Shaping the future

RAMKRISHNA FORGINGS LIMITED

ANNUAL REPORT 2012-13

ACROSS THE PAGES

FORWARD LOOKING STATEMENT

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

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

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

Corporate Information

DIRECTORS

Mr. Mahabir Prasad Jalan	*Chairman*
Mr. Naresh Jalan	*Managing Director*
Mr. Pawan Kumar Kedia	*Finance Director*
Mr. Padam Kumar Khaitan	*Non-Executive Director*
Mr. Satish Kumar Mehta	*Non-Executive Director*
Mr. Subhasis Majumdar	*Nominee Director (Resigned w.e.f. 25.04.2013)*
Mr. Surendra Mohan Lakhotia	*Non-Executive Director*
Mr. Yudhisthir Lal Madan	*Non-Executive Director*
Mr. Ram Tawakya Singh	*Non-Executive Director*
Mr. Ravi Lekhrajani	*Additional Director (Appointed w.e.f. 03.04.2013)*

Company Secretary	Mr. Rajesh Mundhra
Chief Financial Officer (CFO)	Mr. Alok Kumar Sharda
Registered and Corporate Office	Ramkrishna Chambers, 72, Shakespeare Sarani, Kolkata - 700 017 Phone : +91 33 3984 0999 Fax : +91 33 3984 0998
Works	(i) Plot No. M-6, Phase-VI, Gamaria, Jamshedpur - 832 108 (ii) 7/40, Duffer Street, Liluah, Howrah - 711 204 (iii) Plot No. M-15, 16 & NS-26, Phase VII Adityapur Industrial Area, Jamshedpur - 832 109
Statutory Auditors	M/s Singhi & Co. 1B, Old Post Office Street, Kolkata - 700 001
Internal Auditors	M/s. Deloitte Haskins & Sells Bengal Intelligent Park Building Alpha, 1st Floor, Block-EP & GP, Sector-V Salt Lake Electronics Complex Kolkata - 700 091
Principal Bankers	DBS Bank Export Import Bank of India Hongkong & Shanghai Banking Corporation Bank ICICI Bank IDBI Bank Development Credit Bank Standard Chartered Bank State Bank of India
Registrar and Share Transfer Agents	M/s Karvy Computershare (P) Ltd. Plot No. 17-24, Vittal Rao Nagar Madhapur, Hyderabad - 500 081 Andhra Pradesh, India Phone : +91 40 2342 0815 - 28 Fax : +91 40 2342 0814 E-mail : mailmanager@karvy.com Website : www.karvycomputershare.com

Notice

Notice is hereby given that the 31st Annual General Meeting of the Company will be held on 20th day of July, 2013 at 11.45 AM at Gyan Manch,11,Pretoria Street, Kolkata-700071 to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit & Loss Account for the year ended on that date together with the Director's Report and the Auditor's Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Mahabir Prasad Jalan who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Satish Kumar Mehta who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. Surendra Mohan Lakhotia who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION** :

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

SPECIAL BUSINESSES :

7. To consider and if thought to pass with or without modification the following resolution as an **ORDINARY RESOLUTION** :

   "RESOLVED that Mr. Ravi Lekhrajani who was appointed as an Additional Director of the Company by the Board of Directors under section 260 of the Companies Act, 1956 and Article 115 of Articles of Association of the Company and who holds office upto the date of the Annual General Meeting of the Company and in respect of which the Company has received a notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company not liable to retire by rotation."
8. To consider and if thought to pass with or without modification the following resolution as a **SPECIAL RESOLUTION** :

   "RESOLVED that pursuant to Section 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Central Government, consent of the Company be and is hereby accorded for payment of remuneration to Mr. Naresh Jalan, Managing Director of the Company, as set out in the explanatory statement attached to this notice convening the meeting, which remuneration was earlier approved by the Members in the General Meeting held on 28th July, 2012, for :

   (a) the financial year commencing from 1st April 2012 to 31st March; and

   (b) the balance of his tenure from 1st April 2013 and ending on 4th Nov' 2016.

   RESOLVED FURTHER THAT that pursuant to the provisions of Section 198 of the Act, the remuneration as contained in the explanatory statement attached to this notice convening the meeting, be paid to Mr. Naresh Jalan as the minimum remuneration notwithstanding such remuneration is in excess of the limits as specified in Part II of Schedule XIII of the Companies Act, 1956."
9. To consider and if thought fit, to pass with or without modification the following resolution as an **SPECIAL RESOLUTION**:

   "RESOLVED that pursuant to Section 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Central Government, consent of the Company be and is hereby accorded for payment of remuneration to Mr. Mahabir Prasad Jalan, Chairman-cum-Wholetime Director of the Company, as set out in the explanatory statement attached to this notice convening the meeting, which remuneration has been approved by the Members in the General Meeting held on 30th June, 2011 for :

   (a) the financial year commencing from 1st April 2012 to 31st March, 2013, and

   (b) the balance of his tenure from 1st April 2013 and ending on 4th November, 2016.

   RESOLVED FURTHER THAT that pursuant to the provisions of Section 198 of the Act, the remuneration as contained in the explanatory statement attached to this notice convening the meeting, be paid to Mr. Mahabir Prasad Jalan as the minimum remuneration notwithstanding such remuneration is in excess of the limits as specified in Part II of Schedule XIII of the Companies Act, 1956."

Notice

10. To consider and if thought fit to pass with or without modification the following Resolution as an **SPECIAL RESOLUTION** :

    "RESOLVED that pursuant to the provisions of section 198, 269, 309 and all other applicable provisions of the Companies Act,1956 including schedule XIII thereto, consent of the Company be and is hereby accorded for the reappointment of Mr. Pawan Kumar Kedia as the Whole Time Director of the Company for the period of 3 years w.e.f 1st April, 2013 on such remuneration as is set out in the explanatory statement attached to this notice convening the meeting, which remuneration shall be within the limits as specified in Para B of Section II of Part II of Schedule XIII of the Act."

11. To consider and if thought fit, to pass with or without modification the following resolution as an **SPECIAL RESOLUTION**.

    "RESOLVED THAT, pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be amended and are hereby altered/amended by substitution and/or addition and/or deletion as the case may be in the following manner :

    (i) Existing Article 1B be substituted with the following Article :

    These Articles shall be read and construed harmoniously so as not to restrict the rights of IFC (as defined herein) and the Investor (as defined herein) under these Articles such that each of IFC and the Investor can exercise their rights as enumerated under Articles 193 to 207 and Articles 209 to 226, respectively, to the fullest extent.

    (ii) Following definitions be inserted in the existing Article 193 which is mentioned in Annexure - A. :

    (iii) The Article 194A(ii) of the article be substituted with the following Article :

    (ii) If the Company proposes to issue New Securities, it shall give IFC written notice of its intention, describing the New Securities, their proposed issue price ("Initial Subscription Price"), subject to compliance with the applicable pricing guidelines, and their general terms of issuance, and specifying IFC's pro-rata share of such issuance (the "Issue Notice"). IFC shall have thirty (30) days after any such notice is delivered (the "Notification Date") to give the Company written notice that it agrees to purchase part or all of its pro-rata share of the New Securities for the Initial Subscription Price and on the terms specified in the Issue Notice (the "Subscription Notice"), subject to compliance with the Floor Price requirements, provided that IFC may fix a cap of not less than the Initial Subscription Price for its participation. IFC may also notify the Company in the Subscription Notice that it is willing to buy a specified number of the New Securities in excess of its pro-rata share of such issuance ("Additional Securities") for the same price and on the terms specified in the Issue Notice. It is hereby clarified that (a) IFC shall be entitled to subscribe to the New Securities at a price not in excess of the Initial Subscription Price notwithstanding any later decision by the Board or the Company to issue all or any of the New Securities in the same round of fund raising at a price in excess of the Initial Subscription Price; and (b) such issue of Equity Shares in the same round of funding at a price higher than the Initial Subscription Price shall not separately require the prior consent of IFC under these Articles 193 to 207.

    (iv) Following Articles 195(dd) and 195(ddd) be inserted after the existing Article 195(d) as mentioned in Annexure - A :

    (v) Article 194B(a) (Adjustment Event) shall be substituted with the following Article:

    Adjustment Event: Notwithstanding any provisions to the contrary contained in Articles 193 to 207, it is agreed between the Company, the Sponsors and IFC that, in case of an Adjustment Event, IFC Initial Subscription shall be adjusted proportionately for such Adjustment Event and it is such adjusted Initial Subscription that shall be taken into account for the purposes of calculating the thresholds for exercise of IFC rights under Article 201 (Board Composition), Article 199 (IFC Consent Rights), Article 210 (Board Supermajority Requirements), Article 215(d)(iii) (Other Affirmative Covenants), Article 195(a) (Ownership and Share Retention), Article 194A (Preemptive Right), Article 195(d) (Tag-Along Rights), Article 195(dd) (IFC Put Option), Article 195(ddd) (Participation in FPO), Article 195(e) (Free Transferability of Subscription Shares) and Article 195(f) (Successor and Assigns).

    (vi) The following article shall be inserted after sub-article (iii) of Article 205(d):

    (iv) any amendment to the Wayzata Investment Agreement shall not be made without the prior written consent of IFC.

    (vii) Following definitions be inserted in the existing Article 209 :

    (i) following definition of "Amount Payable" be included between the definitions of "Affiliate" and "Annual Business Plan":

    "Amount Payable" has the meaning referred to in Article 223(m)(ii);".

    (ii) following definition of "FPO Updation Notice" be included between the definitions of "FPO" and "fully diluted basis":

""FPO Updation Notice" has the meaning referred to in Article 214(a);".

(iii) following definitions of "IFC Proportional Put Exercise Notice", "IFC Proportional Put Option" and "IFC Proportional Put Shares" be included between the definitions of "IFC Loan Agreement" and "IFC Tag Along Shares":

""IFC Proportional Put Exercise Notice" has the meaning referred to it in Article 212(b)(iii)(aa);".

""IFC Proportional Put Option" has the meaning referred to it in Article 212(b)(iii)(aa);".

"IFC Proportional Put Shares" has the meaning referred to it in Article 212(b)(iii)(aa);".

(iv) following definition of "Initial FPO Notice" be included between the definitions of "Individual Promoters" and "Initial Subscription Price":

"Initial FPO Notice" has the meaning referred to in Article 214(a);".

(v) following definition of "Investor Liquidated Damages Due" be included between the definitions of "Investor Exercise Notice" and "Investor Proportional Put Exercise Notice":

"Investor Liquidated Damages Due" has the meaning referred to in Article 223(m)(ii).;".

(vi) following definition of "Minimum Float" be included between the definitions of "Memorandum of Association" and "Minimum Promoter Shareholding":

"Minimum Float" has the meaning referred to in Article 214(c);".

(vii) following definition of "Promoter Reimbursement Period" be included between the definitions of "Promoter Purchaser Notice" and "Promoter Seller":

"Promoter Reimbursement Period" has the meaning referred to in Article 223(m)(i);".

(viii) following definition of "Statutory Float" be included between the definitions of "Specified Stock Exchanges" and "Subscription Amount":

"Statutory Float" has the meaning referred to in Article 214(d);".

3.2 Point 10 of FPO Actions shall be substituted with the following :

"*10. Carry out roadshows in relation to the FPO at the cost of the offering Shareholders and the Company in proportion* to the number of Equity Shares being offered by the relevant Shareholders and the Company;"

3.3 Article 210(d)(iii) be substituted with the following Article :

(iii) the Investor shall be entitled to subscribe to the Equity Shares under Article 210(d)(i) and 210(d)(ii) at a price not in excess of the Initial Subscription Price notwithstanding any later decisions by the Board or the Company to issue all or any of the New Securities in the same round of fund raising at a price in excess of the Initial Subscription Price. Such issue of Equity Shares in the same round of funding at a price higher than the Initial Subscription Price shall not separately require the prior consent of the Investor under these Articles 209 to 226.

3.4 Article 212 be substituted with the following Article as mentioned in Annexure - A :

3.5 Article 214 shall be substituted with the following Article as mentioned in Annexure - A :

3.6 Article 216(b) shall be substituted with the following :

(b) The Promoters and the Company expressly agree that :

(i) any amendment to the IFC Investment Agreement shall not be made without the prior written consent of the Investor, and

(ii) other than strictly in accordance with the provisions of the IFC Loan Agreement or in accordance with Article 223(m) below, no indemnity payments shall be made by the Company to IFC unless the prior written consent of the Investor has been obtained, whether under the IFC Investment Agreement or otherwise, and all such indemnity payments to IFC shall be made by the Promoters.

3.7 Article 223(m) shall be inserted after Article 223(l) (conduct of business) :

(m) Liquidated Damages

The Promoters and the Company expressly agree and acknowledge that :

(i) In the event that the Promoters fail to make an indemnity payment pursuant to a claim of IFC when due under the IFC Investment Agreement, then the Company shall be permitted to make such indemnity payment to IFC without the prior written consent of the Investor if and only if the Promoter has provided a written undertaking to the Investor, with a copy to IFC, to reimburse to the Company an amount equal to the amount of such indemnity payment due to IFC as soon as possible but in any case within 85 (Eighty Five) days from the date of such amount being due to IFC ("Promoter Reimbursement Period") on terms and conditions

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under which such reimbursed amount cannot be claimed by the Promoters from the Company again, including by way of a right of restitution.

(ii) In the event of the Company making a payment to IFC under Article 223(m)(i) above and the Promoters failing to reimburse such amount to the Company within the Promoter Reimbursement Period, then the Investor shall have the right to require the Company to pay the Investor, within 5 (Five) days from the end of the Promoter Reimbursement period, an amount ("Investor Liquidated Damages Due") equivalent to 50% (Fifty Percent) of the amount due from the Company to IFC ("Amount Payable"). It is hereby clarified that if the Promoters reimburse the Company for an amount equal to the Amount Payable or if they pay the Amount Payable directly to IFC within the Promoter Reimbursement Period, then the Investor shall not be entitled to the Investor Liquidated Damages Due.

