

20TH ANNUAL REPORT



RAJKUMAR FORGE LIMITED

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|--------------------------------------|--|---|
| BOARD OF DIRECTORS | : S.PADMANABHAN PRABHAKAR B.KORE PRADEEP BHARGAVA SWASTIK SIRSIKAR SHANTANU R.KOTHAVALA RAJKUMAR S.KOTHAVALA | Chairman Managing Director |
| COMPANY SECRETARY | : VIJAY.V. KULKARNI | |
| AUDITOR | : M/S BAPAT & COMPANY CHARTERED ACCOUNTANTS PUNE | |
| 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 TELE FAX : 020 – 26053503 WEBSITE : www.linkintime.co.in | |
| REGISTERED OFFICE | : 18,SHIVAJI CO-OP HOUSING SOCIETY 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 Twentieth Annual General Meeting of the Members of Rajkumar Forge Limited will be held on Saturday the 31st day of July, 2010 at 10 A.M at Poona Club Limited, 6 Bund Garden Road, Pune 411001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended as on that date together with Reports of the Auditors and Directors thereon.
2. To declare dividend on equity shares
3. To appoint a Director in place of Mr. Shantanu R.Kothavale who retires by rotation but being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. S.Padmanabhan who retires by rotation but being eligible, offers himself for re-appointment.
5. To consider appointment of M/s Bapat and Company as Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

7. "RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions of the Companies Act, 1956, and subject to such approvals, consent and permissions, as may be required approval of members be and is hereby given to the Board of Directors to pay and distribute commission not exceeding 1% (One percent) of the net profits of the company for a period of five years, for each financial year commencing from 1st April, 2010, of a commission not exceeding 1% (One percent) of the net profits of the Company, calculated in accordance with the provisions of Section 198,349,350 and 351 of the Companies Act,1956, amongst the directors of the company (other than Managing Director) to be divided equally between such directors."

**By Order of Board of Directors
FOR RAJKUMAR FORGE LIMITED**

Place : Pune

RAJKUMAR S.KOTHAVALE

Date : 8th May, 2010

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. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
- 2) A brief profile of Directors retiring by rotation and being eligible for re-appointment is given in the report of Corporate Governance, which forms part of Directors' report and shareholders are requested to refer to the same. The Board of Directors of the Company commends their respective re-appointments.

- 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 office at, "Block No. 202, Second Floor, Akshay Compalox, 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 closed from Tuesday 27th day of July,2010 to Saturday 31st July, 2010 (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 dematerialized. The ISIN No of the Company is INE-013J01016.
- 7) In case of dematerialisation of shares, the dividend payment shall be made through ECS, NECS, wherever relevant bank account details are made available by NSDL and CDSL.
- 8) 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.
- 9) Members are requested to bring their copies of Annual Report to the Meeting. In case of joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote. Members /proxies attending the meeting should bring the Attendance Slip, duly filled in for handing over at the venue of the meeting.
- 10) Members holding shares in single name and in physical form are advised to make nomination in respect of their share holding in the Company. The nomination form is enclosed.

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

Your Company feels that to increase efficiency of overall management and to remunerate the participating directors commensurate with the time in development of business of the company, the Company may allow payment of commission up to one percent (1%) of the net profits of the Company amongst all the directors not in the whole time employment of the Company. Pursuant to sub-section (5) of section 309, such net profits as referred to above shall be calculated in accordance with Section 198 and other applicable provisions of the Companies Act, 1956. This approval will remain in force for period of five years, but may be renewed by passing special resolution.

The proposed resolution requires approval of the members by special resolution, which the directors recommend for approval of the members.

All the Directors, except the Managing Director, are interested in the Resolution as recipient of proposed commission.

**By Order of Board of Directors
For Rajkumar Forge Ltd.**

Place : Pune
Date : 8th May,2010

**R.S.KOTHAVALE
MANAGING DIRECTOR**

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITIONS

The Indian Manufacturing Industry is backbone of Indian economy. The first half of the year 2009-2010 has witnessed low economic growth. In the year 2009-2010 GDP growth was at 7 % as compared to 2008-2009 which was 8.7%. Forging Industry is significant 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, 2010 is satisfactory. Following is the summary of performance.

| Year | 2009-2010 (Rs. in Lacs) | 2008-2009 (Rs. in Lacs) |
|-------------------------|----------------------------|----------------------------|
| Sales | 3264.49 | 4502.28 |
| Cost of operation | 2779.09 | 3997.13 |
| Interest & Depreciation | 209.13 | 301.45 |
| Profit before Tax | 507.11 | 399.39 |
| Provision for Taxation | 173.20 | 140.92 |
| Net Profit after Tax | 333.90 | 258.47 |

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

| Year | Export Value (Rs.) | Total Sales Value (Rs.) | % Export | % Export Growth (decline) |
|-----------|-----------------------|----------------------------|----------|---------------------------------|
| 2007-2008 | 328,724,200 | 430,812,348 | 76.30 | 28.07 |
| 2008-2009 | 398,502,836 | 450,228,502 | 88.51 | 3.97 |
| 2009-2010 | 269,758,839 | 326,440,062 | 82.63 | (5.88) |

GENERAL :

The Registered Office of the Company is situated at 18, Shivaji Co-operative Housing Society, Pune - 411 016.

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.

VOLUNTARY DELISTING OF EQUITY SHARES OF THE COMPANY

The equity shares of the company have been voluntarily de-listed from the Ahmedabad Stock Exchange Limited and Pune Stock Exchange Limited effective from 31st March, 2010. The Equity shares continue to be listed on the Bombay Stock Exchange which is having nation wide trading terminals.

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 has experienced economic slow down, and is moving on the path of recovery. The Company's export accounts for about 82.63% of the total business. International buyers have slowed down placing of orders. The economic slow down has affected 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 program.

OUTLOOK :

During the year under review, the Company was able maintain reasonable sales in spite of the adverse and competitive conditions. Market out-look for next two years looks promising. However global slowdown and exchange rate fluctuation 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, 2010. The Company enjoys cordial relations with its employees at all levels. The key focus of the Company is to attract, retain and develop talented employees. 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, trust and confidence reposed in the Company.

TO THE BOARD OF DIRECTORS OF RAJKUMAR FORGE LIMITED

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

I, 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, 2010 and to the best of my 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 my knowledge and belief no transactions entered in to by the Company during the year ended 31st March, 2010, 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 I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps have been taken or proposed 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, if any.
 - (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 I am 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 S. KOTHAVALA
Managing Director

Place : Pune
Date : 8th May, 2010

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. The Company believes in maintaining highest standard of quality and ethical conduct, in all the activities of the Company.

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 2009-2010.

2. BOARD LEVEL ISSUES**• Composition of Board**

The Board of Directors consists of six Directors as on 31st March, 2010, comprising of Chairman who is a non-executive Director, Managing Director who is an executive director. The other four (4) Directors are non-executive, and out of which two (2) are independent directors. Details are given in Table 1.

• Number of Board Meetings

During the year 4 Board Meetings were held on 27th April, 2009, 25th July 2009, 31st October, 2009 and 30th January, 2010.

