. Ravi S Kothavale Ms. Sonal R Kothavale Ratan Gas Agencies Orient Precision Engineering Pvt Ltd

Note: Related party relationships are as identified by the Company and relied upon by the Auditors.

18) Details of Forward Contracts Outstanding as on 31st March 2009.

The Company has entered in to forward contracts to cover the expected receivables against Foreign Exchange Rate Fluctuations. The Forward Contracts outstanding as on 31st March 2009 were as under.

Currency	31 st March 2009		31 st March 2008	
	No Of Contracts	Value in Foreign Currency	No Of Contracts	Value in Foreign Currency
USD	18	21,50,000	6	14,00,000

19) Earning per share of the Company, is as calculated below and in accordance with AS – 20 – "Earnings per share"

A) Net Profit after tax for the year 2008-2009	Rs. 2,58,47,746
Less Dividend on Preference Shares including Tax thereon.	Rs. 1,01,801
	<u>2,57,45,945</u>
B) Weighted Average No. of Shares of Rs. 10 each	1,09,39,400
C) Basic and diluted EPS (A/B)	Rs. 2.35

20) Segment information for the year ended 31.03.2009 as required by AS-17 "Segment Reporting"

As the Company's business activity falls within a single primary business segment viz "Forgings" the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

SCHEDULE 'O' - NOTES FORMING THE PART OF FINANCIAL STATEMENTS

21) Components of Deferred Tax Assets and Liabilities:

PARTICULARS	BALANCE CARRIED AS AT 31 ST MARCH 2008 RS.	ARISING DURING THE YEAR RS.	BALANCE CARRIED AS AT 31 ST MARCH 2009 RS.
DEFERRED TAX LIABILITIES:-			
On account of timing difference in			
Depreciation	1,31,56,569	(13,55,815)	1,18,00,754
Deferred tax Liability	1,31,56,569	(13,55,815)	1,18,00,754
DEFERRED TAX ASSETS:-			
On account of timing difference in			
a) Disallowance under section 43-B Of the Income – Tax Act, 1961	1,00,25,838	43,944	1,00,69,783
b) Accrual For Expenses Allowable on payments	12,76,815	1,24,087	14,00,902
c) Provisions for Doubtful Debts	16,53,485	(16,53,485)	Nil
Total Deferred Tax Assets	1,29,56,138	(14,85,454)	1,14,70,684
Net Deferred Tax Asset (Liability)	(2,00,431)	(1,29,639)	(3,30,070)

22) Information required as per Schedule – VI to the Companies Act, 1956 has been given only to the extent applicable.

23) Previous year's figures are regrouped wherever necessary to make them comparable.

As per our attached report of even date

For and on behalf of the Board

BAPAT & COMPANY
Chartered Accountants

AMODA. BAPAT
Partner
M. No. 103972
Place : Pune
Date : 27th April, 2009

VIJAY KULKARNI
Company Secretary
M. No. A 20665

R.S. KOTHAVALA
Managing Director

P.B.KORE
Director

S.PADMANABHAN
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Sr. No.	Particulars	2008-2009	(Rs.in thousands) 2007-2008
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Profit before tax:	39,940	19,258
	Adjustments		
i)	Depreciation	13,193	12,081
ii)	Prior Period Adjustment	5,922	0
iii)	Interest paid	14,823	14,122
	Loss/(Profit) on sale of assets	0	(487)
		33,938	25,716
i)	Interest/Other Income	2,925	1,625
		2,925	1,625
		31,013	24,091
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	70,953	43,349
	Changes in Working Capital (Increase)/Decrease in Current Assets:		
i)	Inventories	19,771	(27,251)
ii)	Sundry Debtors	27,603	389
iii)	Other Current Assets and Loans & Advances	(1,803)	(62,744)
		45,571	(89,606)
i)	Increase/(Decrease) in Current Liabilities:		
	Liabilities	(17,902)	13,072
	CASH GENERATED FROM OPERATIONS	27,669	(76,534)
	Direct Taxes paid	(13,962)	(8,830)
	NET CASH FROM OPERATING ACTIVITIES	84,660	(42,015)
B	CASH FLOW FROM INVESTING ACTIVITIES:		
i)	(Addition)/Reduction in Fixed Assets	(22,642)	(7,721)
ii)	Interest / Other Income	2,925	1,625
iii)	Loss / (profit) on sale of assets	0	487
	NET CASH FROM INVESTING ACTIVITIES	(19,717)	(5,609)
C	CASH FLOW FROM FINANCING ACTIVITIES:		
i)	Cash Credit From Bank	(18,453)	71,845
ii)	(Repayment)/Availing of Secured Loan	(10,001)	(6,756)
iii)	(Repayment)/Availing of Unsecured Loan	0	(1,709)
iv)	Interest paid	(14,823)	(14,122)
v)	Redemption of Preference Shares	(5,000)	0
	NET CASH FROM FINANCING ACTIVITIES	(48,277)	49,258
	DIVIDEND	(10,981)	(234)
	Net Increase/(Decrease) in Cash and Cash equivalents	5,685	1,400
	Cash and Cash equivalents at the beginning of the Year	6,925	5,525
	Cash and Cash equivalents at the end of the Year	12,610	6,925