(iii) The amount of Investor Liquidates Damages Due represents a genuine pre-estimate of the amount of loss that would be suffered by the Investor due to the Amount payable by the company to IFC and is not in the nature of penalties or special or punitive damages.

(iv) the right of the Investor to be paid the Investor Liquidated Damages Due is an independent right of the Investor and not linked in any manner whatsoever to the other rights of the Investor under the Wayzata Investment Agreement, including the indemnification rights under clause 18 of the Wayzata Investment Agreement. The Investor Liquidated Damages Due shall be payable by the Company to the Investor at all points of time during the validity of this Agreement and shall not be subject to any limitations whatsoever, including the limitations set out in clause 18 of the Wayzata Investment Agreement.

3.8 Articles 227 to 254 shall stand deleted.

"**RESOLVED FURTHER THAT**, the Company Secretary, be and is hereby authorised to undertake such acts, deeds and matters, as he may in his absolute discretion deem necessary, proper or desirable, including any amendment or modification to the proposed Articles of Association as per the suggestion/direction of the statutory authorities and settle any question, difficulty or doubt that may arise in this regard, including but not limited to making requisite filing with the Registrar of Companies and the stock exchanges, that may be required to give effect to the alteration of the Articles of Association in accordance with the resolution."

NOTES :

1. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed herewith and forms part of the Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE THE MEMBER OF THE COMPANY.**
3. The instrument of Proxy should however be deposited at the Registered Office of the Company at least 48 Hours before the meeting.
4. The Register of Member and the Share Transfer Books of the Company will remain closed from 13th July,2013 to 20th July, 2013 (both days inclusive) for determining the name of the members eligible for dividend, if approved on equity shares. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by depositories for this purpose.
5. Members/ Proxies should bring their attendance slip duly filled in for attending the meeting.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
7. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. Members holding shares in physical form are requested to promptly notify any change in their address to the Company/the registrar, quoting their folio numbers. Members holding shares in electric form are requested to notify their change of address and/or bank particulars to their respective Depository Participants (DPs) only.
9. Details of Directors seeking appointment/re-appointment as directors in this Annual General Meeting are stared separately in the Notice.

By order of the Board

Place : Kolkata **Sd/- Rajesh Mundhra**
Dated : 18th May, 2013 **(Company Secretary)**

Notice

Explanatory Statement as required under section 173(2) of the Companies Act, 1956.

Item No. 7

Mr. Ravi Lekhrajani was appointed as the Additional Director of the Company in the Board Meeting held on 3rd April, 2013 in accordance with section 260 of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company and holds office upto the date of the Annual General Meeting of the Company.

The Company has received a notice along with a deposit under section 257(1) of the Companies Act, 1956 from a member proposing the candidature of Mr. Ravi Lekhrajani for the office of the Directorship of the Company not liable to retire by rotation.

None of the Directors are concerned or interested in the above resolution except Mr. Ravi Lekhrajani.

Item No. 8

Mr. Naresh Jalan was reappointed as the Managing Director of the Company for a period of five years w.e.f. 5th November, 2011.

The remuneration as approved by the shareholders at their meeting held on 30th June,2011 and which was further amended on 28th July, 2012 is stated hereinunder :

Emoluments :

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

The Increase in remuneration will be made after being approved by the Board of Directors within the above mentioned Limit.

b) **Benefits :**

i) Accommodation : Fully Furnished Residential Accommodation or House Rent Allowance @ 40% (forty percent) of the basic salary.

ii) Medical Reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of 12% of the basic salary in a year . In addition hospitalization expenses incurred in India for self and family will be paid on actual basis.

(iii) Leave Travel Concession: For self and family once in a year incurred subject to maximum of 11 % of the basic salary in a year.

(iv) Contribution to National Pension Scheme not exceeding 10% of the basic salary.

(v) Club Fees : Fees of Club(s) in accordance with the rules of the company or as may be agreed to by the Board of Directors or Committee thereof with the Managing Director but no Life membership fee or Admission fee is to be paid by the Company. However it will not include Corporate membership of the Club(s).

(vi) Provision of Company's car with driver for use on Company's business. It will not be considered as benefits. He will be however billed by the Company for use of car for private purposes, if any.

(vii) Provision for use of telephone, telefax, audio/video conferencing and other communication facilities at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

(viii) Commission : Such percentage of commission (in addition to salary, allowances, perquisites and benefits as stated above) calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors or Committee thereof which together with salary and monetary value of allowances, perquisites and benefits shall not exceed the ceiling laid down under Sec.309 of the Companies Act, 1956.

(ix) Company's contribution towards Provident Fund as per Rules of the Company, but not exceeding 12% of the Salary.

At the time of his appointment, the aforesaid remuneration payable to him was expected to remain within the limits prescribed in Section 309(4) of the Companies Act, 1956 read with Section I of Part II of Schedule XIII thereto. Accordingly, he was paid Rs. 97.01 Lakhs for the year 2010-11 and Rs.121.17 Lakhs for the year 2011-12 which payments were within the limits prescribed under Section 309(4) of the Act.

However, due to certain unforeseen circumstances, the profits of the Company are lower during the year 2012-13 and the remuneration payable to Mr. Naresh Jalan for the year 2012-13 is in excess of the limits prescribed under Section 309 read with Schedule XIII of the Act. It is noteworthy that the performance of the Company for the first two quarters of the year 2012-13 was satisfactory and the Company was hopeful to pay remuneration to Mr. Naresh Jalan in accordance with the requirement of Section 309 of the Act. At the time of the consideration

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of the results for the quarter ended 31st December, 2012 it was seen that the profits of the Company became inadequate to pay the approved remuneration due to unprecedented sharp decline in the demand of Company's products particularly in the commercial vehicle segment in which the Company primarily supplies its components. The declining trend continued in the last quarter of the financial year 2012-13 and the Profit for the year 2012-13 has become inadequate for the remuneration payable to Mr. Naresh Jalan. The Board of Directors considers the declining trend to be temporary in nature and expects the Company to earn adequate profits in coming years.

Mr. Naresh Jalan has been associated with the Company for more than 15 years. His array of exposure has extended to areas like, Production, Procurement, Marketing, Finance, Liaison with Govt. Bodies, Costing and Cost Control, Commercial handling including contracts, Management Quality system and Modern Management Initiatives. The Company has benefited from his rich and varied experience and continues to do so and he has been instrumental in the growth of the Company to its present level. In view of his immense contribution and performance, it is proposed to make payment of remuneration to Mr. Naresh Jalan for the year 2012-13 and the remainder of his term ending on 4th November 2016 in accordance with the approval granted by the members at their meeting held on 28th July, 2012, notwithstanding such remuneration is in excess of the limits prescribed in Section 309(4) read with Section I of Part II of Schedule XIII of the Act.

Such proposal has been approved by the Remuneration and Compensation Committee and the Board at their meetings held on 14th February, 2013 and further ratified by Remuneration and Compensation Committee and the Board at their respective meetings held on 18th May, 2013.

The Company has made the necessary advertisement under section 640B of the Companies Act, 1956. The Company has also already applied to the Central Government for obtaining approval for payment of aforesaid managerial remuneration to Mr. Naresh Jalan as minimum remuneration notwithstanding such remuneration is in excess of the limits prescribed under section 309 read with Schedule XIII of the Act.

The Board recommends the resolution for your approval in the interests of the Company.

None of the Directors except Mr. Naresh Jalan and Mr. Mahabir Prasad Jalan, are concerned or interested in this resolution.

Item No. 9

Mr. Mahabir Prasad Jalan was appointed as Chairman cum Wholetime Director of the Company w.e.f. 5th November, 2011.

The remuneration approved by the Shareholders at their meeting held on 30th June, 2011 is stated hereinunder:

Emoluments :

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

The Increase in remuneration will be made after being approved by the Board of Directors within the above mentioned Limit.

b) **Benefits :**

i) Accommodation : Fully Furnished Residential Accommodation or House Rent Allowance @ 50% (fifty percent) of the basic salary.

ii) Expense pertaining to electricity, gas ,water ,furnishings and other utilities for self and family in accordance with the rules of the Company or as may be agreed to by the Board of Directors or Committee with the Whole Time Director subject to a maximum of 10 % of the basic salary.

iii) Medical Reimbursement : Reimbursement of expenses incurred for self and family subject to a 15% of the basic salary in a year. In addition hospitalization expenses incurred in India for self and family will be paid on actual basis.

(iv) Leave Travel Concession : For self and family once in a year subject to 20 % of the basic salary in a year.

(v) Club Fees : Fees of Clubs in accordance with the rules of the company or as may be agreed to by the Board of Directors or Committee thereof with the Whole Time Director but no Life membership fee or Admission fee is to be paid by the Company.

(vi) Provision of Company's Car with driver for use on Company's business. It will not be considered as benefits. He will be however billed by the Company for use of car for private purposes, if any.

(vii) Provision for use of telephone, telefax, audio/video conferencing and other communication facilities at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

(viii) Commission :Such percentage of commission (in addition to salary, allowances, perquisites and benefits as stated above) calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors or Committee thereof which together with salary and monetary value of allowances, perquisites and benefits shall not exceed the ceiling laid down under Sec.309 of the Companies Act, 1956.

At the time of his appointment, the remuneration payable to him was expected to remain within the limits prescribed in Section 309(4) of the Companies Act, 1956 read with Section I of Part II of Schedule XIII thereto. He was paid Rs. 123.37 Lakhs for the year 2010-11 and Rs.150.84 Lakhs for the year 2011-12, which was within the limits prescribed under Section 309 of the Act.

Due to certain unforeseen circumstances, the profits of the Company was lower during the year 2012-13 and the remuneration payable to Mr. Mahabir Prasad Jalan for the year 2012-13 is in excess of the limits prescribed under Section 309 read with Schedule XIII of the Act. It is noteworthy that the performance of the Company for the first two quarters of the year 2012-13 was satisfactory and the Company was hopeful to pay remuneration to Mr. Mahabir Prasad Jalan in accordance with the requirement of Section 309 of the Act. At the time of the consideration of the results for the quarter ended 31st December, 2012 it was seen that the profits of the Company became inadequate to pay the approved remuneration due to unprecedented sharp decline in the demand of Company's products particularly in the commercial vehicle segment in which the Company primarily supplies its components. The declining trend continued in the last quarter of the financial year 2012-13 and the profit for the year 2012-13 has become inadequate for the remuneration payable to Mr. Mahabir Prasad Jalan. The Board of Directors considers the declining trend to be temporary in nature and expects the Company to earn adequate profits in coming years.

Mr. Mahabir Prasad Jalan has been associated with the Company since its inception and has an experience of more than 25 years. His array of exposure has extended to areas like Project Planning and Execution, Marketing, Finance, Liaison with Government Bodies, Commercial handling including contracts and Legal Matters. The Company has benefited from his rich and varied experience and continues to do so and he has been instrumental in the growth of the Company to its present level. In view of his immense contribution and performance, it is proposed to make payment of remuneration to Mr. Mahabir Prasad Jalan for the year 2012-13 and the remainder of his term ending on 4th November 2016 in accordance with the approval granted by the members at their meeting held on 30th June, 2011, notwithstanding such remuneration is in excess of the limits prescribed in Section 309(4) read with Section I of Part II of Schedule XIII of the Act. Such proposal has been approved by the Remuneration and Compensation Committee and the Board at their meetings held on 14th February, 2013 and further ratified by Remuneration and Compensation Committee and the Board at their respective meetings held on 18th May, 2013.

The Company has made the necessary advertisement under section 640B of the Companies Act, 1956. The Company has also already applied to the Central Government for obtaining approval for payment of aforesaid managerial remuneration to Mr. Mahabir Prasad Jalan as minimum remuneration notwithstanding such remuneration is in excess of the limits prescribed under section 309 read with Schedule XIII of the Act.

The Board recommends the resolution for your approval in the interests of the Company.

None of the Directors except Mr. Naresh Jalan and Mr. Mahabir Prasad Jalan, are concerned or interested in this resolution.

Item No. 10

The re-appointment of Mr. Pawan Kumar Kedia as the Wholetime Director for the period of 3 years from 1st April 2013 has been approved by the Remuneration and Compensation Committee and the Board of the Directors in its meeting held on 18th May,2013 respectively.

The remuneration payable to Mr. Pawan Kumar Kedia w.e.f 1st April,2013 is outlined below :

a) **Basic Salary :** Rs. 80600 per month - Rs.225000 per month.

The Increase in remuneration will be made after being approved by the Board of Directors witwithin the above mentioned Limit.

b) **Benefits :**

i) Accommodation : Fully Furnished Residential Accommodation or House Rent Allowance @ 35% (Thirty Five percent) of the basic salary.

ii) Other Allowances not exceeding 10 % of the basic salary.

iii) Medical Reimbursement : Reimbursement of expenses incurred for self and family not exceeding 15% of the basic salary in a year.

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(iv) Leave Travel Concession : For self and family once in a year not exceeding 10 % of the basic salary in a year.

(v) Club Fees : Fees of Clubs, subject to a maximum of two clubs may be provided but no Life membership fee or Admission fee is to be paid by the Company.

(vi) Encashment of the leave at the end of the tenure of office in accordance with the company's rules.

(vii) Provision of a Car with driver for use on Company's business. It will not be considered as benefits. He will be however billed by the Company for use of car for private purposes, if any.

(viii) Bonus not exceeding 15% of the basic salary in a year.

(ix) Company's contribution towards Provident Fund as per Rules of the company, but not exceeding 12% of the Salary.

(x) Contribution to National Pension Scheme not exceeding 10% of the Basic Salary.

(xi) Company's contributions towards Pension/Superannuation Fund such amount as together with the Company's contribution to the Provident Fund does not exceed the amount not taxable under the Income Tax, Act, 1961.

(xii) Gratuity : Not exceeding one-half month's salary for each completed year of service.