• 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 |
|------------------------------------|-------------------------------|----------------------------|------------------------------|
| R.S.Kothavale Managing Director | Promoter Executive | 4 | 4 |
| S.Padmanabhan Chairman | Non-Executive Independent | 4 | 3 |
| P.B.Kore | Promoter Non-Executive | 4 | 3 |
| S.R.Kothavale Pradeep Bhargava | Non-Executive Independent | 4 | 3 2 |
| Swastik Sirsikar | Non-Executive, Independent | 4 | 4 |

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

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

OUTSIDE DIRECTORSHIP

| Name of Director | Directorship in Public Limited Companies | Directorship in Private Limited Companies |
|------------------------------------|--|---|
| R.S.Kothavale Managing Director | 00 | 02 |
| S.Padmanabhan Chairman | 12 | 03 |
| Pradeep Bhargava | 03 | 01 |
| P.B.Kore | 02 | 00 |
| S.R.Kothavale | 00 | 00 |
| Swastik Sirsikar | 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 of any of the following:
 - a) Statutory audit firm or the internal audit firm that is associated with the Company, and
 - b) Legal firm and consulting firm that have a material association with the Company
5. Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the directors.
6. Are not substantial shareholders of the Company i.e. do not own two percent or more of block of voting power.
7. Is not less than 21 years of age

• 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 IA 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 statutory 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 Audit Committee. All members are financially literate and have related financial management expertise. Financial Executives, 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 27th April 2009, 14th July 2009, 31st October 2009 and 30th January 2010.

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 broad 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 2009-2010

| Name of Director | Salary (Rs.) | Perquisites (Rs.) | Sitting fees (Rs.) | Total (Rs.) |
|------------------------------------|--------------|-------------------|--------------------|-------------|
| R.S.Kothavale Managing Director | 16,70,400 | 7,84,060 | N.A | 24,54,460 |
| P.B.Kore | N.A | N.A | 30,000 | 30,000 |
| S.R.Kothavale | N.A | N.A | 30,000 | 30,000 |
| Pradeep Bhargava | N.A | N.A | 60,000 | 60,000 |
| Swastik Sirsikar | N.A | N.A | 80,000 | 80,000 |
| S.Padmanabhan | N.A | N.A | 30,000 | 30,000 |
| | | Total | 2,30,000 | 26,64,460 |

Notes : Salary = Basic salary, Commission and Bonus only
Perquisite include , rent, Leave encashment, Gratuity, Superannuation and health Insurance

5. INVESTOR/SHAREHOLDERS GRIEVANCE 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 as 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

18, Shivaji Co-operative Housing Society,
Off Senapati Bapat Road
Pune-411016.
Tel :020 - 25639050,25639051,25639052 Fax :020-25639049
EMAIL :secretariat@rkforge.in, invest@rkforge.in

The total number of complaints received and replied to the satisfaction of shareholders and or SFBI during the year ended 31 st March 2010 were twenty nine.

There were no complaints pending as on 31st March, 2010

6. GENERAL BODY MEETINGS :

| Date | Location | Time |
|----------------------------|--|-----------|
| 28 th July,2007 | Poona Club, 6 Bund Garden Road,Pune - 411001 | 10.00 A.M |
| 25 th July,2008 | Poona Club, 6 Bund Garden Road Pune- 411001 | 10.30 A.M |
| 25 th July,2009 | Poona Club, 6 Bund Garden Road Pune- 411001 | 10.30 A.M |

One Special Resolutions was passed at Nineteenth Annual General Meeting of the Company relating to re-appointment of Mr.R.S.Kothavale as Managing Director of the Company ,effective from 1st July,2009 for a period of three years. 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.Shantanu R.Kothavale** : Shantanu R.Kothavale is graduate in electronics with computer as major from Santa Clara University,California,USA. He is having total 21 years of rich experience in various capacities in hardware and software in USA. He was holding position as Director Engineering in Riverstone Networks,Inc.,Santa Clara,USA, currently he is operating as consultant.

He is holding 47,40,500 equity shares of the Company as on 31.03.2010 and his shareholding is 43.33%. He is also related to the promoter Director, Mr. R.S. Kothavale and Mr.Prabhakar B.Kore, Director of the Company.

2. **Mr.S.Padmanabhan** : Mr.S.Padmanabhan is M.Sc.Physics -Delhi University,Bachelor of General Laws -Bombay University,Diploma in Developmental Economics-University of Cambridge(U.K), Diploma in Management-Bajaj Institute of Management Accounting Studies (Bombay University) . Being an IAS officer he worked as Chief Executive Officer of Koyna Earthquake Rehabilitation in Satara, Director of Tourism, Government of Maharashtra, Director Dept of Atomic Energy, Government of India, Managing Director of the State Industrial & Investment Corporation of Maharashtra Ltd (SICOM), Commissioner Aurangabad Division. He is also having rich experience as Corporate Advisor to Chhabria Group, Bharat Forge, Dunlop , Deepak Fertilizers, Walchandnagar Industries Limited, Premier Automobiles Limited, Videocon Group. He is also on the Board of Videocon Industries Limited, Videocon Power Limited and on the Board of other companies like Sudarshan Chemical Industries Limited, Desai Brothers Private Limited ,Goa Energy Private Limited, Acqua Pharma Chemical Private Limited. He is not holding any Equity Shares of the Company and is not related to Promoters of Rajkumar Forge Limited.

8. DISCLOSURES

- During the year under review, there has been no material 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.
- During the year the Company has made applications for voluntary delisting of equity shares to Ahmedabad Stock Exchange Limited and Pune Stock Exchange Limited. The equity shares of the Company have been delisted from Ahmedabad Stock Exchange Ltd and Pune Stock Exchange Ltd effective from 31.03.2010. However, Equity shares of the company continues to be listed on the Bombay Stock Exchange which is having nationwide trading terminals.
- The National Securities Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL) continues to admit the equity shares of the Company for dematerialization.

The company has 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 confirms 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 on Corporate Governance 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 Navchakti (Marathi edition) on following dates as given below:

1. Audited Financial Results for the period ended on 31.03.2009 on 29.04.2009.
2. Unaudited Financial Results – First Quarter ended on 30.06.2009 on 27.07.2009.
3. Unaudited Financial Results – Second Quarter ended on 30.09.2009 on 02.11.2009.
4. Unaudited Financial Results – Third Quarter ended on 31.12.2009 on 01.02.2010.

The Company issues 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 Company's website address is www.rkforging.com where by all the necessary information relating to the Company and its performance is maintained and updated by the Company.

10. GENERAL SHAREHOLDER INFORMATION :

- Annual General Meeting
- I) **Date and Time** : 31st July, 2010 at 10 a.m
- Venue** : Poona Club, 6 Bund Garden Road, Pune- 411 001
- II) **Financial Year** : 1st April, 2009 to 31st March, 2010
- III) **Date of Book Closure** : 27nd July, 2010 to 31st July, 2010 (both days inclusive)
- IV) **Dividend Payment date**: The Board of Directors has recommended a dividend of 10% on equity shares i.e Rs. 1 per share. The dividend if approved by the Annual General Meeting will be paid on and from 6th August, 2010.
- V) **Listing on Stock Exchanges** : The Company's equity shares are listed on The Bombay Stock Exchange Limited. Annual listing fee for the year 2010-2011 (as applicable) has been paid by the Company to BSE.
- Stock Code** : 513369

VI j. Market Price Data : High/Low of market price of the Company's shares traded on The Bombay Stock Exchange Limited, during the period from April, 2009 to March, 2010 is furnished below.

| Month | High (Rs.) | Low (Rs.) | Month | High (Rs.) | Low (Rs.) |
|-----------------|------------|-----------|----------------|------------|-----------|
| April, 2009 | 6.60 | 6.04 | October, 2009 | 14.14 | 11.50 |
| May, 2009 | 6.65 | 6.65 | November, 2009 | 13.55 | 10.94 |
| June, 2009 | 11.30 | 6.90 | December, 2009 | 14.12 | 10.91 |
| July, 2009 | 15.86 | 9.53 | January, 2010 | 16.27 | 14.08 |
| August, 2009 | 17.49 | 13.73 | February, 2010 | 16.55 | 14.25 |
| September, 2009 | 18.25 | 12.65 | March, 2010 | 16.00 | 14.05 |

Source : Official website of The Bombay Stock Exchange (www.bseindia.com)

VIII) 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 and investor relation has been assigned to M/s 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
Telephone No (020) 26053503/26050084
E-mail ID : pune@intimespectrum.com

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.