As per our attached report of even date

For and on behalf of the Board

BAPAT & COMPANY
Chartered Accountants

AMODA. BAPAT
Partner

M. No. 103972
Place : Pune
Date : 27th April, 2009

VIJAY V. KULKARNI
Company Secretary
M. No. A 20665

R.S. KOTHAVALA
Managing Director

S.PADMANABHAN
Chairman

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

1 REGISTRATION DETAILS

Registration No	L28910PN 1990PLC056985		
Balance Sheet Date	31.03.2009	State Code	11

2 CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousand)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3 POSITION OF MOBILIZATION AND DEVELOPMENT OF FUNDS

(Amount in Rs. Thousand)

Total Liabilities	263,810	Total Assets	263,810
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Sources of Funds

Paid up Equity Share Capital	109,394	Reserves and Surplus	44,783
4% Non Cumulative Preference Capital	0	Unsecured Loans	11,420
Secured Loans	97,884		

Application of Funds

Net Fixed Assets	89,102	Investment	NIL
Net Current Assets	174,708	Misc Expenditure	NIL
Accumulated Losses	0		

4 PERFORMANCE

(Amount in Rs. Thousand)

Turnover	469,799	Total Expenditure	429,859
Profit/(Loss) before Tax	39,940	Profit/(Loss) after Tax	25,848
Earning per Share in Rs	2.36	Dividend rate %	8.5

5 GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES

Item	7326.9
(ITC Code)	
Product Description	FORGINGS STEEL FORGINGS FORGED ARTICLES
Item Code No.	8483.00
Product Description	FINISHED MACHINED PARTS
Item Code No.	7204.90
Product Description	FERROUS WASTE AND SCRAP

**NOMINATION FORM
RAJKUMAR FORGE LIMITED**

Regd. Office : Novelty Classic, Flat No 201, 2'nd Floor, Behind Maruti Care Point, Off Senapati Bapat Road,
Pune- 411016.

I/We am/are holder(s) of the equity shares of the Company as per detraills given below: .

Folio No.	Signature as per specimen recorded With the Company
Name of the holder'(s)	
Sole/1'st holder	
Joint holder	

As per provision of Section 109(A) of the Company Amendment Act, 1988. I/We nominate the following person (details below) to become entitled to the equity shares registered in the folio mentioned above in the event of my/our death. I/We further declare that nomination given below overrules all previous nominations for the Folio

Nominee's Name	Guardian's Name (other than applicant(s) , in case Nominee is Minor)
Age of the nominee Date of birth : (in case of minor)	Guardian's Address : Pin City State
Nominee's Address: Pin Code : City : State :	Pin Code City State Witness : Name Address: Pin code City State
For Office Use Only:	
Nomination Registration No.	
Date of Registration	

PROXY FORM

RAJKUMAR FORGE LIMITED

Regd.Off : Novelty Classic, Flat No 201, 2nd Floor, Behind Maruti Care Point,
Off Senapati Bapat Road, Pune-411016

Members Folio No/ Client ID _____ No of shares held _____

D.P.ID _____

I / We _____

of _____ being a member(s)

of Rajkumar Forge Limited hereby appoint _____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my / our proxy to attend and vote for me / us on my /our behalf at the **Nineteenth Annual General Meeting** of the Company to be held on Saturday, the 25th July, 2009 and at any adjournment thereof.

Signed this _____ day of _____ 2009

Affix Rs.1
Revenue
stamp

Signature

Tear Here

Tear Here

RAJKUMAR FORGE LIMITED

Regd.Off : Novelty Classic, Flat No 201, 2nd Floor, Behind Maruti Care Point,
Off Senapati Bapat Road, Pune-411016

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING)

I hereby record my presence at the **Nineteenth Annual General Meeting** of the Company at Poona Club Limited, 6, Bund Garden Road, Pune - 411 001 on Saturday, the 25th July, 2009.

Name of attending member (in Block Letters)

Name of Member/Proxy (To be Filled if the Proxy attend & instead of member)

Members Folio No/ Client ID _____ No of shares held _____

Signature of Member : _____
Proxy

Notes :

1. Shareholders/proxy are requested to bring the attendance slips with them duly completed when they come to the meeting and hand them over at the entrance after affixing their signature on them.
2. The proxy form must be deposited at the Registered Office of the Company at Novelty classic, Flat No: 201, 2nd Floor, Behind Maruti Care Point, Off Senapati Bapat Road, Pune-411016.

BOOK POST

If Undelivered Please Return To :

RAJKUMAR FORGE LIMITED

Regd Office : Novelty Classic, Flat No 201, 2'nd Floor

Behind Maruti Care Point , Off Senapati Bapat Road, Pune

Phone : (020) 25639050, 25639051,25639052

Fax : (020) 25639049

Web Site : www.rkforging.com

Email : secretarial@rkforge.in

invest@rkforeg.in