Mr. Pawan Kumar Kedia will be entitled to the above remuneration during the tenure of his appointment and such remuneration shall not exceed the limits prescribed in Para (B) of Part II of Section II of Schedule XIII of the Act.

None of the Directors except Mr. Pawan Kumar Kedia is concerned or interested in the above resolution.

INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956. (For Item No.8, 9 & 10)

I. General Information

1) Nature of Industry : Manufacturer and Exporter of Forgings

The Company is engaged in the manufacturing of forgings which has the applications in Railways (safety items), Automobiles, Mining and Exports.

2) Date or expected date of commencement of Commercial Production : Not Applicable

3) In case of new companies expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus : Not Applicable

4) Financial Performance during last three financial periods : **(₹ in lakhs)**

Particulars	**2010-11**	**2011-12**	**2012-13**
Sales and operating income	40,968.61	50,126.29	40389.70
Other Income	146.38	76.50	132.98
Profit before interest, dep and tax	7078.58	8,170.15	6165.09
Profit before Tax	3,331.43	3,584.52	1,860.40
Profit after tax	2,205.93	2,428.92	1,102.88

5) Export Performance and Net Foreign Exchange Earnings **(₹ in lakhs)**

Export Performance	**2010-11**	**2011-12**	**2012-13**
Export made during the period (FOB)	4870.72	4534.58	5197.61
Foreign Exchange Earnings (on accrual basis)	4883.1	4583.77	5222.67
Foreign Exchange outgoings (including import of Capital Goods)	1032.44	1575.19	661.00

6) The Company does not have any Foreign Investment or Collaboration.

II. INFORMATION ABOUT THE MR. NARESH JALAN, MR. MAHABIR PRASAD JALAN & MR. PAWAN KUMAR KEDIA

Sl. No.	**Particulars**	**Mr. Naresh Jalan**	**Mr. Mahabir Prasad Jalan**	**Mr. Pawan Kumar Kedia**
1	Background Information			
1.1	Education Qualification	MBA (Marketing and Finance)	B. Tech (Mechanical) from BITS (Pilani)	B.Com (Calcutta University) & Diploma in Taxation

Sl. No.	Particulars	Mr. Naresh Jalan	Mr. Mahabir Prasad Jalan	Mr. Pawan Kumar Kedia
1.2	Experience	Mr Naresh Jalan joined Ramkrishna Forgings Ltd in the year 1997. He possesses more than 15 years of experience in Forging industry and presently the Managing Director of the Company. Under his leadership, the Company has achieved high growth in turnover and in the process has added several new products and customers. He is equally good in technical field as well as in administration.	Mr Mahabir Prasad Jalan is associated with the Company since its inception. He possesses more than 25 years of experience in Forging industry and is presently the Chairman of the Company. Under his leadership, the Company has achieved high growth in turnover and new heights.	Mr. Pawan Kumar Kedia aged around 56 years is a bachelor of Commerce with a diploma in Taxation. He possess an experience of about 26 years in various companies. He worked as commercial manager in M/s Vishnu Straw Board and Indana Group for five and ten years respectively. Before joining the company in 1998, he worked with M/s Khaitan India Limited as Internal Auditor for two years.
2	**Past Remuneration for the last three years**	**Amount (₹ in lakhs)**	**Amount (₹ in lakhs)**	**Amount (₹ in lakhs)**
	2009-10	96.60	122.94	9.45
	2010-11	97.01	123.37	11.46
	2011-12	121.17	150.84	15.94

3 Job Profile and Suitability

(a) Job Profile - 1. Mr. Naresh Jalan

(i) Making operations of the Company profitable through effective and optimum utilization of Company's resources.

(ii) To maintain profitability as per Business Plan.

(iii) Increase in the level of Production.

(iv) Increase in the Turnover of the Company.

(v) To maintain desired level of OPM.

(vi) To monitor Financial Planning and Control.

(vii) To monitor Forex Exposure of the Company.

(viii) Employee and customer satisfaction.

(ix) Enhancing shareholders value.

Job Profile 2. Mr. Mahabir Prasad Jalan

(i) Making operations of the Company profitable through effective and optimum utilization of Company's resources.

(ii) To maintain profitability as per Business Plan.

(iii) Development of New Business.

(iv) Project Planning and Execution.

(v) Legal Matter.

(vi) Employee and customer satisfaction.

(vii) Enhancing shareholders value.

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Job Profile 3. Mr. Pawan Kumar Kedia.

i) To maintain the accounts and manage the finance portfolio of the Company.

ii) To maintain and look after the commercial affairs of the Company.

iii) To manage the import and export affairs and documentation of the Company.

iv) To maintain and look after both the direct and indirect tax compliance of the Company.

(b) **Suitability-** In view of the above and also in view of the high esteem in which they are held in the corporate for his commercial knowledge and business acumen, the Board considers Mr. Mahabir Prasad Jalan, Mr. Naresh Jalan and Mr. Pawan Kumar Kedia very suitable professional for shouldering responsibilities pertaining to various facets governing the operations of the Company.

Sl. No.	Particulars	Mr. Naresh Jalan	Mr. Mahabir Prasad Jalan	Mr. Pawan Kumar Kedia
4	Remuneration Proposed	As per the resolution passed by the Shareholders on 30th June,2011 and amended on 28th July,2012 and set out in Item no.8 of the notice above.	As per the resolution passed by the Shareholders on 30th June,2011 and set out in Item no.9 of the notice above	As per the details as set out in Item no.10 of the notice above.
5	Comparative remuneration Profile with respect to Industry, Size of the Company, profile of the position and person.	The remuneration structure offered is commensurate with the peer in the industry.	The remuneration structure offered is commensurate with the peer in the industry.	The remuneration structure offered is commensurate with the peer in the industry.
6	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any :	Mr. Naresh Prasad Jalan is related with Mr. Mahabir Prasad Jalan, Chairman – cum- Whole time Director. He is paid Rs 6,00,000 towards rent for the property given to the Company	Save as what is setout herein, Mr. Mahabir Prasad Jalan is not entitled to remuneration from the Company under any other head. Mr. Mahabir Prasad Jalan is related with Mr. Naresh Jalan, Managing Director	Save as what is setout herein, Mr. Pawan Kumar Kedia is not entitled to remuneration from the Company under any other head and he is not related to any person

III. OTHER INFORMATION :

1. Reasons of Inadequate Profits

The Indian automobiles industry witnessed a moderation in demand in 2012-13, after the double-digit growth in sales recorded in the preceding three years. Weak macroeconomic sentiment coupled with subdued consumer confidence pulled down sales, particularly in the latter half of the year.

The biggest worry was the commercial vehicle (CV) segment, which has seen a steady and secular decline. The production of the commercial vehicles declined by 10.48 % during the year 2012-13 as compared to last year but the M&HCVs declined by 27.61 percent during the year 2012-13.

The sale of the commercial vehicle (CV) segment declined by 2.02% in 2012-13 but the sale of the M&HCVs declined by 23.18 % during the year 2012-13.

As the Company principally supplies its components to the Commercial Vehicle segment and more particularly to M&HCVs it resulted in significant reduction in the demand of forgings both domestically and globally for the Company and impacted the margins of the Company.

The Company has earned adequate profits in the previous year's relating to the appointment however on account of the above reasons the Company was not able to earn adequate profits in the financial year 2012-13.

The Company is seeking the permission of the shareholders for making payment to the appointee remuneration in the year 2012-13 and rest of their tenure notwithstanding the fact that the Company has no profits or has inadequate profits in any such financial year.

2. Steps taken or proposed to be taken for improvement

i) Steps taken or Proposed to be taken :

The Company has taken proactive measures in cost conservation and business de-risking by increasing efforts to promote exports to fight this situation . They along with the top management have worked out strategies to meet the challenges ahead and increase the Company's turnover. They have also taken steps to improve the business model of the Company and have implemented modern management initiatives and technology aimed at exercising tighter controls on cost and overhead expenses and increasing the productivity.

Management has taken /proposes to take various steps primarily in following areas for a sustained business's operation:

a) Reduction in cost of production and sales.

b) New product and market breakthrough .

c) Additional revenue generation through new product development and increased value addition.

IV. Disclosures :

(1) The details of remuneration for the financial year 2012-13 to Mr Naresh Jalan, Mr. Mahabir Prasad Jalan and Mr. Pawan Kumar Kedia are given herein below :

(Rs.in Lakhs)

S.L. No.	Name of Director	Salary	Perquisites & OtherAllowances	Retirals	Total (Rs.)
1	Mr. Mahabir Prasad Jalan	100.20	74.47	0.00	174.67
2	Mr. Naresh Jalan	84.84	47.21	13.99	146.04
3	Mr. Pawan Kumar Kedia	9.67	6.01	1.89	17.57
	Total				**338.28**

Note :

(1) The remuneration package and other terms applicable to all the Directors have been disclosed in the Corporate Governance Report forming part of the Annual Report of the Company.

Item No. 11.

Amendment of Articles of Association

Pursuant to receipt of the approval of the shareholders, the Company had issued, by way of preferential allotment,

(a) 2,148,400 equity shares to International Finance Corporation ("IFC") on January 19, 2013; and

(b) 3,724,500 equity shares to Wayzata II Indian Ocean Limited ("Wayzata") on April 3, 2013.

In connection with the aforesaid allotment, the shareholders of the Company had approved the alteration of the Articles of Association of the Company ("AoA") to incorporate the rights of -

(a) IFC, as contained in the shareholders' agreement, dated December 20, 2012 ("IFC Agreement"); and

(b) Wayzata, as contained in the subscription cum shareholders' agreement, dated February 22, 2013 ("Wayzata Agreement").

Subsequent to such amendment, IFC and Wayzata have revised the IFC Agreement and Wayzata Agreement, respectively to align some of their rights as a shareholder in the Company. Pursuant to such amendment, the Company proposes to amend the AoA to incorporate the revised understanding.

Further, certain provisions of the existing AoA, governing the right of Unit Trust of India Investment Advisory Services Limited a/c Ascent India Fund ("UTI"), have become rendered pursuant to UTI exiting the Company by way of secondary sale. Accordingly, the AoA is also proposed to be revised to remove the obsolete provisions.

Notice

In terms of Section 31 of the Companies Act, 1956, the amendment of articles of association requires approval of shareholders by way of special resolution. Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, if any.

The Following definition be inserted in the existing Article 193.

Annexure - A

(a) following definition of "FPO" be included between the definitions of "Floor Price" and "Fraudulent Practice":

"FPO" has the meaning set forth in Article 195(ddd) (i) (Participation in FPO);

(b) following definition of "IFC FPO Threshold" be included between the definitions of "IFC DP" and "IFC Nominee Director":

"IFC FPO Threshold" has the meaning set forth in Article 195(ddd)(ii) (Participation in FPO);

(c) following definitions of "IFC Proportional Put Exercise Notice", "IFC Proportional Put Option" and "IFC Proportional Put Option Shares" be included between the definitions of "IFC Nominee Director" and "IFC SHA":

"IFC Proportional Put Exercise Notice" has the meaning set forth in Article 195(dd) (iv) (IFC Put Option);

"IFC Proportional Put Option" has the meaning set forth in Article 195(dd)(i) (IFC Put Option);

"IFC Proportional Put Option Shares" has the meaning set forth in Article 195(dd) (ii) (IFC Put Option);

(d) following definition of "Initial Subscription Price" be included between the definitions of "Initial Subscription" and "Issue Notice":

"Initial Subscription Price" has the meaning set forth in Article 194A(ii) (Preemptive Right);

(e) following definition of "Minimum Float" be included between the definitions of "Material Adverse Effect" and "New Securities":

"Minimum Float" has the meaning set forth in Article 195(ddd)(i) (Participation in FPO);

(f) following definition of "Private Arrangement" be included between the definitions of "Prevailing Share Capital" and "Project":

"Private Arrangement" has the meaning set forth in Article 195(dd)(i) (IFC Put Option);

(g) following definitions of "Seller Shareholder", "Seller Shareholder Share Price" and "Seller Shareholder Shares" be included between the definitions of "Sanctionable Practice" and "Selling Shareholder":

"Seller Shareholder" has the meaning set forth in Article 195(dd)(i) (IFC Put Option);

"Seller Shareholder Share Price" has the meaning set forth in Article 195(dd) (iii)(ab) (IFC Put Option);

"Seller Shareholder Shares" has the meaning set forth in Section Article 195(dd) (iii)(aa) (IFC Put Option);

(h) following definitions of "Sponsor Purchaser", "Sponsor Purchaser Notice" and "Statutory Float" be included between the definitions of "Sponsor HUFs" and "Sponsor Warrants":

"Sponsor Purchaser" has the meaning set forth in Article 195(dd)(i) (IFC Put Option);

"Sponsor Purchaser Notice" has the meaning set forth in Article 195(dd) (iii) (IFC Put Option);

"Statutory Float" has the meaning set forth in Section Article 195(ddd)(vi) (Participation in FPO);

(i) following definition of "Updated FPO Notice" be included between the definitions of "Unpurchased Securities" and "Warrant Subscription Amount":

"Updated FPO Notice" has the meaning set forth in Article 195(ddd)(i) (Participation in FPO);

(j) following definitions of "Wayzata", "Wayzata Investment Agreement" "Wayzata Proportional Put Exercise Notice", "Wayzata Proportional Put Option" and "Wayzata Proportional Put Shares" be included between the definitions of "Warrant Investment Amount" and "World Bank":

"Wayzata" means WAYZATA II INDIAN OCEAN LIMITED, a company incorporated under the laws of Mauritius and having its registered office at Kross Border, St. Louis Business Centre, Cnr Desroches & St. Louis Streets, Port Louis, Mauritius;

"Wayzata Investment Agreement" means the subscription and shareholders agreement dated February 22, 2013, executed between the Company, Sponsors and the Investor;

"Wayzata Proportional Put Exercise Notice" has the meaning set forth in Section Article 195(dd)(ii) (IFC Put Option);

"Wayzata Proportional Put Option" has the meaning set forth in Article 195(dd)(ii) (IFC Put Option);

"Wayzata Proportional Put Shares" has the meaning set forth in Article 195(dd)(ii) (IFC Put Option);

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(iv) Articles 195(dd) and 195(ddd) be inserted after the existing Article 195(d) .