(X) Distribution of shareholding :

Distribution Schedule

Distribution of shareholding as on 31st March, 2010

| Shareholding of Nominal Value Rs. | Shareholders Number | Shareholders % to Total | Share Amount in Rupees | Share Amount % to Total |
|-----------------------------------|---------------------|-------------------------|------------------------|-------------------------|
| Up to 5000 | 12476 | 95.0406 | 16,717,000 | 15.2815 |
| 5,001 to 10,000 | 359 | 2.7348 | 3,064,000 | 2.8283 |
| 10001 to 20,000 | 119 | 0.8989 | 1,840,000 | 1.6920 |
| 20001 to 30000 | 44 | 0.3352 | 1,124,000 | 1.0276 |
| 30001 to 40000 | 27 | 0.2067 | 1,010,000 | 0.9233 |
| 40001 to 50000 | 35 | 0.2686 | 1,701,000 | 1.5549 |
| 50001 to 1,00,000 | 26 | 0.1980 | 2,251,000 | 2.0577 |
| 1,00,001 and above | 42 | 0.3200 | 81,657,000 | 74.8648 |
| Total | 13127 | 100.0000 | 109,294,000 | 100.0000 |

RAJKUMAR FORGE LIMITED

TWENTIETH ANNUAL REPORT 2009-2010

Shareholding Pattern (as on 31st March, 2010)

| Serial | Category No | No of | % of Shareholding |
|--------|--|------------|-------------------|
| A | Promoters holding | | |
| 1 | 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 | FIS | Nil | Nil |
| | Sub Total | 100 | 0.0009 |
| 3 | Others | | |
| A | Private Corporate Bodies | 45,725 | 0.4179 |
| B | Indian Public | 3,890,775 | 35.5666 |
| C | NRIS / OCBS | 1,101,700 | 10.0710 |
| D | Any Others | 4,200 | 0.0384 |
| | Sub Total | 5,042,400 | 46.0939 |
| | Grand Total | 10,939,400 | 100.000 |

X) Dematerialization of Shares :

The equity share of the Company have been 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, 2010 12,66,500 equity shares Viz 11.57 % of the paid-up equity share capital of the Company has been dematerialized.

XI) Outstanding GDRs/ADRS/Warrants or Any Convertible Instruments, conversion date and likely impact on equity : Not issued.

XII) **Plant Location** : Gat No 357, Kharabwadi, Chakan Talegaon Road, Chakan 410501, Taluka Khed, District Pune.

XIII) **Address for correspondence** : Shareholder's Correspondence can be addressed to :

1 Link Intime India Private Limited :

Head Office : C-13, Pannaal Silk Mills Compound
L.B.S. Marg Bhandup, Mumbai 400078
Telephone No : (022) 2593336
Fax No : (022) 25946979

Pune Office : Block No. 202, Second Floor,
Akshay Complex,
Dhole Patil Road, Pune -411001
Telephone No (020) 26050084, 26051629
E-mail ID : pune@linktimespectrum.com

2 The Company Secretary

Rajkumar Forge Limited
18, Shivaji Housing Society
Off Senapati Bapat Road,
Pune - 411016
Tel : 020-25639050, 25639051, 25639052
Fax : 020-25639049
Email : secretariat@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 : 8th May, 2010

RAJKUMAR 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, 2010.

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

Place: Pune
Date: 8th May, 2010

Amod Bapat
Partner
Membership No. 103972
Firm Registration No. 100997W

DIRECTORS' REPORT

To,
The Members.

Your Directors have pleasure in presenting their Twentieth Annual Report with Audited Accounts of the Company for the year ended 31st March 2010.

FINANCIAL HIGHLIGHTS (Rs. Lacs)

| | 31.03.2010 | 31.03.2009 |
|---|------------|------------|
| Profit/(Loss) for the year before interest, | 716.23 | 700.84 |
| Financial Charges & Depreciation | | |
| Less: | | |
| Interest, Financial Charges for the year | 67.80 | 189.52 |
| Depreciation | 141.52 | 131.03 |
| Profit/(Loss) for the year | 507.11 | 399.39 |
| Add/(Less) Provision for Income Tax | (193.75) | (139.02) |
| Add/(Less) Deferred Tax | 20.54 | (1.29) |
| Net Profit/(Loss) for the period | 333.90 | 258.48 |

DIVIDEND :

Your Directors recommend a dividend at the rate of 10% viz Rs. 1 per equity share for the year ended 31st March, 2010.

OPERATIONS:

During the year under consideration, customer order position was satisfactory although less. Sales income is at Rs.3495.34Lacs as compared to previous years Rs.4697.99 Lacs. Sales income decreased as compared to previous year income. Exports decreased from Rs. 3985.03 Lacs (previous year) to Rs.2697.58 Lacs. The Company is hopeful of improving both Export and Domestic Sales for the year 2010-2011, which will result in better profitability. The Company has earned net profit of Rs. 333.90 Lacs during the financial year 2009-2010.

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 that as per Company's Policy, sale of goods is recognized at the point of dispatch. The sale for the current year includes sale to a customer amounting to Rs. 255.5 lacs where dispatch has been made but actual title has not been transferred. This is in accordance with the agreement entered into with customer where title of goods will be transferred on actual usage. In respect of outstanding payment of sales tax liability to the extent of Rs. 82.91 lacs, the company is expecting refund to the extent of Rs. 405.03 lacs from sales tax department and believes that outstanding liability of Rs. 82.91 lacs will get adjusted against the refund amount due.

The information as regards vendor under "The Micro Small and Medium Enterprises Development Act, 2006 is awaited and hence disclosure could not be made in this regard.

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 the preparation of the annual accounts for the financial year ended March 31, 2010, 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.
- that 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 annual accounts for the financial year ended March 31, 2010 on "going concern basis".

DIRECTORS :

Mr. Shantanu R. Kothavale retires by rotation at this Meeting and being eligible, offers himself for re-appointment.

Mr.S.Padmanabhan 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 and staff of the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Pune
Date 8th May ,2010.