(dd) IFC Put Option.

(i) So long as IFC holds at least forty five per cent (45%) of its Initial Subscription, in the event that 1 (One) or more of the Sponsors ("Sponsor Purchaser") wishes to acquire any Shares of the Company from a shareholder holding 4% (Four Percent) or more of the Share Capital in the Company by itself or together with its Affiliates (other than another Sponsor and IFC) ("Seller Shareholder") pursuant to a Private Arrangement, then any acquisition of such Shares by the Sponsors shall be subject to the right of IFC to require the Sponsor Purchaser to purchase the IFC Proportional Put Option Shares from IFC in the manner set out in Article 195(dd)(ii) to Article 195(dd) (vi) below ("IFC Proportional Put Option").

For the purpose of this Article 195(dd), the word "Private Arrangement" shall mean a proposed Transfer of Shares either (aa) not on the stock exchange but in an off-market transaction; or (bb) on the stock exchange but when the buyer and the seller have entered co-ordinated buy and sell orders, whether by way of a block sale or not;

(ii) The number of Shares ("IFC Proportional Put Option Shares") in respect of which IFC Proportional Put Option can be exercised by IFC shall be

(aa) up to a Pro Rata Fraction of the Seller Shareholder Shares, as may be decided by IFC at its own discretion, other than under (ac) below or

(ab) up to a Pro Rata Fraction of the Seller Shareholder Shares, as may be decided by IFC at its own discretion, in the event that (i) the balance Shares held by IFC on a Fully Diluted Basis after the reduction of the Pro Rata Fraction as computed under Article 195(dd)(ii)(aa) above amounts to less than forty five percent (45%) of its Initial Subscription; and (ii) Wayzata has exercised its right for a proportional put option under the Wayzata Investment Agreement within the timelines set out therein; or

(ac) all or any of the Shares held by IFC capped at the number of Shares proposed to be bought by such Sponsor Purchaser, as may be decided by IFC at its own discretion, in the event that (i) the balance Shares held by IFC on a fully diluted basis after the reduction of the Pro Rata Fraction as computed under Article 195(dd)(ii)(aa) above amounts to less than forty five percent (45%) of its Initial Subscription; and (ii) Wayzata has failed to exercise its right for a proportional put option under the Wayzata Investment Agreement within the timelines set out therein or has chosen to not exercise its proportional put option under the Wayzata Investment Agreement.

For the purposes of Article 195(dd), the fraction, the numerator of which is the Subscription Shares on a Fully Diluted Basis and the denominator is the total number of the Subscription Shares and the total number of Shares held by the Seller Shareholder on a Fully Diluted Basis, is referred to as the 'Pro Rata Fraction'. Provided that, if Wayzata also intimates to the Sponsors and the IFC (at the address communicated by the Company to Wayzata) in writing within the timeframe provided in the Wayzata Investment Agreement (such notice being referred to as "Wayzata Proportional Put Exercise Notice") about its intention to offer a part of the Shares held by Wayzata together with IFC pursuant to exercise of its put option provided in the Wayzata Investment Agreement (such option being referred to as "Wayzata Proportional Put Option" and the Shares being offered is referred to as "Wayzata Proportional Put Shares"), then the term Pro Rata Fraction shall mean the fraction, the numerator of which is the number of Subscription Shares on a Fully Diluted Basis and the denominator is the total number of Shares held by the Seller Shareholder, Wayzata and IFC on a Fully Diluted Basis.

(iii) The Sponsor Purchaser shall give a written notice,

(aa) setting out the number of Shares owned by the Seller Shareholder that are proposed to be acquired by the Sponsor Purchaser ("Seller Shareholder Shares");

(ab) setting out the price per Seller Shareholder Share at which the Sponsors intend to purchase the Seller Shareholder Shares ("Seller Shareholder Share Price");

(ac) setting out the name of the Seller Shareholder and disclosure of the terms of the proposed acquisition from the Seller Shareholder as available and a confirmation that (i) the acquisition will be on a spot delivery for cash basis and no part of the consideration being paid in kind or in any other manner whatsoever; and (ii) that there are no other undisclosed special terms and conditions being offered by the Sponsors to the Seller Shareholder or any of its Affiliates; and

(ad) attaching the written offer and other documentation received from the Seller Shareholder and / or sent by the Sponsor Purchaser evidencing such written offers;

Notice

to IFC with a copy to Wayzata ("Sponsor Purchaser Notice"). The Sponsor Purchaser shall ensure that the terms and conditions offered to IFC under the Sponsor Purchaser Notice are no less favourable to IFC than the terms and conditions offered to Seller Shareholder or Wayzata under the terms of the Wayzata Investment Agreement.

(iv) Upon receipt of the Sponsor Purchaser Notice, IFC shall within 30 (Thirty) days thereof issue a notice to the Sponsor Purchaser with a copy to Wayzata (at the address communicated by the Company to IFC) setting out whether IFC chooses to exercise the IFC Proportional Put Option ("IFC Proportional Put Exercise Notice").

(v) In the event that IFC chooses to exercise IFC Proportional Put Option, then the Sponsor Purchaser shall simultaneously purchase all of the IFC Proportional Put Option Shares, the Wayzata Proportional Put Shares arising out of exercise by Wayzata of its Wayzata Proportional Put Option, if any, along with such balance number of Shares from the Seller Shareholder as is arrived at by reducing the IFC Proportional Put Option Shares, and the Wayzata Proportional Put Shares, if any, from the Seller Shareholder Shares, at the Seller Shareholder Share Price within 15 (Fifteen) days of the receipt of the IFC Proportional Put Exercise Notice or the Wayzata Proportional Put Exercise Notice, whichever is later. It is clarified, for the avoidance of doubt, that even if the purchase of the Seller Shareholder Shares is not consummated for any reason whatsoever, the Sponsor Purchaser shall continue to remain obliged to acquire any IFC Proportional Put Option Shares in the manner set out in these Articles. In no situation shall the Sponsor Purchaser purchase the Wayzata Proportional Put Shares prior to the purchase of the IFC Proportional Put Option Shares.

(vi) In the event that IFC has failed to issue the IFC Proportional Put Exercise Notice then the Sponsor Purchaser shall have the right to acquire the Seller Shareholder Shares without having an obligation to also acquire the IFC Proportional Put Option Shares provided that such acquisition is on the same terms and conditions set out in the Sponsor Purchaser Notice and shall be completed within a period of 60 (Sixty) days from the issue of the Sponsor Purchase Notice. The Company shall not be liable to bear any cost or expenses in relation to the purchase of the Seller Shareholder Shares by the Sponsors or provide any indemnity or other similar protection to the Seller Shareholder or any other person in relation to such transaction.

(vii) IFC agrees and undertakes not to initiate or participate in any discussion or negotiations with such Seller Shareholder for any proposed transaction relating to the sale or acquisition of Shares, until the consummation of the transaction in accordance with Article 195(dd)(v) or Article 195(dd)(vi), as the case may be.

(ddd) Participation in FPO.

(i) In the event Wayzata has issued a notice to the Company to undertake a follow-on public offering of the Shares ("FPO") in exercise of the rights available to Wayzata under the Wayzata Investment Agreement, then the Company shall and the Sponsors shall cause the Company to issue a written notice, within two (2) Business Days of the receipt of the notice from Wayzata intimating IFC of the exercise of such right by Wayzata under the Wayzata Investment Agreement and the material terms of the FPO, including a reasonable estimate of expenses for the FPO. Further, upon the issue of any subsequent notice by Wayzata to the Company and the Sponsors under the Wayzata Investment Agreement to intimate the issue size of the FPO ("Minimum Float"), the Company shall and the Sponsors shall cause the Company to issue a written notice, within two (2) Business Days of the receipt of such subsequent notice from Wayzata, intimating IFC of the Minimum Float proposed by Wayzata ("Updated FPO Notice").

(ii) In the event that the Shares held by Wayzata are not sufficient to meet the Minimum Float determined as per the Wayzata Investment Agreement (such balance number of Shares being referred to as the "IFC FPO Threshold"), then IFC shall have the right to offer the Subscription Shares for sale in such FPO, by intimation to the Company and the Sponsors, only to the extent of the IFC FPO Threshold.

(iii) To exercise its rights under Article 195(ddd)(ii) above and participate in the FPO by way of offer for sale, IFC shall intimate the same in writing to the Sponsors and the Company within 30 (Thirty) days of receipt of the Updated FPO Notice together with the number of Subscription Shares it chooses to offer, subject to the IFC FPO Threshold. Upon receipt of such notice from IFC, the Company and the Sponsors shall ensure that the FPO includes an offer to the public of Subscription Shares to the extent so intimated by IFC. In the event that IFC does not respond within the said 30 (Thirty) days of receipt of the Updated FPO Notice or elects to not participate in the FPO, then IFC shall not have any further right to participate in the FPO.

(iv) The Company shall and the Sponsors shall cause the Company to keep IFC fully informed of all material activities undertaken in connection with the FPO, as and when such activities are undertaken, by way of a written notice, including the terms and conditions of the FPO, issue size, pricing of the Shares and the selection (including terms and conditions) of the intermediaries and merchant banker, and such other information as may be requested by IFC from time to time.

(v) The Company and the Sponsors agree that IFC shall not be treated as a 'promoter' of the Company, within the meaning under applicable regulations of the Securities and Exchange Board of India, in connection with the FPO, and shall use their best efforts to ensure the same.

(vi) In the event the combined offering of the Shares by the Wayzata and IFC is not sufficient to comply with the number of Shares that are required for the FPO under the provisions of Applicable Law ("Statutory Float") or in the event that IFC has not responded to the Wayzata FPO Notice as per Article 195(ddd)(iii) above or has not exercised its rights to participate in the FPO as per Article 195(ddd)(ii) above, then the Company shall be obliged to issue such number of Shares as may be required to meet the Statutory Float, which issue of Shares shall not require the separate consent of IFC notwithstanding anything to the contrary. Further, if the Company cannot issue such number of Shares for any reason whatsoever, then the Sponsors shall sell such number of Sponsor Shares as may be required to meet the Statutory Float requirements, provided that the Sponsors remain in compliance with the provisions of Article 195(a)(Ownership and Share Retention) after such sale of their Shares in the FPO.

(vii) Notwithstanding the generality of the foregoing and notwithstanding anything to the contrary set out in this Article 195(ddd) but subject to compliance by the Sponsors with the provisions of Article 195(a) (Ownership and Share Retention), in the event that the combined offering of the Shares by Wayzata and IFC is not sufficient to comply with the Statutory Float, then the Sponsors shall be under an obligation to ensure that the balance number of Shares required to meet the Statutory Float are offered under the FPO, whether through issue of Shares by the Company, offer of the Shares held by the Sponsors or in any other manner whatsoever.

(viii) Subject to Applicable Law, the expenses for a FPO by way of only an offer for sale, will be borne between the offering shareholders, including IFC, Wayzata and the Sponsors in proportion to the number of Shares being offered by the relevant shareholder. If however the Company issues Shares, in order to comply with Article 195(ddd)(vi) above, then the expenses for the FPO will be borne between the offering shareholders and the Company in proportion to the number of Shares being offered by the offering shareholders and the Company.

(ix) Nothing in this Article 195(ddd) shall entitle IFC to make any of the decisions in relation to the FPO which Wayzata is entitled to make under the Wayzata Investment Agreement.

3.4 Article 212 be substituted with the following Article :

"212.ACQUISITION BY PROMOTERS

(a) In the event that 1 (One) or more of the Promoters ("Promoter Purchaser") wishes to acquire any Equity Shares of the Company from a Shareholder holding 4% (Four Percent) or more of the fully diluted Equity Share capital in the Company by itself or together with its Affiliates (other than another Promoter and the Investor) ("Seller Shareholder") under a Private Arrangement, then any acquisition of such Equity Shares by the Promoters shall be subject to the right of the Investor to require the Promoters to purchase the Investor Proportional Put Option Shares from the Investor in the manner set out in Articles 212(b) to 212(f) below ("Investor Proportional Put Option").

(b) The number of Equity Shares ("Investor Proportional Put Option Shares") in respect of which the Investor Proportional Put Option can be exercised by the Investor shall be:

(i) up to a Pro Rata Fraction of the Seller Shareholder Shares, as may be decided by the Investor at its own discretion, other than under Article 212(b)(iii) below; or

(ii) up to a Pro Rata Fraction of the Seller Shareholder Shares, as may be decided by the Investor at its own discretion, in the event that (a) the balance Equity Shares held by the Investor on a fully diluted basis after the reduction of the Pro Rata Fraction as computed under Article 212(b)(i) above amounts to less than the Investor Threshold; and (b) IFC has exercised its right for a proportional put option under the IFC Investment Agreement within the timelines set out therein; or

(iii) all or any of the Equity Shares held by the Investor capped at the number of Equity Shares proposed to be bought by such Promoter Purchaser, as may be decided by the Investor at its own discretion, in the event that (a) the balance Equity Shares held by the Investor on a fully diluted basis after the reduction of the Pro Rata Fraction as computed under Article 212(b)(i) above amounts to less than the Investor Threshold; and (b) IFC has failed to exercise its right for a proportional put option under the IFC Investment Agreement within the timelines set out therein or has chosen to not exercise its proportional put option under the IFC Investment Agreement.

Notice

For the purposes of Article 212(b), a reference to "Pro Rata Fraction" shall be

(aa) to the fraction, the numerator of which is the number of Investor Equity Shares on a fully diluted basis and the denominator is the total number of Equity Shares held by the Selling Shareholder, the Investor and IFC on a fully diluted basis, in the event that IFC intimates to the Promoters and the Investor (at the address communicated by the Company to IFC) in writing within the timeframe provided in the IFC Investment Agreement (such notice being referred to as "IFC Proportional Put Exercise Notice") about its intention to offer a part of the Equity Shares held by IFC together with the Investor pursuant to exercise of its put option (such option being referred to as "IFC Proportional Put Option" and the shares being offered pursuant to such option is referred to as "IFC Proportional Put Shares"); or

(ab) to the fraction, the numerator of which is the Investor Equity Shares on a fully diluted basis and the denominator is the total number of the Investor Equity Shares and the Equity Shares held by the Selling Shareholder on a fully diluted basis, in the event that the IFC Proportional Put Exercise Notice is not issued within the time frame set out in the IFC Investment Agreement.

(c) The Promoter Purchaser shall give a written notice,

(i) setting out the number of Equity Shares owned by the Seller Shareholder that are proposed to be acquired by the Promoter Purchaser ("Seller Shareholder Shares");

(ii) setting out the price per Seller Shareholder Share at which the Promoters intend to purchase the Seller Shareholder Shares ("Seller Shareholder Share Price");

(iii) setting out the name of the Seller Shareholder and disclosure of the terms of the proposed acquisition from the Seller Shareholder as available and a confirmation that (a) the acquisition will be on a spot delivery for cash basis and no part of the consideration being paid in kind or in any other manner whatsoever; and (b) that there are no other undisclosed special terms and conditions being offered by the Promoters to the Seller Shareholder or any of its Affiliates; and

(iv) attaching the written offer and other documentation received from the Seller Shareholder and / or sent by the Promoter Purchaser evidencing such written offers;

to the Investor with a copy to IFC ("Promoter Purchaser Notice"). The Promoter Purchaser shall ensure that the terms and conditions offered to the Investor under the Promoter Purchase Notice are no less favourable to the Investor than the terms and conditions offered to the Seller Shareholder and to IFC under the terms of the IFC Investment Agreement.

(d) Upon receipt of the Promoter Purchaser Notice, the Investor shall within 30 (Thirty) days issue a notice to the Promoter Purchaser with a copy to IFC (at the address communicated by the Company to the Investor) setting out whether the Investor chooses to exercise the Investor Proportional Put Option ("Investor Proportional Put Exercise Notice").

(e) In the event that the Investor chooses to exercise the Investor Proportional Put Option in the Investor Proportional Put Option Exercise Notice, then the Promoter Purchaser shall simultaneously purchase all of the Investor Proportional Put Option Shares, the IFC Proportional Put Shares arising out of exercise by IFC of its IFC Proportional Put Option, if any, along with such balance number of Equity Shares from the Seller Shareholder as is arrived at by reducing the Investor Proportional Put Option Shares and the IFC Proportional Put Option Shares, if any, from the Seller Shareholder Shares, at the Seller Shareholder Share Price within 15 (Fifteen) days of the receipt of the Investor Proportional Put Exercise Notice or the IFC Proportional Put Exercise Notice, whichever is later. It is clarified, for the avoidance of doubt, that even if the purchase of the Seller Shareholder Shares is not consummated for any reason whatsoever, the Promoter Purchaser shall continue to remain obliged to acquire any Investor Proportional Put Option Shares in the manner set out in these Articles. In no situation shall the Promoter Purchaser purchase the IFC Proportional Put Shares prior to the purchase of the Investor Proportional Put Option Shares.

(f) In the event that the Investor has failed to issue the Investor Proportional Put Exercise Notice, then the Promoter Purchaser shall have the right to acquire the Seller Shareholder Shares without having an obligation to also acquire the Investor Proportional Put Shares provided that such acquisition is on the same terms and conditions set out in the Promoter Purchaser Notice and shall be completed within a period of 60 (Sixty) days from the issue of the Promoter Purchase Notice. The Company shall not be liable to bear any cost or expenses in relation to the purchase of the Seller Shareholder Shares by the Promoters or provide any indemnity or other similar protection to the Seller Shareholder or any other person in relation to such transaction.

(g) The Investor undertakes not to initiate or participate in any discussion or negotiations with such Seller Shareholder for any proposed transaction relating to the sale or acquisition of Equity Shares, until the consummation of the transaction in accordance with Article 212(e) or Article 212(f), as the case may be.".

3.5 Article 214 shall be substituted with the following Article :

214 FOLLOW-ON PUBLIC OFFER

(a) For the purposes of this Article 214, a follow-on public offering ("FPO") shall mean a follow-on public offering of the Equity Shares of the Company to the public which fulfils the criteria specified by the Investor in the written notice to the Promoters and the Company and is permissible under the Applicable Law. The Investor shall first issue a notice to the Company and the Promoters, when it decides to initiate the process for an FPO and such notice shall, if possible, also set out the indicative size of the minimum float for the FPO ("Initial FPO Notice"). The Investor shall have a right, at any time up to the actual FPO, to amend the proposed size of the Minimum Float from time to time by issue of one or more notices to the Promoters and the Company (referred to as a "FPO Updation Notice").

(b) In the event the Investor issues the Initial FPO Notice for the Company to undertake an FPO in accordance with this Article 214, each of the Promoters shall cooperate to undertake the FPO, including without limitation (i) by way of exercise of their voting rights at relevant Shareholder meetings; (ii) by causing the Promoter Directors to execute all documents as required by the Company from time to time in connection with the FPO; (iii) by undertaking all the FPO Actions; and (iv) by taking such steps as may be necessary to ensure that the Investor is not considered a "promoter" or a "person acting in concert" under Applicable Law. The terms and conditions of the FPO, issue size, pricing of the Shares and the selection (including terms and conditions) of the intermediaries and merchant banker shall be decided by the Investor and be disclosed in the Initial FPO Notice.

(c) The issue size of the FPO shall be decided by the Investor and shall be in line with the minimum float requirements under Applicable Law. In the event that a merchant banker nominated solely by the Investor suggests that a higher number of Equity Shares be offered in the FPO than the number required to meet with the minimum float requirements under Applicable Law, and the Investor, at its own discretion and without being obliged to do so, accepts such suggestion from such merchant banker, then the Investor shall have the right, without being under any obligation, to increase the size of the FPO to a number in excess of the minimum requirements under Applicable Law (the actual size of such FPO as intimated by the Investor being referred to as "Minimum Float").

(d) The Investor shall have the right to offer its Investor Equity Shares for sale in any public offering of shares by intimation to the Company and the Promoters in priority to any of the other Shareholders. In the event that (a) the Investor Equity Shares are less than the number of Equity Shares that are required for the FPO under the provisions of Applicable Law ("Statutory Float"), then the Investor shall be required to offer all the Investor Equity Shares as a part of the FPO; and (b) the Investor Equity Shares exceed the Statutory Float, then the Investor shall have the right, to be exercised at its own discretion, to decide the number of Investor Equity Shares it wishes to offer, subject to the minimum number of Investor Equity Shares offered being equal to the Statutory Float. The Promoters shall ensure that the FPO includes an offer to the public of the Investor Equity Shares to the extent intimated by the Investor. If all the Investor Equity Shares being offered under the FPO are not sufficient to comply with the Minimum Float, then

(i) IFC shall be provided the first option to offer its shares to the extent of the shortfall in meeting the Minimum Float;

(ii) In the event the combined offering of the Equity Shares by the Investor and IFC is not sufficient to comply with the Statutory Float or in the event that IFC has either failed to respond or not exercised its right to offer its Equity Shares in the FPO, then the Company shall issue such number of Equity Shares as may be required to meet the Statutory Float; and

(iii) In the event that the Company cannot issue any or all of such number of Equity Shares as may be required to make the Statutory Float, for any reason whatsoever, then the Promoters shall offer such number of Promoter Securities as may be required to meet the Statutory Float provided however that the obligation of the Promoters shall be to provide such number of Promoter Securities so that the balance Promoter Securities are equal to the Minimum Promoter Shareholding.

(iv) Notwithstanding the generality of the foregoing and notwithstanding anything to the contrary set out in this Article 214, in the event that the combined offering of the Equity Shares by the Investor and IFC is not sufficient to comply with the Statutory Float, then the Promoters expressly agree and acknowledge that they shall be under an obligation to ensure that the balance number of Equity Shares required to meet the Statutory Float are offered under the FPO, whether through issue of Equity Shares by the Company, offer of the Promoter Securities or in any other manner whatsoever.

Notice

(v) For the avoidance of doubt, it is clarified that

(aa) in case the Investor Equity Shares being offered under the FPO are sufficient to comply with the Minimum Float, then IFC shall not be entitled to offer any of its Equity Shares for the FPO contemplated in this Article 214; and

(ab) nothing in this Article 214 shall require the Promoters to make any contribution towards subscription to the Equity Shares issued by the Company in the FPO or to buy any of the Equity Shares being offered in the FPO.

(e) Subject to Applicable Law, the expenses for a FPO by way of only an offer for sale, will be borne between the offering Shareholders, including the Investor, IFC and the Promoters in proportion to the number of Equity Shares being offered by the relevant Shareholder. If however the Company issues Equity Shares, in order to comply with Article 214(d) above, then the expenses for a FPO will be borne between the offering Shareholders and the Company in proportion to the number of Equity Shares being offered by the offering Shareholders and the Company.

(f) The Investor shall have a right to request for an FPO under this Article 214, from time to time under these Articles, until such time that the Company and Promoters have successfully launched an FPO. It is hereby clarified that an FPO would be deemed to be successfully launched once the offer pursuant to the FPO has duly opened.

The Board therefore, submits the resolution for your consideration and recommends it to be passed as a special resolution.

Except for Mr. Ravi Lekhrajani, the nominee director of Wayzata, none of the Directors of the Company are concerned or interested in the resolution.

By order of the Board

Place : Kolkata **Sd/- Rajesh Mundhra**
Dated : 18th May, 2013 **(Company Secretary)**

Details of Directors Seeking Appointment/Re-Appointment at the Annual General Meeting :

Directors retiring by rotation seeking re-appointment

Name of the Director	**Mr. Mahabir Prasad Jalan**	**Mr. Satish Kumar Mehta**	**Mr. Surendra Mohan Lakhotia**
Date of Birth	10.04.1949	10.05.1943	24.01.1942
Expertise in Specific Functional Area	Technocrat from BITS Pilani and having more than two decades of work experience in forging industry	Rich and wide industrial experience of about 35 years in forging industry.	Extensive experience in all commercial and financial related matters.
Qualification	Mechanical Engineer from BITS, Pilani.	B.E (Mech)	Chartered Accountant (Rankholder)
Board Membership of other Companies as on 31st March, 2013	1) Eastern Credit Capital (P) Ltd 2) Riddhi Portfolio Pvt. Ltd 3) Ramkrishna Rail & Infrastructure (P) Ltd 4) Clifftop Infrabuild Pvt Ltd 5) North East Infra Propreties Pvt Ltd	Nil	1. Adhunik Metaliks Ltd. 2. Adhunik Power & Natural Resources Ltd.
Chairman/ Member of the Committee of the Board of Directors of the Company as on 31st March, 2013	NIL	**Chairman:** 1.Remuneration Committee **Member:** 1. Audit Committee 2. Shareholder/Investors' Grievance Committee	**Chairman :** 1. Audit Committee **Member :** 1. Remuneration Committee

Chairman/ Member of the Committee of Directors of other Public Companies of which he is a director as on 31st March, 2013			
Audit Committee	NIL	NIL	Member 1. Audit Committee of Adhunik Metaliks Ltd. 2. Audit Committee of Adhunik Power & Natural Resources Ltd.
Shareholding	451000	NIL	Nil

Director(s) seeking Appointment/Re-appointment

RAVI LEKHRAJANI

Mr. Ravi Lekhrajani ,aged around 44 years of age ,has around 18 years of experience in the private equity industry in India, managing various offshore PE funds. He is qualified AICWA, MBA (Finance) and CPA (USA).He currently manages the Indian subsidiary of Wayzata Investment Partners, USA.

He is a director on the board of the following companies:

1. Phthalo Colours and Chemicals (India) Ltd.
2. Venkatesh Logistics Pvt. Ltd.
3. Biltube Industries Limited
4. Bhavya Cements Limited
5. Topack Fittings Ltd.
6. Tekno Steels & Forgings Pvt. Ltd.
7. WIP (India) Pvt. Ltd

He is the member of the Audit Committee of the undermentioned companies :

1. Phthalo Colours and Chemicals (India) Ltd.
2. Venkatesh Logistics Pvt. Ltd.
3. Biltube Industries Limited
4. Bhavya Cements Limited
5. Topack Fittings Ltd.
6. Tekno Steels & Forgings Pvt. Ltd.

He does not hold chairmanship in any Committee.

He does not hold any share in the Company.

PAWAN KUMAR KEDIA

He is around 56 years of age and is a bachelor of Commerce with a diploma in Taxation.

He possess an experience of about more than 30 years in various companies. He worked as commercial manager in M/s Vishnu Straw Board and Indana Group for five and ten years respectively. Before joining the Company, he worked with M/s Khaitan India Limited as Internal Auditor for two years.

He does not hold Directorship in any other Company and is not the Chairman/Member of the any Committee of the Company as on 31st March, 2013.

He holds 13629 shares as on 31st March, 2013

Directors' Report

Dear shareholders,

Your Directors are pleased to present the 31st Annual Report of your Company along with the Audited Accounts for the financial year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS 2012-2013 (₹ in Lakhs)

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Sales and Operating Income (Gross)	40,389.70	50126.29
Other Income	132.97	76.50
Profit before Interest, Depreciation & Tax	**6165.09**	**8170.15**
Finance Cost	2,042.48	1878.89
Depreciation	2,262.21	2706.74
Profit Before Tax	1,860.40	3584.52
Provision for taxation :		
- Current Tax	368.00	1049.00
- MAT	(261.00)	–
- Deferred Tax	654.40	85.50
- Income Tax of earlier years	(3.88)	21.10
Profit After Tax	**1,102.88**	**2428.92**
Add : Surplus Brought Forward	8486.50	6686.51
Surplus available	**9589.38**	**9115.43**
Appropriations :		
Dividend and Tax on Dividend paid for 2010-11	–	22.08
- Transfer to General Reserve	100.00	185.00
- Dividend	251.09	362.97
- Tax on Distributed profits	42.69	58.88
Balance carried to Balance Sheet	9195.60	8486.50

Financial and Performance Review

- Net Sales decreased by 19.42 percent from 501.26 Cr in 2011-12 to Rs. 403.90 Cr in 2012-13.
- EBIDTA decreased by 24.54 percent from Rs.81.70 Cr in 2011-12 to Rs. 61.65 Cr in 2012-13.
- PAT decreased by 54.58 percent from Rs.24.28 Cr in 2011-12.to Rs.11.03 cr in 2012-13.