R.S.KOTHAVALA
MANAGING DIRECTOR

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

| | | 2009-2010 | 2008-2009 |
|-------------------------|--------------------|-------------|-------------|
| 1. Electricity Purchase | Units (inKWH) | 12,20,272 | 16,37,728 |
| | Total Cost (Rs.) | 83,35,233 | 82,60,044 |
| | Rate/Unit (Rs.) | 5.19 | 5.04 |
| 2. Fuel | Oil Quantity (K.L) | 1962.037 | 2385.730 |
| | Total Cost (Rs.) | 6,54,68,523 | 8,29,90,600 |
| | Rate/K(Ltrs) | 33,352 | 34,786 |

CONSUMPTION PER UNIT OF PRODUCTION

| | | |
|-----------------------------------|----------|----------|
| 1. Steel Forging Production (MT) | 2141.808 | 3000.944 |
| Electricity (Unit- KWH) | 569.74 | 545.73 |
| Fuel Oil (Ltrs) | 916.48 | 794.99 |

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

- 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

| | 2009-2010 | 2008-2009 |
|-------------------------------------|-----------|-----------|
| Foreign Exchange inflow | | |
| FOB value of Exports (Rs. Lacs) | 2687.50 | 3,985.03 |
| Others | NIL | 22.61 |
| Foreign Exchange outflow (Rs. Lacs) | 271.80 | 331.76 |

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, 2010, and the related 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 7 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, 2010, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as a Director in terms of Section 274 (1)(g) 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 Nos. 5 C, 5D, 6 and 7 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, 2010;
 - 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: 8th May, 2010

Amod Bapat
Partner
Membership No. 103972
Firm Registration No. 100997W

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 its business for the purchase of inventory and fixed assets and for sale of goods and services. 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. During the course of our audit, nothing has come to our notice that may suggest a major weakness in the internal control system of the Company.
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, Investor Education and Protection 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. 82.91 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. No. | Name of Statute | Nature of disputed Statutory dues | Amount (Rs) | Forum where dispute is pending |
|---------|---------------------------|-----------------------------------|-------------|--|
| 1 | Excise Duty | Classification | 27,16,789 | High Court, Mumbai |
| 2 | Sales Tax 1994-95 | 'C' Forms and Chapter Heading | 78,09,940 | Maharashtra Sales Tax Tribunal, Mumbai |
| 3 | Sales Tax 1996-97 | 'C' Forms and Chapter Heading | 53,94,767 | Deputy Commissioner of Sales Tax, Pune |
| 4 | Sales Tax 1997-98 | 'C' Forms and Chapter Heading | 42,72,305 | Deputy Commissioner of Sales Tax, Pune |
| 5 | Sales Tax 1998-99 | 'C' Forms and Chapter Heading | 56,32,305 | Maharashtra Sales Tax Tribunal, Mumbai |
| 6 | Sales Tax 1999-2000 | 'C' Forms | 38,03,338 | Deputy Commissioner of Sales Tax, Pune |
| 7 | Income Tax A.Y. 2002-2003 | Disallowance | 54,07,000 | Income Tax Appellate Tribunal, Pune |

10. The Company has no accumulated losses as at 31st March 2010 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.
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: 8th May, 2010

Membership No. 193972
Firm Registration No. 100997W

RAJKUMAR FORGE LIMITED

TWENTIETH ANNUAL REPORT 2009-2010

BALANCE SHEET AS AT 31ST MARCH, 2010

| | Schedule | Rupees | As at 31/03/2010 Rupees | Rupees | As at 31/03/2009 Rupees |
|---|----------|--------------------|-------------------------------|--------------------|-------------------------------|
| SOURCES OF FUNDS | | | | | |
| Shareholders Funds | | | | | |
| Share Capital | A | | 109,394,000 | | 109,394,000 |
| Reserves and Surplus | B | | 65,203,466 | | 44,782,691 |
| Loan Funds | | | | | |
| Secured Loans | C | | 67,823,870 | | 97,884,056 |
| Unsecured Loans | D | | 11,419,587 | | 11,419,587 |
| TOTAL | | | 253,840,923 | | 263,480,334 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | | | | | |
| Gross Block | E | 215,171,337 | | 209,387,489 | |
| Less: Depreciation | | 135,279,300 | | 121,126,492 | |
| Net Block | | 79,892,037 | | 88,260,997 | |
| Capital Work-in-progress | | 0 | | 841,245 | |
| | | | 79,892,037 | | 89,102,242 |
| Investments | | | | | |
| Deferred Taxation | | | 0 | | 0 |
| Deferred Tax Assets | | 11,622,062 | | 11,470,684 | |
| Deferred Tax Liabilities (Refer Note No 22) | | 9,897,711 | | 11,800,754 | |
| | | | 1,724,351 | | (330,070) |
| Current Assets, Loans and Advances | | | | | |
| Inventories | F | 69,740,313 | | 86,188,376 | |
| Sundry Debtors | | 75,150,912 | | 68,489,955 | |
| Cash and Bank Balances | | 8,044,746 | | 12,609,725 | |
| Other Current Assets | | 1,458,397 | | 1,769,423 | |
| Loans and Advances | | 96,163,804 | | 101,344,744 | |
| | | 250,558,172 | | 270,402,223 | |
| Less: Current Liabilities and Provisions: | | | | | |
| Liabilities | G | 27,823,588 | | 50,120,414 | |
| Provisions | | 50,510,049 | | 45,573,647 | |
| | | 78,333,637 | | 95,694,061 | |
| Net Current Assets | | | 172,224,535 | | 174,708,162 |
| TOTAL | | | 253,840,923 | | 263,480,334 |
| 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

AMOD A. BAPAT
Partner
Membership No. 103972
Firm Registration No 100997W
Place : Pune
Date : 8th May, 2010

VIJAY V. KULKARNI
Company Secretary
Membership No. A 20665

RAJKUMAR S. KOTHAVALA
Managing Director

S.PADMANABHAN
Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

| | Schedule | Rupees | Year Ended 31/03/2010 Rupees | Rupees | Year Ended 31/03/2009 Rupees |
|---|----------|-------------|------------------------------------|-------------|------------------------------------|
| INCOME | | | | | |
| Gross Sales | H | 326,449,062 | | 450,228,502 | |
| Less: Excise Duty | | 3,228,597 | | 4,653,705 | |
| Net Sales | | | 323,220,465 | | 445,574,797 |
| Operating Income | I | | 18,585,982 | | 21,243,420 |
| Other Income | J | | 7,727,302 | | 2,980,577 |
| TOTAL | | | 349,533,749 | | 469,798,794 |
| EXPENDITURE | | | | | |
| Material and Manufacturing Expenses | K | | 244,392,358 | | 367,052,644 |
| Personnel Expenses | L | | 14,820,063 | | 13,582,560 |
| Sales, Administration and Other Expenses | M | | 18,696,856 | | 19,078,511 |
| Interest and Finance Charges | N | | 6,760,594 | | 16,951,811 |
| Depreciation | E | | 14,152,808 | | 13,193,423 |
| TOTAL | | | 298,822,679 | | 429,858,949 |
| Profit Before Tax | | | 50,711,070 | | 39,939,845 |
| Less Provision for Taxes | | | | | |
| Current Tax | | | 19,375,000 | | 13,700,000 |
| Deferred Tax | | | (2,054,422) | | 129,639 |
| Fringe Benefit Tax | | | 0 | | 262,458 |
| Profit After Tax | | | 33,380,492 | | 25,847,748 |
| Balance carried forward from last Balance Sheet | | | 24,921,115 | | 9,132,682 |
| Adjustments relating to earlier years | | | | | |
| Excess/(Short) provision for taxation and tax refunds | | | 187,023 | | 5,921,719 |
| Profit Available for Appropriation | | | 58,498,630 | | 40,902,149 |
| APPROPRIATIONS | | | | | |
| Dividend On Preference Share | | | 0 | | 87,010 |
| Tax on above Dividend | | | 0 | | 14,791 |
| Proposed Dividend on Equity Shares | | | 10,939,400 | | 9,298,490 |
| Tax on above Dividend | | | 1,859,151 | | 1,580,743 |
| Transfer to Capital Redemption Reserve | | | 0 | | 5,000,000 |
| Balance carried to Balance Sheet | | | 45,700,079 | | 24,921,115 |
| Earning Per Share -(Refer Note No 20) | | | 3.05 | | 2.35 |
| (Face Value of Rs 10/- per share) | | | | | |
| Basic and Diluted | | | | | |
| 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 AccountantsAMOD A. BAPAT
Partner
Membership No. 103972
Firm Registration No-100997W
Place : Pune
Date : 8th May, 2010VIJAY V. KULKARNI
Company Secretary
Membership No. A 20665RAJKUMAR S. KOTHAVALA
Managing DirectorS.PADMANABHAN
Chairman