Directors' Report

With the onset of the slowing industrial growth and weakening investment sentiment across sectors, the strong growth phase of the domestic commercial vehicle (CV) industry came to standing halt in 2012-13.

M&HCV segment bore the brunt of slowing industrial activity with weak investment sentiment and the impact of significant fleet capacity addition over the past three years, especially in the heavy-duty categories of the trucking market. Within the M&HCV segment, while buses saw a recovery in volumes compared to the previous year on back of healthy off take from private segment and improving order inflows from STUs, the contraction in demand for the higher tonnage category of trucks such as tippers, tractor trailers and multi-axle vehicles (MAVs) has been the sharpest.

The cumulative production of commercial vehicles fell from 929136 vehicles in 2011-12 to 831744 vehicles in 2012-13 registering a fall of around 10.48%.

However the production of medium & heavy commercial vehicles (M&HCVs) segment registered a de-growth at 27.61 percent during the year 2012-2013 and light commercial vehicles registered a marginal growth of 1.63 percent

The overall domestic sales of the commercial vehicles segment registered a de-growth from 809499 vehicles in 2011-12 to 793150 vehicles in 2012-13 registering a de-growth of 2.02 percent. The medium & heavy commercial Vehicles (M&HCVs) segment registered a sharp downfall of 23.18 percent during the year 2012-2013 but light commercial vehicles managed to register a growth of 14.04 percent.

Transfer to Reserves

Your Company proposes to transfer Rs.100 lakhs to General Reserve out of the amount available for appropriation and an amount of Rs.9195.60 lakhs is proposed to be carried over to balance sheet.

Dividend

In view of the better performance of your Company, your Directors are pleased to recommend a dividend of Re.1 per share for the year 2012-13. The total payout on dividend (including dividend tax), if the dividend is approved by the members at the Annual General Meeting, will be ₹ 293.78 lakhs during the year under review.

Share Capital

During the year the Company at its Board Meeting held on 19th January, 2013 has allotted 2148400 equity shares to International Finance Corporation at a price of ₹ 128 per share & 781000 equity shares to M/s. Eastern Credit Capital (P) Limited (formerly Eastern Credit Capital Limited), Promoter at a price of ₹ 128 per share on a preferential basis.

The Company has also issued 30,77,000 warrants to M/s. Eastern Credit Capital (P) Limited (formerly Eastern Credit Capital Limited), Promoter on a preferential basis at a price of ₹ 130 per warrant at the Board Meeting held on 19th January, 2013. The Company at its Board Meeting held on 30th March, 2013 has allotted 18,000 equity shares of ₹ 10 each by conversion of 18,000 warrants to M/s. Eastern Credit Capital (P) Limited (formerly Eastern Credit Capital Limited), Promoter. Consequently the issued, subscribed and paid up capital increased from 1814.85 Lakhs to ₹ 2109.59 lakhs during the year.

The Company has further allotted 37,24,500 equity shares to Wayzata II Indian Ocean Ltd ,Foreign Body Corporate, at a price of ₹ 132.75 per share on a preferential basis on 3rd April, 2013. A further request was received for the conversion of 289000 warrants into equity shares from M/s. Eastern Credit Capital (P) Limited (formerly Eastern Credit Capital Limited), Promoter group, along with the balance consideration of 75% of the issue price of ₹ 130 per share.

Consequently after the allotment the issued , subscribed and paid up capital increased from 2109.59 Lakhs to ₹ 2510.94 lakhs .

Project :

The Company has embarked upon a project to manufacture front axle beams, crankshafts , stub axles and connecting rods on press lines. The Company has procured 12500 ton press line from SMS Meer Gmbh and the same is expected to be shipped by end of June, 2013. The other press as envisaged in the project has also been procured.

The financial closure for the project has been accomplished and the equity as mentioned above has been raised for this project. The commercial production from the 12500 ton pressline is expected to commence from September, 2014.

Directors' Report

Operational Highlights

Forgings and Machining facility

The Company derives the major share of its revenues from the commercial vehicle segment. Your Company produced 25572 tons (incl.job work) during the year under review as compared to 37721 tons last year registering a decrease of about 32.20 %. The Company has been able to utilise around 67.80 percent of the production capacity for the year as compared to about full capacity utilisation last year.

The Company has the-state-of-art of CNC Machining and Gear Cutting Facilities in which it has achieved accuracies of class 7 in the shaving stage and Class 8 & 9 in the hard and hobbing stage as per DIN 3962 in gear manufacturing. The Company has made 99 new product development in the CNC machining, 49 new development in gear cutting and 36 new items in the, VMC machining which has helped to enhance the product basket with existing clients and add new clients.

Ring Rolling Line

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

The Company has produced 15356 tons during the year as compared to 18168 tons last year thus registering a decline of about 15.47 percent. It has achieved a capacity utilisation of around 64 percent during the year as compared to around 75 percent last year on account of lower demand from the commercial vehicle segment.

The Company has developed 32 new products and has been able to enhance its export portfolio by adding new clients and enhancing its product range which will help to augment the export market of the company and will also help to propel the growth in future.

Credit Rating

Your Company's rating is A- from ICRA and CRISIL for its fund based facilities and A1 for its Commercial Paper/Short Term Debt from ICRA Ltd.

Employees Stock Option Scheme

Pursuant to the approval accorded by the shareholders on 22nd August, 2009, your company has formulated the Employee Stock Option Scheme, (ESOS) 2009, for the benefit of the permanent employees including Directors ,whether whole time or not but excluding the promoters of the Company. The said scheme is administered by the Remuneration and Compensation Committee of the Board through a Trust. Under the said scheme 4,68,159 stock options was initially granted at an exercise price of Rs. 20/- per share .The stock options granted to eligible employees are, interalia, performance linked options .In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 (hereinafter "SEBI guidelines"), the details in relation to the options granted, vested exercised, lapsed etc. under ESOS, 2009, as on 31st March, 2013 are given as under :

Description	ESOS 2009
Total number of options granted	468159 options
Pricing formula/exercise price	₹ 20/-
Number of options vested	110136
Number of options exercised	87853
Total no. of shares arising as a result of exercise of option	Nil
Options Lapsed	81763
Variation in terms of option	NA
Money realised by exercise of option	₹ 1757060

Directors' Report

Total no. of options in force	218270
Grant to senior managerial personnel	No options were granted during the year
Grant to non-executive director under the scheme	No options were granted during the year
Employees who were granted 5 % or more of the total number of options granted during the year	No options were granted during the year
Employees who were granted options equal to exceeding 1% of the issued capital of the Company at the time of grant	No options were granted during the year
Diluted Earning per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20	
Difference between the employee compensation cost computed using the intrinsic value of stock options and the employee compensation cost that shall have been recognized had the fair value of options, were used.	Intrinsic Value : ₹ 30.20 Lakhs Fair Value : ₹ 35.80 Lakhs Difference : ₹ 5.60 Lakhs
Impact of this difference on profits of the Company	The Profits would decrease by ₹ 5.60 Lakhs.
Impact of this difference on EPS of the Company	The basis and diluted EPS would decrease from ₹ 5.89 to ₹ 5.86
Weighted average exercise price;	NIL
Weighted average fair value of options for options whose exercise price either equals or exceeds or is less than the market price of the share.	NIL

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

Subsidiary and Consolidated Financial Results

During the year the company has acquired and subscribed to equity shares representing 72.82% of the paid up share capital of Globe Forex and Travels Limited. It has become the subsidiary of the company pursuant to section 4 of the Companies Act,1956 w.e.f 10th January, 2013**.**

The Ministry of Corporate Affairs, Government of India, has granted a general exemption to companies, by general circular no. 2/2011 dated 8th February,2011 under section 212(8) of the Companies Act,1956 from attaching individual accounts of subsidiaries with their annual accounts, subject to fulfilment of certain conditions. Accordingly the Board of Directors of the Company has by resolution given consent for not attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies in the Annual Report of the Company for the financial year ended 31st March, 2013.

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

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

Management's Discussion And Analysis Report

Management' s Discussion and Analysis Report for the year under review under clause 49 of the Listing Agreement with the Stock Exchange in India is presented in the separate section forming part of the Annual Report.

Directors' Report

Pollution Control Measures

Your Company has installed adequate pollution control equipment in all its units as per the legal requirement and has the requisite approvals from the concerned authorities.

Conservation Of Energy, Technology Absorption, And Foreign Exchange Earnings And Outgo

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

Fixed Deposits

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

Stock Exchange

The Equity Shares of your Company were listed on two Stock Exchanges :

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

The Annual Listing Fees for the year 2013-14 are paid to both the Stock Exchanges where the shares of your Company were listed.

Auditors

M/s Singhi & Co, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The members are requested to consider their reappointment as Auditors of the Company for the year 2013-14 and authorise the Board of Directors to fix their remuneration.

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

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

Cost Auditors

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

Directors

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

Mr. Subhasis Majumdar resigned from the Board of Director. Your Directors place on record the appreciation of the valuable services rendered by him to the Company during his association with the Company.

Mr. Ravi Lekhrajani has been appointed as Additional Director of the Company till conclusion of the next Annual General Meeting of the Company and the Company has received a notice in writing proposing his candidature for the office of a Director not liable to retire by rotation.

The re-appointment of Mr. Pawan Kumar Kedia as the whole time director of the Company for the period of 3 years w.e.f 1st April,2013 has been proposed.

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

Corporate Governance

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

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

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

Directors' Responsibility Statement

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

i) In the preparation of annual accounts for the year ended 31st March, 2013, applicable Accounting Standards have been followed along with proper explanations relating to material departures;

ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2012-2013 and of the profit or loss of the Company for that period;

iii) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

iv) They have prepared the annual accounts for 2012-2013 on a going concern basis.

Particulars of Employees

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

Transfer of amounts to Investor Education and Protection Fund

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

Corporate Social Responsibility

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

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

The Company has helped to organise various camps and will ensure that more steps are taken in this regard.

Appreciation

Your Directors would like to convey their appreciation for all the co-operation and assistance received from the Government authorities, financial Institutions, Banks, customers, vendors and stakeholders of the Company during the year under review. Your Directors also express their deep sense of appreciation for the committed services by the executives, staff and workers of the Company. We look forward to receiving the continued patronage of all our business partners to become a better and stronger company.

On behalf of the Board
Mahabir Prasad Jalan
(Chairman)

Place : Kolkata
Dated : 18th May, 2013

Annexure - A to the Directors' Report

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken.

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

(1) Installation of Flameless Electrically Heated Furnace.

(2) Modification in the Vertical Machining Centre to conserve electricty

(3) Modification im the Bofco 4 Ton furnace to conserve electricity.

(4) A Fan less cooling tower installed for bearing cooling of 2 ton and 4 ton Heat Treatment Furnace.

(5) Improvement in the Burners of the Heat Treatment Furnace.

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

The Company has converted the existing oil fired furnace into Induction furnaces.

(c) Impact of the Measures at (a) and (b) above for reduction of the energy consumption and consequent impact on the cost of production of goods.

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

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

Particulars with respect to Conservation of Energy

Particulars	2012-13	2011-12
1 Electricity		
A) Purchased		
- Units (KWH)	4,05,33,660	4,32,39,617
- Total Amount (₹)	19,72,36,057	20,47,13,876
- Rate/Unit (₹)	4.87	4.73
B) Own Generation		
Units (KWH)	546169	492344
Ltrs consumed	187031	157860
Cost/Unit (₹)	14.98	13.23
C) Total (A+B)		
Units (KWH)	41079829	43731961
Total Amount (₹)	205420112	204713876
2 Coal (Hard Coke Used in Smithy)		
Quantity (in Kgs)	16663	18572
Total cost (₹)	227118	201372
Avg Cost (₹)	13.63	10.84

Annexure - A to the Directors' Report

Particulars	2012-13	2011-12
3 **Furnace Oil**		
Quantity (in Ltrs)	33,86,229	43,67,471
Total cost (₹)	13,36,30,444	15,74,22,007
Avg.Rate per Ltr (₹)	39.46	36.04
4. **Others :**		
i) **Propane Gas**		
Quantity (in Kgs)	14,66,879	17,27,131
Total cost (₹)	9,13,58,531	8,86,81,625
Avg.Rate per kgs (₹)	62.28	51.35
ii) **Diesel**		
Quantity (in Ltrs)	115683	175647
Total cost (₹)	5189033	7270467
Avg.Rate per Ltr (₹)	44.86	41.39
Consumption per unit of Production :		
Product : Steel forging in Tons		
Electricity (KWH)	1003.71	782.48
Coal (Hard Coke Used in Smithy) (Kgs)	0.41	0.33
Furnace Oil (Ltrs)	82.74	78.15
Propane Gas (Kgs)	35.84	30.90
Diesel (Ltrs)	2.83	3.14

B. TECHNOLOGY ABSORPTION

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

a) **Research and Development(R & D) :**

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

b) **Technology absorption, adaptation and innovation**

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

Annexure - A to the Directors' Report

C FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to exports	: The Company has derived ₹ 5439.56 Lakhs from exports which forms 12.37% of the total turnover.
Initiatives taken to increase exports a development of new export market for products and services and export plans.	: The Company has identified exports to be a thrust area and has roped in new export customers during the year. Vigorous efforts are also being made to develop new customers. The Company has also opened overseas office to develop new market.

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

Particulars	2012-13	2011-2012
Earned :		
Exports (FOB)	5197.61	4534.58
Die Design & Preparation Charges	25.06	49.19
Spent :		
Capital Equipment's	183.02	1239.86
Components & Spare Parts	104.67	157.35
Travelling	114.02	87.92
Foreign Bank Charges	1.01	1.74
Repairs to Plant & Machinery	-	10.38
Claim against Export Sales	29.38	55.71
Professional & Consultancy Charges	-	15.02
Interest	4.54	7.21
Technical Service & Supervision Charges	7.91	-
Commission Paid	3.38	-
Loan Processing Charges (IFC)	108.68	-
Salary	87.73	-
Office Equipments	7.17	-
Management Fees (LBBW)	9.49	-

On behalf of the Board

Place : Kolkata
Dated : 18th May, 2013

Mahabir Prasad Jalan
(Chairman)

Annexure - B to the Directors' Report

Sl. No.	Name	Age (years)	Designation/ Nature of Duties	Gross Remuneration (₹ in Lacs)	Qualification	Total Experience (years)	Date of commencement of employment	Previous Employment
A.	**Employed part / throughout the year and in receipt of remuneration aggregating ₹ 5,00,000 / ₹ 60,00,000 or more :**							
1	Mr. Mahabir Prasad Jalan	64 years	Chairman cum Wholetime Director	174.67	B. Tech	49 years	12.11.1981	NA
2	Mr. Naresh Jalan	38 years	Managing Director	146.04	MBA (Marketing & Finance)	18 years	05.11.2001	NA
3	Mr. Kasi Nath	63 years	Executive Vice President	87.72	MBA, Master of Technology (M. Engg), Bachelor of Engineering (Hons), Dip in Business Administration	28 years	01.07.2012	Director Global Purchasing Meritor Inc.

Notes :

1. Gross Remuneration includes Basic Pay, Allowances, Monetary value of Perquisites , Retirement benefits and Healthcare Insurance.
2. Mr. Mahabir Prasad Jalan, Chairman cum Wholetime Director and Mr. Naresh Jalan, Managing Director are related to each other.
3. The nature and terms of the employment are as per resolution or the appointment letter.
4. Mr. Mahabir Prasad Jalan holds 451000 equity shares and Mr.Naresh Jalan holds 285750 equity shares as on 31st March, 2013 representing 2.13 % and 1.35% of the paid up capital respectively.

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

(₹ in Lakhs)

Name of the Subsidiary	Capital	Reserves	Toal Assets	Total Liabilities	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Minority Interest	Profit/(loss) after Taxation	Dividend
Globe Forex and Travels Limited	88.14	(225.02)	570.05	570.05	1742.16	(264.09)	40.49	(79.56)	(225.02)	Nil

Management Discussion and Analysis Report

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

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

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

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

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

The country's ₹ 25,000-crore forging industry is under stress due to slowdown in the automotive sector and increasing input costs. The sector, which had grown by 18 per cent during 2011-12 over the previous financial year, saw a flat business during 2012-13, mainly impacted by the slowdown in the automotive industry and increase in costs. In addition, the sector is dependent on the automotive business which contributes to about 70 per cent of total business. The forging industry has installed capacity of around 3.75 million tonnes a year and achieved capacity utilization of around 2.8 million tonnes. In fact, this could have gone up but for the overall slowdown. The industry players are caught between its suppliers, who are increasing costs and original equipment suppliers (including automotive sector players), who want to keep tight control on costs citing slowdown.

The commercial vehicle industry has always been linked to the country's industrial activities and the overall GDP. Forging industry is a basic industry and such industries tend to grow in a country in relation to the rate of growth of its GDP. As far as India is concerned, we expect our GDP to continue to grow and therefore, the basic industries will grow and so will the industry.

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

In coming years, rapid expansion of cities to suburban areas will also create more demand for mass transportation vehicles in the country. It is expected that a major part of India will be well-connected by the end of 2013-14, which will fuel the demand for commercial passenger carriers in the country.

India is the world's second-largest heavy commercial vehicle market. It is observed that infrastructure boom and emergence of hub and spoke model, among other factors will give a new dimension to the medium and heavy goods carrier commercial vehicles' sector in India.

Performance Scenario

The year 2012-2013 was not a very good year for the Industry as there was a poor demand for the vehicles and also there was a decrease in production trends during the year as compared to the last year.

With the onset of the slowing industrial growth and weakening investment sentiment across sectors, the strong growth phase of the domestic commercial vehicle (CV) industry came to standing halt since the second half of 2011-12. After experiencing a volume growth of over 30% during 2009-10 and 2010-11, the buoyancy in the domestic CV industry started dwindling since March,2012 onwards as headwinds started gaining momentum.

M&HCV segment bore the brunt of slowing industrial activity with weak investment sentiment and the impact of significant

Management Discussion and Analysis Report

fleet capacity addition over the past three years, especially in the heavy-duty categories of the trucking market. Within the M&HCV segment, while buses saw a recovery in volumes compared to the previous year on back of healthy off take from private segment and improving order inflows from STUs, the contraction in demand for the higher tonnage category of trucks such as tippers, tractor trailers and multi-axle vehicles (MAVs) has been the sharpest.

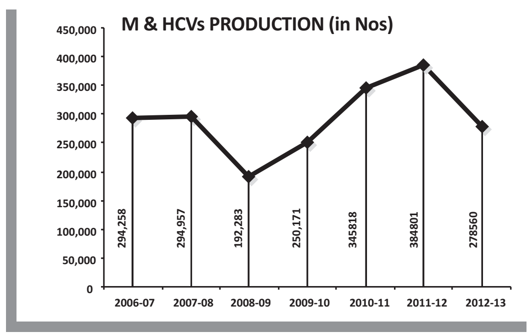
The cumulative automobile production data for April 2012 - March 2013 showed a growth of only 1.20 percent over April 2011 - March 2012.

In 2012-2013, production of passenger vehicles segment and two wheelers segment grew by 2.78 percent and 1.90 percent respectively while the commercial vehicles and three wheelers segment saw a decline of 10.48 percent and 4.50 percent respectively. However the production of the light commercial vehicles registered a growth of 1.63 percent this year.

(Number of Vehicles)

Automobile Production Trends

Category	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-2013
Commercial Vehicles	519,982	549,006	416,870	566,608	760,735	929,136	831,744



(Source: SIAM)

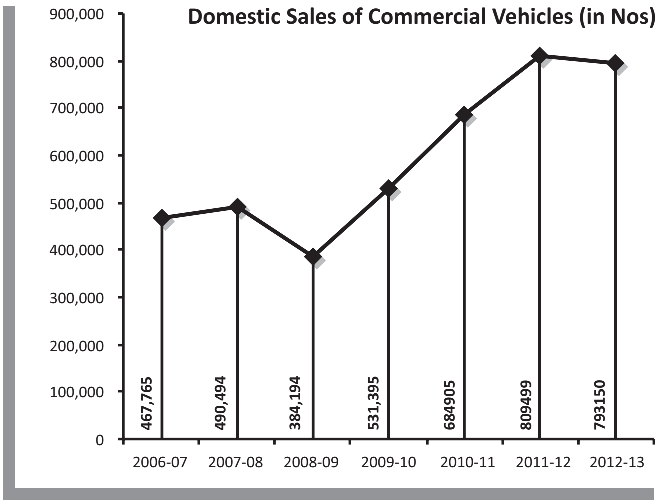
Domestic Sales

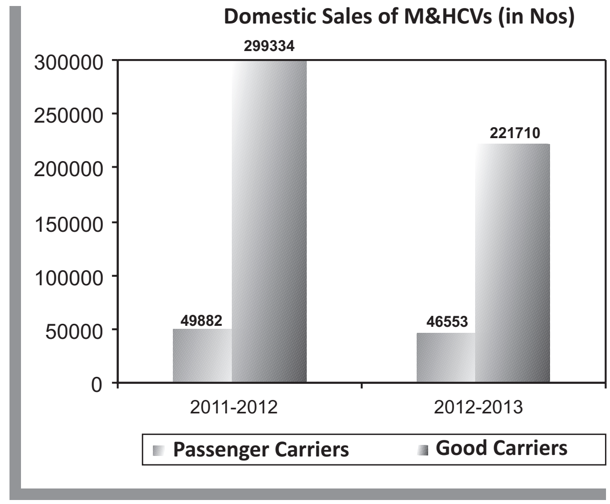
Passenger Vehicles segment registered a growth of 2.15 percent during 2012-2013 as compared to the last year. In 2012-2013 whereas sales of utility vehicles and vans grew by 52.20 percent and 1.08 percent respectively, sales of Passenger Cars fell by 6.69%

The overall domestic sales of the commercial vehicles segment registered a decrease from 809499 vehicles to 793150 vehicles registering a decline of 2.02 percent during 2012-2013 as compared to the same period last year. The medium & heavy commercial Vehicles (M&HCVs) segment registered a sharp downfall of 23.18 percent during the year 2012-2013 but light commercial vehicles managed to register a growth of 14.04 percent.

The sale of three wheelers sales grew by 4.87 percent in 2012-2013 and two wheelers sales registered a growth of 2.90 percent during 2012-2013.

Management Discussion and Analysis Report

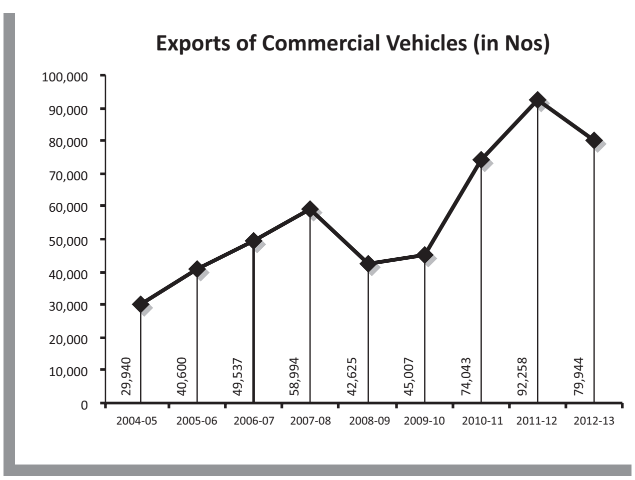


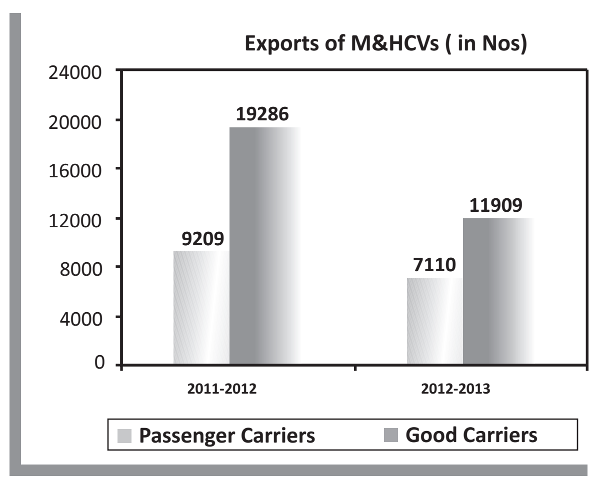


Exports

During the year 2012-2013 overall automobile exports showed a decline of 1.34 percent.

During this period exports of passenger vehicle grew by 9.02, commercial vehicles, three wheelers and two wheelers segment declined by 13.35 percent, 16.22 percent and 0.72 percent respectively.





2. **OPPORTUNITIES AND THREATS**

A) **Opportunities**

Automotive Industry comprises of automobile and auto component sectors and is one of the key drivers of the national economy as it provides large-scale employment, having a strong multiplier effect. It has been able to restructure itself, absorb newer technology, align itself to the global developments and realize its potential.

Sale of commercial vehicles (CV) in India is expected to grow at a CAGR of 15% over the next five years - from 0.8 million in 2011-12 to 1.6 million units by 2016-17. Demand is likely to be driven by the country's economic progress, as is amply substantiated by the rapid pace of urbanization in the country, with the likely emergence of more than six cities (each with a total population of over 10 million) and 63 cities with a projected population of more than1 million by 2025 . The reasons attributable for the growth are :

1. Fleets focusing on capacity utilization to reduce operating costs and diversify customer base.
2. Rapid urbanization, improvement of road infrastructure and regulatory policies influencing CV buyers and OEMs.
3. Global OEMs redefining brand position and domestic OEMs building their R&D competence and optimizing costs through outsourcing and modularization.
4. Suppliers improving local capacity and investing in R&D while improving operational efficiency and developing aftermarket propositions.
5. OEMs tackle manpower, economic and supply chain risks through skill development, production localization and collaboration with suppliers.
6. CV OEMs and foreign fleets induce distribution and aftermarket participants to offer value added services (Source : 'Mega trends shaping the Indian commercial vehicle market. - E & Y)

Currently, the auto components industry in India is around two-thirds the size of the OEM segment. This proportion is around one to two times in mature markets of Europe, America and Japan. This indicates (a) higher proportion of imports of auto components in India by OEMs and (b) lower replacement market sales. Given the healthy growth prospects of the Indian automobile industry over the medium term, the size of the auto components industry is likely to grow at a rate faster than the OEM segment, driven by OEMs thrust on localization and steadily growing replacement market demand.

The Automotive mission plan 2016(AMP 2016) aims to make India a global automotive hub.

ESTIMATED DEMAND FOR THE FORGING INDUSTRY BY 2015.