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

| | Rupees | As at 31/03/2010 Rupees | Rupees | As at 31/03/2009 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 |
| Total | | 109,394,000 | | 109,394,000 |
| Schedule "B" Reserves and Surplus | | | | |
| Capital Redemption Reserve | | 5,000,000 | | 5,000,000 |
| State Government Subsidy | | 3,000,000 | | 3,000,000 |
| General Reserve | | | | |
| As per last Account | 11,861,576 | | 11,861,576 | |
| Less Transitional Adjustment on adoption of Accounting Standard (AS-15) Revised Employee Benefits | 358,189 | | 0 | |
| | | 11,503,387 | | 11,861,576 |
| Profit and Loss Account | | 45,700,079 | | 24,921,115 |
| Total | | 65,203,466 | | 44,782,691 |
| Schedule "C" Secured Loans | | | | |
| From Bank | | | | |
| Term Loan | | 0 | | 1,566,000 |
| Working Capital (Refer Note No 4) | | 67,823,870 | | 96,218,056 |
| Total | | 67,823,870 | | 97,884,056 |
| Schedule "D" Unsecured Loans | | | | |
| Sales Tax Deferral Loan (Refer Note No 5D) | | 11,419,587 | | 11,419,587 |
| Total | | 11,419,587 | | 11,419,587 |

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010.

SCHEDULE - E - FIXED ASSETS AND DEPRECIATION

| Sr. No. | Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|---------|----------------------------|--------------------|-------------------|---------------|--------------------|--------------------|-------------------|------------|--------------------|-------------------|-------------------|
| | | As at 31-Mar-2009 | Additions | Deductions | As at 31-Mar-2010 | Upto 31-Mar-2009 | Additions | Deductions | Upto 31-Mar-2010 | As at 31-Mar-2010 | As at 31-Mar-2009 |
| A | Freehold Land | 1,756,504 | 0 | 65,868 | 1,690,636 | 0 | 0 | 0 | 0 | 1,690,636 | 1,756,504 |
| B | Buildings | 32,246,830 | 297,259 | | 32,544,089 | 5,972,927 | 980,229 | 0 | 5,953,156 | 25,590,943 | 26,273,903 |
| C | Plant and Machinery | 171,626,652 | 2,951,216 | 0 | 174,577,868 | 114,332,362 | 12,786,052 | 0 | 127,178,444 | 47,399,424 | 57,234,290 |
| D | Furniture and Fixtures | 2,163,490 | 2,601,231 | 0 | 4,764,721 | 547,125 | 235,054 | 0 | 752,189 | 3,982,532 | 1,516,365 |
| E | Vehicles | 1,594,013 | 0 | 0 | 1,594,013 | 214,078 | 151,433 | 0 | 365,511 | 1,228,502 | 1,379,935 |
| | TOTAL | 209,387,489 | 5,849,716 | 65,868 | 215,171,337 | 121,126,492 | 14,152,808 | 0 | 135,279,300 | 79,892,037 | 89,260,997 |
| | Previous Year 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 |

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

| | As at 31/03/2010 Rupees | As at 31/03/2009 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 | 3,861,249 | 2,486,151 |
| Raw Material | 29,377,739 | 25,282,922 |
| Work in Progress | 36,501,325 | 57,710,261 |
| Finished Goods | 0 | 709,042 |
| Total | 69,740,313 | 86,188,376 |
| Sundry Debtors | | |
| (Unsecured, considered Good unless otherwise stated) | | |
| Debts outstanding for a period Exceeding Six months | 10,997,544 | 1,453,623 |
| Other Debts | 64,153,368 | 67,036,332 |
| Total | 75,150,912 | 68,489,955 |
| Cash and Bank Balances | | |
| Cash on Hand | 83,153 | 78,837 |
| Balances with Scheduled Banks In Current Accounts | 884,553 | 5,604,798 |
| In Fixed Deposits (Including interest accrued) | 7,077,040 | 6,926,090 |
| Total | 8,044,746 | 12,609,725 |
| Loans and Advances | | |
| (Unsecured, considered Good unless otherwise stated) | | |
| Advances recoverable in cash or in kind or for value to be received | 77,710,589 | 82,326,677 |
| Deposits | 1,776,820 | 1,084,010 |
| Balance with Customs and Central Excise Department | 16,676,395 | 17,934,057 |
| Total | 96,163,804 | 101,344,744 |
| Schedule "G" Current Liabilities & Provisions | | |
| Liabilities: | | |
| Sundry Creditors(Refer Note 6) | 21,552,004 | 17,073,243 |
| Advances from Customers | 2,181,124 | 20,388,453 |
| Unclaimed Dividend - Equity Shares* | 837,930 | - |
| Other Liabilities | 3,252,530 | 12,658,718 |
| Total | 27,823,588 | 50,120,414 |
| Provisions: | | |
| Income Tax (Net of Advance Tax of Rs 305,95,755 (Previous year Rs 161,67,288)) | 3,038,004 | 1,373,732 |
| Proposed Dividend on Equity Shares | 10,939,400 | 9,298,490 |
| Tax on above Dividend | 1,859,151 | 1,580,743 |
| Contingencies | 29,623,444 | 29,623,444 |
| Retirement & other benefits | 5,050,050 | 3,897,238 |
| Total | 50,510,049 | 45,573,647 |

* Note - There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

| | Rupees | As at 31/03/2010 Rupees | Rupees | As at 31/03/2009 Rupees |
|--|-------------|-------------------------------|-------------|-------------------------------|
| Schedule "H" Sales | | | | |
| Sale of Forgings Export | 269,758,839 | | 398,502,836 | |
| Sale of Forgings Domestic | 34,435,867 | | 36,594,366 | |
| Sale of Scrap | 9,669,845 | | 9,840,780 | |
| Sales Conversion Basis | 13,584,111 | | 5,548,570 | |
| Gross Sales | 327,448,662 | | 450,486,552 | |
| Sales Returns (Rejection) | 999,600 | | 258,050 | |
| | | 326,449,062 | | 450,228,502 |
| Schedule "I" Operating Income | | | | |
| Export Benefits | | 18,585,982 | | 21,243,420 |
| | | 18,585,982 | | 21,243,420 |
| Schedule "J" Other Income | | | | |
| Profit /(Loss) on Sale Of Fixed Assets | | 3,534,132 | | 0 |
| Exchange Gain/(Loss) | | 3,640,879 | | 55,686 |
| Interest (Gross) | | 552,291 | | 663,511 |
| (TDS Rs.75,316 Previous year Rs. 99,890) | | | | |
| Miscellaneous Income | | 0 | | 2,261,380 |
| Total | | 7,727,302 | | 2,980,577 |
| Schedule "K" Materials and Manufacturing Expenses | | | | |
| Material Consumption: | | | | |
| Rawmaterial Consumed | | 122,829,745 | | 227,024,920 |
| (Increase)/Decrease in Inventories | | | | |
| Closing Inventories | | | | |
| Finished goods | 0 | | 709,042 | |
| Work in Progress | 36,501,325 | | 57,710,261 | |
| | 36,501,325 | | 58,419,303 | |
| Opening Inventories | | | | |
| Finished Goods | 709,042 | | 0 | |
| Work in Progress | 57,710,261 | | 73,205,970 | |
| | 58,419,303 | | 73,205,970 | |
| | | 21,917,978 | | 14,786,667 |
| | | 144,747,723 | | 241,811,587 |
| Manufacturing Expenses | | | | |
| Consumption Of Stores, Spares & Tools | 6,156,456 | | 7,640,171 | |
| Power & Fuel | 72,664,953 | | 92,361,076 | |
| Machining Charges | 11,931,303 | | 11,578,460 | |
| Repairs & Maintenance - Plant & Machinery | 699,247 | | 967,868 | |
| Freight | 2,984,238 | | 3,469,636 | |
| Other Manufacturing Expenses | 4,752,477 | | 7,310,413 | |
| Excise Duty | 455,961 | | 1,913,433 | |
| | | 99,644,635 | | 125,241,057 |
| Total | | 244,392,358 | | 367,052,644 |

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

| | As at 31/03/2010 Rupees | As at 31/03/2009 Rupees |
|--|-------------------------------|-------------------------------|
| Schedule "L" Personnel Expenses | | |
| Salaries, Wages Bonus and Allowances | 12,554,684 | 11,493,438 |
| Contribution to Provident and Other Funds | 1,175,854 | 903,265 |
| Welfare Expenses | 1,089,525 | 1,185,857 |
| Total | 14,820,063 | 13,582,560 |
| Schedule "M" Sales, Administration and Other Expenses | | |
| Sales Commission | 0 | 50,000 |
| Other Selling and Administration Expenses | 8,401,271 | 10,973,047 |
| Travelling and Conveyance Expenses | 2,610,546 | 2,392,671 |
| Rent | 1,152,500 | 516,000 |
| Rates and Taxes | 269,939 | 67,920 |
| Repairs to Building | 28,077 | 41,020 |
| Insurance Charges | 261,704 | 128,480 |
| Directors' Sitting Fees | 230,000 | 135,000 |
| Clearing & Forwarding Charges | 5,742,819 | 4,774,373 |
| Total | 18,696,856 | 19,078,511 |
| Schedule "N" Interest and Finance Charges | | |
| Interest on Fixed Loans | 3,887,137 | 10,621,610 |
| Interest Others | 1,566,503 | 4,201,226 |
| Bank Charges | 1,306,954 | 2,128,975 |
| Total | 6,760,594 | 16,951,811 |

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:

Tangible Fixed Assets are stated at their original cost of acquisition including expenses related to acquisition and installation of the concerned assets. Intangible Fixed Assets such as Software are recognized, if it is expected that such assets will generate sufficient future economic benefits. Fixed Assets are shown net of accumulated depreciation (except free hold land).

Provision for Impairment loss if any, is recognized to the extent by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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) Inventories :

Inventories are stated at lower of cost and net realizable value. The material costs are determined on weighted average basis/FIFO as applicable. The valuation of Work in progress and Finished goods represents the combined cost of material, labour and all manufacturing overheads.

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) Investments

Long term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments. Current investments are stated at the lower of cost and fair value.

G) 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 actuarially valued. However the liability is not funded externally.
- d) Privilege Leave entitlements Liability has been actuarially valued. However the liability is not funded externally.

H) 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.

I) Provisions and Contingent Liabilities

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.

J) 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.

K) Research and Development expenditure

Research and Development expenditure is charged to Revenue under the natural heads of Account in the year in which it is incurred. However the expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the company, is considered as an intangible assets.

L) Borrowing Costs

- a) Borrowing Costs on Working Capital is charged to profit and loss statement in the year of incurrence.
- b) Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalized till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.
- c) Borrowing costs that are attributable to the acquisition or development of intangible assets are capitalized till the date they are put to use.

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

| | 31.03.2010 Rupees | 31.03.2009 Rupees |
|---|----------------------|----------------------|
| 2. Contingent liabilities not provided for in respect of: | | |
| A) Banks: | | |
| 1) Counter Guarantee issued by Bank | 92,66,110 | 1,88,892 |
| 2) Letter of Credit issued by Bank on behalf of the Company | 2,83,04,904 | 1,63,55,580 |
| B) Guarantees Given by the Company on behalf of other Companies Maximum Outstanding during the year Rs. 164.50,000 (previous Year 2,06,50,000) | 2,35,00,000 | 2,35,00,000 |
| C) Claims against the company not acknowledged as debt | NIL | NIL |
| D) Estimated value of Contracts remaining to be executed on Capital Accounts and not provided for (not of advances) | 1,86,09,000 | 196,02,652 |
| E) Income Tax Case for A.Y. 2002-2003 pending before ITAT (Pune bench) | 54,07,000 | 54,07,000 |

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 FY. 2005-06.

4) 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. S. 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) Repayment of Sales Tax Deferral Loan due up to 31st March 2010 was Rs. 82.91 lacs (Previous year 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) As per the Company's policy, Sale of Goods is being recognized at the point of dispatch to the Customer. The Sales for the current year includes Sales to a Customer amounting to Rs. 255.51lacs, where dispatch has been made but actual title has not been transferred.

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

| Sr No. | Product | Licensed Capacity Quantity Tonnes | Installed Capacity Quantity Tonnes | Actual Production Quantity Tonnes | Turnover Quantity Tonnes | Turnover Value Rs. in Lakhs | Opening Stock Quantity Tonnes | Opening Stock Value Rs. in Lakhs | Closing Stock Quantity Tonnes | Closing Stock Value Rs. in Lakhs |
|--------|--|---|--|---|--------------------------------|-----------------------------------|-------------------------------------|--|-------------------------------------|--|
| 1 | Open Die Forgings Raw and or Proof Machined Condition | 6,000 (*) | 6,000 (*) | (\$) 1232.186 | 1237.861 | 3232.20 | 5.665 | 7.09 | 0 | 0 |
| | | | | [(\$) As forged Tonnage 2141.808] | | | | | | |
| | (Previous Year) | 6,000 (*) | 6,000 (*) | (\$) 1,689.209 | 1,683.644 | 4455.75 | 0 | 0 | 5.665 | 7.09 |
| | | | | [(\$) As forged Tonnage 3000.944] | | | | | | |
| 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.

i) 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.

ii) Quantity of Outside Job Works produced and sold for the current year is 655,980 tons. Rs. 135.84 Lakhs (is 136,859 tons: Rs. 55.49 Lakhs in last year) is not included in the above figures.

| | Unit | 31.03.2010 | | 31.03.2009 | |
|---|-----------|------------|--------------|------------|--------------|
| | | Quantity | Value | Quantity | Value |
| 9) Details of Raw Material & Fuel Consumption : | | | | | |
| Steel & Alloy Ingots - Raw Material | Tons | 2592.620 | 12,28,29,745 | 3,805.670 | 22,70,24,920 |
| Light Diesel Oil - Fuel | Kilo Ltrs | 1,962.937 | 8,54,68,523 | 2,385.730 | 8,29,90,800 |

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

10) Details of Imported and indigenous Raw Material, Consumed:

| | Percentage | Value | Percentage | Value |
|--------------|---------------|---------------------|---------------|---------------------|
| Imported | 12.50 | 1,53,57,478 | 11.70 | 2,65,51,908 |
| Indigenous | 87.50 | 10,74,72,267 | 88.30 | 20,04,73,012 |
| Total | 100.00 | 12,28,29,745 | 100.00 | 22,70,24,920 |

11) Payment to Auditors :

| | | | |
|-----------------------|--|-------------------|----------|
| 31.03.2010 | | 31.03.2009 | |
| i) As Auditors | | | |
| - Audit Fees | | 3,00,000 | 2,75,750 |
| ii) In Other Capacity | | | |
| - Tax Audit Fees | | 35,000 | 38,605 |
| - Limited Review | | 60,000 | 30,000 |
| - In Other Capacity | | 20,000 | 10,000 |

12) a) Computation of Net Profit in accordance with Section 190(1) and Section 349 of Companies Act, 1956

| | | | |
|--|--|--------------------|------------|
| Profit as per Profit and Loss Account | | 3,33,90,492 | Nil |
| Add Directors Remuneration including perquisites | | 23,84,460 | Nil |
| Directors Commission | | 3,00,000 | Nil |
| Provision for Taxation | | 1,73,20,578 | Nil |
| Total | | 5,33,95,530 | Nil |
| Less Profit On Sale of Land | | 35,34,132 | Nil |
| Profit on which Commission is payable | | 4,98,61,398 | Nil |
| Maximum Remuneration which can be paid for the year @ 5% on Rs. 4,98,61,398 to Managing Director | | 24,93,070 | Nil |
| Less Remuneration (Excluding Commission) already paid | | 21,54,400 | Nil |
| Balance available for paying as commission | | 3,38,610 | Nil |
| Minimum as determined by the Board | | 3,00,000 | Nil |

b) Details Remuneration to Managing Director :

| | | | |
|--|--|--------------|--------------|
| - Salaries, Allowances and Perquisites | | 24,54,460(*) | 13,18,413(*) |
| (*)Includes perquisites as under, | | | |
| 1) Rent | | 80,000 | 2,40,000 |
| 2) Commission | | 3,00,000 | Nil |
| 3) Leave Encashment | | 1,05,231 | Nil |
| 4) Gratuity | | 4,37,885 | 43,270 |
| 5) Super Annuation | | 1,24,200 | 90,000 |
| 6) Health Insurance | | 36,744 | 38,743 |

13) CIF Value of Imports :

| | | | |
|---------------------|--|-------------|-------------|
| Raw Materials | | 2,41,98,551 | 3,08,83,609 |
| Spares & Components | | 9,05,511 | 8,62,242 |
| Capital Goods | | 13,09,065 | 8,98,633 |

14) Expenditure in Foreign Currency:

| | | | |
|----------------|--|----------|----------|
| Foreign Travel | | 6,87,159 | 6,73,400 |
|----------------|--|----------|----------|

15) Earnings in Foreign Currency:

| | | | |
|-------------------------|--|--------------|--------------|
| 1. FOB value of Exports | | 26,87,59,239 | 39,25,02,836 |
| 2. Other Receipts | | Nil | 22,61,296 |

16) Remittance during the year in foreign currency on account of dividend to non resident share holders were as follows

| | | | |
|------------------------|--|-----------|-----|
| 1. Particulars | | | |
| a) No Of Share Holders | | 8 | Nil |
| b) No of equity shares | | 13,75,400 | Nil |
| c) Amount remitted | | 11,89,090 | Nil |

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

17) Related Party Disclosures :

a) Remuneration paid or payable to Directors for the year ended 31st March 2010

| 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 | 23,30,260 | 1,24,200 | 24,54,460 |
| Mr. S. Padmanabhan Chairman | 30,000 | NA | NA | 30,000 |
| Mr. P. B. Kore | 30,000 | NA | NA | 30,000 |
| Mr. S. R. Kothavale | 30,000 | NA | NA | 30,000 |
| Mr. S.M.Sirsikar | 80,000 | NA | NA | 80,000 |
| Mr Pradeep Bhargava | 60,000 | NA | NA | 60,000 |

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

(Amount in Rs.)

| Sr No. | Particulars | Nature Of Relations | 2009-2010 | 2008-2009 |
|--------|---------------------------------------|---------------------|------------------|------------------|
| 1 | Lease Rent | Others | 80,000 | 240,000 |
| 2 | Office Rent | Others | 9,00,000 | Nil |
| 3 | Purchase of goods | Others | Nil | 9,991 |
| 4 | Sale of goods | Others | Nil | 43,572 |
| 5 | Machining & Commitment Charges | Others | 53,85,989 | 46,44,051 |
| 6 | Reversal Of Sale Of Machinery | Others | Nil | 2,25,13,104 |
| 7 | Guarantee Given to Bank | Others | 2,35,00,000 | 2,35,00,000 |
| 8 | Balance Receivable by RFL Loan others | Others | Nil 93,99,625 | Nil 58,47,994 |
| 9 | Balance Payable by RFL | Others | 1,11,000 | Nil |

Names of Related Parties and description of relationship

| Sr No | Particulars | Name Of the Party |
|-------|--------------------------|--|
| 1 | Key Management Personnel | Mr. R. S. Kothavale |
| 2 | Others | Mr. S. R. Kothavale Mr. R. S Kothavale (HUF) 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 2010.

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 2010 were as under.

| Currency | 31 st March 2010 | | 31 st March 2009 | |
|----------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| | No Of Contracts | Value in Foreign Currency | No Of Contracts | Value in Foreign Currency |
| USD | 1 | 1,00,000 | 18 | 21,50,000 |

19) Liability for employce benefit has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard – 15 (revised) the details of which are as hereunder

Unfunded Scheme

| | |
|---|-------------|
| i) Amount to be recognized in Balance Sheet | |
| a) Present Value of obligations | 31,22,193 |
| b) Fair Value of Plan Assets | Nil |
| c) Net assets/(liability) recognized in balance sheet | (31,22,193) |
| ii) Amount to be Recognised in the Statement of Profit and Loss Account | |
| a) Current Service Cost | 2,82,816 |
| b) Interest Cost | 1,85,020 |
| c) Net actuarial (gain) loss Recognised in the year | (2,537) |
| d) Net Actuarial losses / (Gains) Recognised in the year | 4,66,199 |
| Total included in personnel expenses | |

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

| | |
|---|-----------|
| iii) Change in Defined Benefit Obligation and reconciliation | |
| a) Opening Defined Benefit Obligation | 26,55,994 |
| b) Interest Cost | 1,85,920 |
| c) Current Service Cost | 2,82,816 |
| d) Net actuarial (gain) loss Recognised in the year | (2,537) |
| e) Benefits paid | Nil |
| f) Closing Balance | 31,22,193 |
| v) Principal Actuarial Assumptions | |
| Discount Rate | 8.40% |
| Rate of increase in Compensation level | 8.00% |
| Expected Average remaining working lives of Employees (years) | 12.81% |

Previous years details have not been mentioned as this is the first year of actuarial valuation. The Company has also followed transition provisions as set out in the Accounting Standard 15.

20) 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 2009-2010 | Rs. 3,33,00,402 |
| B) Weighted Average No. of Shares of Rs. 10 each | 1,09,39,400 |
| C) Basic and diluted EPS (A/B) | Rs 3.05 |

21) Segment information for the year ended 31.03.2010 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.

22) Components of Deferred Tax Assets and Liabilities:

| PARTICULARS | BALANCE | ARISING | BALANCE |
|---|-----------------------------|-------------|-----------------------------|
| | CARRIED AS AT | DURING THE | CARRIED AS AT |
| | 31 ST MARCH 2009 | YEAR | 31 ST MARCH 2010 |
| | RS. | RS. | RS. |
| DEFERRED TAX LIABILITIES:- | | | |
| On account of timing difference in | | | |
| Depreciation | 1,18,00,755 | (19,03,044) | 99,97,711 |
| Deferred tax Liability | 1,18,00,754 | (19,03,044) | 99,97,711 |
| DEFERRED TAX ASSETS:- | | | |
| On account of timing difference in | | | |
| a) Disallowance under section 43-B | 1,00,69,783 | 4,225 | 1,00,74,008 |
| Of the Income - Tax Act, 1961 | | | |
| b) Accrual For Expenses Allowable on payments | 14,00,902 | 1,47,153 | 15,48,055 |
| Total Deferred Tax Assets | 1,14,70,684 | 1,51,378 | 1,16,22,062 |
| Net Deferred Tax Asset (Liability) | (3,30,070) | 20,54,422 | 17,24,352 |

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

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

As per our report attached
For BAPAT & COMPANY
Chartered Accountants

For and on behalf of the Board

AMOD BAPAT
Partner
Membership No. 103972
Firm Registration No. 100997W
Place: Pune
Date: 8th May, 2010

VIJAY V. KULKARNI
Company Secretary
Membership No. A 20665

RAJKUMAR S. KOTHAVALA
Managing Director

S.PADMANABHAN
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

| Sr. No. | Particulars | (Rs. in thousands) | |
|----------|--|--------------------|-----------------|
| | | 2009-2010 | 2008-2009 |
| A | CASH FLOW FROM OPERATING ACTIVITIES: | | |
| | Profit before tax: | 50,711 | 39,940 |
| | Adjustments | | |
| i) | Depreciation | 14,153 | 13,193 |
| ii) | Prior Period Adjustments | (171) | 5,922 |
| iii) | Interest paid | 5,454 | 14,823 |
| | Loss/(Profit) on sale of assets | (3,534) | 0 |
| | | 15,902 | 33,938 |
| i) | Interest/Other Income | 4,193 | 2,925 |
| | | 4,193 | 2,925 |
| | | 11,709 | 31,013 |
| | OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 62,420 | 70,953 |
| | Changes in Working Capital (Increase)/Decrease in Current Assets: | | |
| i) | Inventories | 16,448 | 19,771 |
| ii) | Sundry Debtors | (6,661) | 27,603 |
| iii) | Other Current Assets and Loans & Advances | 5,492 | (1,803) |
| | | 15,279 | 45,571 |
| i) | Increase/(Decrease) in Current Liabilities: Liabilities | (17,360) | (17,902) |
| | CASH GENERATED FROM OPERATIONS | (2,081) | 27,669 |
| | Direct Taxes paid | (19,375) | (13,962) |
| | | (21,456) | 13,707 |
| | NET CASH FROM OPERATING ACTIVITIES | 40,964 | 84,660 |
| B | CASH FLOW FROM INVESTING ACTIVITIES: | | |
| i) | (Addition)/Reduction in Fixed Assets | (4,943) | (22,642) |
| ii) | Interest / Other Income | 4,193 | 2,925 |
| iii) | (Loss) /profit on sale of assets | 3,534 | 0 |
| | NET CASH FROM INVESTING ACTIVITIES | 2,784 | (19,717) |
| C | CASH FLOW FROM FINANCING ACTIVITIES: | | |
| i) | Cash Credit From Bank | (28,394) | (18,453) |
| ii) | (Repayment)/Availing of Secured Loan | (1,866) | (10,001) |
| iii) | Interest paid | (5,454) | (14,823) |
| iv) | Redemption of Preference Shares | 0 | (5,000) |
| v) | Dividend including Tax thereon | (12,799) | (10,981) |
| | NET CASH FROM FINANCING ACTIVITIES | (48,313) | (59,258) |
| | Net Increase/(Decrease) in Cash and Cash equivalents | (4,565) | 5,685 |
| | Cash and Cash equivalents at the beginning of the Year | 12,610 | 6,925 |
| | Cash and Cash equivalents at the end of the Year | 8,045 | 12,610 |

As per our attached report of even date

For and on behalf of the Board

BAPAT & COMPANY
Chartered AccountantsAMOD A. BAPAT
Partner
Membership No. 103972
Firm Registration No 100997W
Place : Pune
Date : 8th May, 2010VIJAY V. KULKARNI
Company Secretary
Membership No. A 20665RAJKUMAR S. KOTHAVALA
Managing Director
S.PADMANABHAN
Chairman

RAJKUMAR FORGE LIMITED

Regd. Office : 18, Shivaji Co-operative Housing Society, Off Senapati Bapat Road,
Pune - 411016

NOMINATION FORM

I/We am/are holder(s) of the equity shares of the Company as per details 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's 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 | |

RAJKUMAR FORGE LIMITED

Regd.Off : 18, Shivaji Co-oprative Housing Society, Off Senapati Bapat Road,
Pune - 411016

PROXY FORM

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 _____

as my / our proxy to attend and vote for me / us on my /our behalf at the **Twentieth Annual General Meeting** of the Company to be held on Saturday, the 31st July, 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010

For Office use only

Proxy No. _____ No. of Shares _____
Folio / DP ID Client ID No _____

Affix Rs.1
Revenue
Stamp

(Signature of Shareholder across the stamp)

Note : The proxy form must be deposited at the Registered Office of the Company at 18, Shivaji Co-oprative Housing Society, Off Senapati Bapat Road, Pune - 411016 not less than 48 hours before the Meeting.

Tear Here

RAJKUMAR FORGE LIMITED

Regd.Off : 18, Shivaji Co-oprative Housing Society, Off Senapati Bapat Road,
Pune - 411016

ATTENDENCE SLIP

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

I hereby record my presence at the **Twentieth Annual General Meeting** of the Company at Poona Club Limited, 6, Bund Garden Road, Pune - 411 001 on Saturday, the 31st July, 2010 at 10.00 a.m.

Name of attending member (in Block Letters)

Name of Member/Proxy (To be filled if the Proxy attending instead of member)

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

DP ID No _____ Signature of Member : _____
Proxy

Note : 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.

BOOK POST

If Undelivered Please Return To :

RAJKUMAR FORGE LIMITED

Regd Office : 18, Shivaji Co-op Housing Society,

Off Senapati Bapat Road, Pune-411016

Phone : (020) 25639050, 25639051, 25639052

Fax : (020) 25639049

Web Site : www.rkforging.com

Email : secretarial@rkforge.in

invest@rkforge.in