Size of Global Auto Component Industry	US$ 1.2 trillion.
Current global purchases of components by international vehicle manufacturers	US$ 45 billion
Estimated export of Auto components from low cost countries (including India) in the next 10 years	US$ 225 billion
Estimated share of exports from the Indian auto component industry out of(3)above	10%
Targeted exports of auto component industry in absolute terms by 2015	US$25 billion
Current exports of Indian auto component industry	US$ 1.8 billion
Current Estimated exports of Indian forging industry	US$ 360 million
Projected exports of Forging industry by 2015 (15% of auto component exports)	US$ 3.75 billion

Source (AIFI)

Management Discussion and Analysis Report

B) Threats & Challenges

The Indian automobiles industry witnessed a moderation in demand in 2012-13, after the double-digit growth in sales recorded in the preceding years. Weak macroeconomic sentiment coupled with subdued consumer confidence pulled down sales, particularly in the latter half of the year. The major threats and challenges are :

- Rising fuel prices and the corresponding rise in freight rates.
- Increased operating costs.
- Stiff competition owing to surplus capacities.
- Availability of finance at reasonable interest costs.
- Volatile foreign exchange rates.
- Availability of trained man power at shop floor and managerial level.
- Increasing globalization of markets.
- Customer expectations for increasingly higher levels of quality at a lower price.
- Inadequate overseas marketing support facilities.

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

3. OUTLOOK

While the long term fundamentals of the Indian economy remain robust, the sluggish global environment has impacted sentiments in the domestic market in the short term. But it is expected to be only a temporary phenomenon and prospects for 2013-14 look better than last year. Growth in sales would be driven by the expected improvement in macro conditions on the domestic front, moderation in interest rates and revival in consumer confidence, mainly after the initial two quarters. Consequently, the deferred purchases witnessed in second half of 2012 are expected to get converted into sales next year. The auto industry is likely to gain considerably from the various initiatives on infrastructure development, rural focus and the improved road infrastructure.

It is believed that a) the gradual traction in market share from railways, b) changing landscape of the logistics industry towards an organized one, and c) stricter implementation of emission & anti-overloading norms would continue to support demand for CVs. Overall, it is expected that the industry would start seeing improvement from 2013-14 onwards driven by pick-up in replacement demand as well as low-base effect. However the sustainability of the demand would continue to remain dependent on the improvement in macro-economic environment and investment sentiment.

Global automotive giants are looking at India as a competent supply base and are shopping for their components here and Indian companies have even been acquiring companies abroad. Considering the confidence of foreign automotive majors, auto component manufacturers and original equipment manufacturers, who are outsourcing their operations to India, it is quite likely that the forging industry will be foremost among the segments that will steer manufacturing growth here.

The Vision 2020 of Railways :

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

Management Discussion and Analysis Report

In the Railway Budget for the year 2012-13 the government has tabled significant programmes as mentioned below:

- Introduction of 160/200 kmph Self Propelled Accident Relief Trains.
- Induction of crash worthy LHB coaches with anti-climb feature.
- A new Forged Wheel Factory at Rae Bareli in collaboration with Rashtriya Ispat Nigam Limited.
- A Coach Manufacturing Unit in Sonepat District (Haryana) in collaboration with State Government.
- Bikaner and Pratapgarh workshops to undertake POH of BG wagons.
- A workshop for repair and rehabilitation of motorized bogies at Misrod (Madhya Pradesh).
- A new wagon maintenance workshop in Kalahandi (Odisha).
- Deployment of new generation energy efficient electric locomotives and EMUs.

SWOT ANALYSIS

Strenghts :

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

Weakness :

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

Opportunities :

1. Rapid expansion of cities to suburban areas will also create more demand for mass transportation vehicles.
2. Emergence of Hub and Spoke models will propel the demand for Heavy and Medium duty Vehicles
3. Strict implementation of new emission & anti-overloading norms
4. Better outsourcing opportunities from India
5. Setting up of new manufacturing base by international majors in India.
6. Enhanced program for the wagons and coaches from the Railway sector.
7. Proposed increase in infrastructure spending.

Threats :

1. Rising fuel prices and the corresponding rise in freight rates
2. Availability of finance at reasonable interest costs.
3. Stiff competition owing to surplus capacities.
4. Volatile foreign exchange rates
5. Increased global competition.
6. Slowdown in the demand

Management Discussion and Analysis Report

Awards

The Company has during the year 2012-13 received the under mentioned awards.

- New product development from TML Drivelines Limited.
- Cost Reduction from TML Drivelines Limited.
- Lean Supply Chain through MASOP elimination from TML Drivelines Limited
- Supplier of the Year 2012 from Automotive Axles Limited, Mysore for Quality, Consistency, New Product Development, ScheduleAdherence, Cost Effectiveness.
- Star Performer under Auto Components from EEPC
- Star Performer under Steel Forgings from EEPC.
- CII(ER),SHE Award 2012-13.
- SAP ACE Award for customer excellence 2012 in the best run in R&D.

4. PERSONNEL MANAGEMENT

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

The Company regularly provides training to its employees which amongst other includes technical training, on the job training, behavioral training, cultural training, safety training, 5'S' Training soft skill training and awareness training.

The Company undertakes regular appraisals wherein performers are recognized every month and performance linked incentives programs for the proper motivation of the employees.

The Company has around 950 employees (excluding contract workmen) which includes a rich pool of graduate engineers, diploma holders and technicians. It is their invaluable contribution that has primarily resulted in your company's position of strength in the industry.

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

5. FINANCIAL OVERVIEW

Highlights

- Net Sales decreased 19.42 percent from Rs. 501.26 Cr in 2011-12 to Rs. 403.90 Cr in 2012-13.
- EBIDTA decreased 24.54 percent from Rs.81.70 Cr in 2011-12 to Rs.61.65 Cr in 2012-13.
- PBT decreased 48.09 percent from Rs. 35.84 Cr in 2011-12 to Rs. 18.60 Cr in 2012-13.
- PAT decreased 54.58 percent from Rs. 24.28 Cr in 2011-12 to Rs.11.03 Cr in 2012-13.
- Cash profit decreased by 23.01 percent from Rs.52.21 Cr in 2011-12 to Rs.40.19 Cr in 2012-13.
- Basic EPS decreased from Rs. 13.61 in 2011-12 to Rs. 5.89 in 2012-13.

Balance Sheet Analysis

Capital Employed

The Company's average capital employed increased 21.97 percent from 384.39 Cr in 2011-12 to Rs.468.82 Cr in 2012-13. The Company's return on average capital employed decreased from 14.21 percent in 2011-12 to 8.32 percent in 2012-13. The increase in capital employed is primarily attributable to the infusion of equity capital and partial disbursement of the term loan for new project under taken by the company which is yet to commence commercial production.

Own Funds

The Company's net worth excluding deferred tax liability increased 34.85 percent from Rs. 188.42 Cr in 2011-12 to Rs. 254.09 in 2012-13 due to the re-investment of earnings, receipt of subsidy, allotment of new shares and conversion of warrants into equity shares on a preferential basis. The Company's return on average net worth (RONW) decreased from 14.20 percent in 2011-12 to 4.98 percent in 2012-13 on account of lower profitability and fresh equity infusion for the new project.

External funds

The Company's total debt increased from Rs.178.18 Cr in 2011-12 to Rs. 259.83 Cr in 2012-13 on account of disbursements of new term loan taken for the normal capital expenditure, working capital utilisation and term loan disbursement of ₹ 37.50 Cr for the new project. The Company's total debt-equity ratio increased from 0.95 in 2011-12 to 1.02 in 2012-13.

Reserves and Surplus

The Company's Reserves and Surplus increased 29.34 percent from Rs. 170.27 Cr in 2011-12 to Rs. 220.23 Cr in 2012-13 primarily due to receipt of premium on allotment of new shares on conversion of warrants into equity shares, receipt of subsidy and increase of profits.

Gross Block

The Company's gross block including capital work in progress increased 15.36 percent from Rs. 339.09 Cr in 2011-12 to Rs.391.16 Cr in 2012-13 primarily on account of installation of furnaces, SAP PLM modules, robots for the ring rolling plant , furniture and other misc fixed assets. The Capital work in progress of Rs. 39.62 Cr comprises mainly of the new project. The fixed assets turnover ratio incl CWIP decreased from 1.48 in 2011-12 to 1.03 in 2012-13.

Inventories

The Company's inventories increased 13.87 percent from Rs. 131.00 Cr in 2011-12 to Rs. 149.19 Cr in 2012-13. The increase in inventories was primarily on account of the increase in the work in progress due to increase in the product portfolio of the company.

Profit & Loss Statement Analysis

Revenues

The Company's net sales decreased 19.42 percent from Rs. 501.26 Cr in 2011-12 to Rs. 403.90 Cr in 2012-13. The decrease was mainly attributable for the bad performance of the Commercial Vehicle segment and more particularly to the M&HCV segment which registered a sharp decline in production of 27.61% in 2012-13. On account of the sluggish demand the company was not able to utilise its capacities to its optimum levels. The segment-wise gross revenue earned is asfollows :

(₹ in percentage)

Particulars	2012-13	2011-12
Automobiles	65.13	70.10
Railways	7.63	5.21
Mining	6.15	5.98
Exports	12.37	8.55
Others (incl. Scrap)	8.72	10.16

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Foreign Exchange

The Company's exports increased by 17.30 percent from ₹ 46.37 Cr in 2011-12 to ₹ 54.39 Cr in 2012-13. The company has been able to increase its exports inspite of a slowdown in the American and European markets . During the year the company has tied up with some of the biggest names in North America, South America, Europe and Turkey which will provide a further boost to the company exports during the coming year. The company has also opened up a representative office in USA which will help the company to increase its export business. The company does not import any raw material.

Interest

Interest outflow in 2012-13 was ₹ 20.42 Cr increasing from ₹ 18.79 Cr in 2011-12 and constituting 5.06 percent of net turnover. The interest cover of the Company decreased from 4.35 in 2011-12 to 3.02 in 2012-13.

Costs

Total costs not including interest & depreciation (excluding stock variation) decreased by 15.87 percent from ₹ 429.77 Cr in 2011-12 to ₹ 361.58 Cr in 2012-13 constituting 85.43 percent of total income.

Cost break-up (₹ in Cr)

Particulars	2012-13	2011-12
Raw material	226.55	287.24
Power and fuel	44.45	46.48
Employee cost	28.07	26.80

Raw material costs : The raw materials costs decreased from ₹ 287.24 Cr in 2011-12 to ₹ 226.55Cr in 2012-13. It constitutes 56.09% of the net turnover in 2012-13 as compared to 57.30 % in 2011-12.

Power and fuel costs : The power and fuel costs decreased from ₹ 46.48 Cr in 2011-12 to ₹ 44.45 Cr in 2012-13. However it constitutes 11.01% of the net turnover in 2012-13 as compared to 9.27% in 2011-12. The surge in power cost was on account of high cost of furnace oil used in the forging operation.

Employee costs : The employee costs increased from ₹ 26.80 Cr in 2011-12 to ₹ 28.07 Cr in 2012-13. It constitutes 6.95% of the net turnover in 2012-13 as compared to 5.35 % in 2011-12.

6. MANAGING OUR RISKS

Overview

Risks are in fact opportunities that can be most profitably leveraged if identified, assessed and managed efficiently. A healthy balance between risk and reward can bring the Company steady realizations and boost profitability. The Company has responded to this reality with a comprehensive and integrated risk management framework, enhancing its capacity to add value.

At Ramkrishna Forgings, all key aspects of risk management are incorporated in a comprehensive risk warning system, which enables the Company to manage risks at the individual, management and Board levels. Expert management of risk is consistent with creation of increased shareholder value. Decisions are taken that balance risk and reward and ensures that the Company's revenue generating initiatives are consistent with the risks taken. This management of risk conforms to the Company's strategic direction and is consistent with the shareholders' desired total returns, the Company's credit rating and desired risk appetite.

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

Management Discussion and Analysis Report

1. **Client Concentration Risks :**

   The overall domestic sales of the commercial vehicles segment declined from 809499 vehicles to 793150 vehicles registering a decline of 2.02 percent during 2012-13 as compared to the same period last year. However the domestic sales of the M&HCV segment registered a sharp decline from 349216 vehicles to 268263 vehicles registering a decline of 23.18 percent during 2012-13 as compared to the same period last year.

   Risk Mitigation :

   (i) The Company has taken steps to increase its presence in the export market. The Company has been able to enlist itself with a customer in North America, South America, Europe and Turkey having good export potential. The Company has further identified new geographical location and also enhanced its exposure and product portfolio for export with its existing clients. The Company has opened an overseas office to focus export marketing and better coordination.

   (ii) The Company has expanded the product portfolio with its existing customers which also includes enhancement of the value addition to the existing products thereby moving up the value chain.

   (iii) The Company has increased its focus on the railway sector, mining sector and also making inroads in the farm equipment business.

   (iv) The Company is making efforts to make inroads into other new areas and develop new products by which it can reduce its dependence on the commercial vehicle segment.

2. **Technology Risk :**

   The forging industry must lead the drive for technological advances that benefit many facets of the forging process, and continue to enhance the industry's competitiveness and profitability. The industry needs to develop and put in place programs and systems to help find the strategically significant technologies and find ways to deploy those technologies to the industry.

   Risk Mitigation :

   (i) Installation of a technically advanced ring rolling line has helped the Company to penetrate the market and retain its presence in an effective manner.

   (ii) The Company has the- state-of-art of CNC Machining and Gear Cutting Facilities in which it has achieved accuracies of class 7in the soft stage and class 8&9 in the hard stage as per DIN 3962 in gear manufacturing.

   (iii) It has a world class quality assurances laboratory with the best in practice equipment's to ensure the quality of the products.

Competition :

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

Risk Mitigation :

(i) The Company has made 99 new product development in the CNC machining, 49 new development in gear cutting, 36 new items in the VMC machining and 32 new product development in the Ring Rolling which has helped to enhance the product basket with existing clients and add new clients.

(ii) The Company in accredited with ISO 9001:2008,TS-16949:2009 , OHSAS 18001 : 2007 and ISO14001 : 2004 .

(iii) The Company has replaced the oil fired furnaces with induction furnaces which should help the company to improve efficiencies.

Management Discussion and Analysis Report

(iv) The Company gives paramount importance towards identification of the customer needs and ensures proper execution of the same to attain maximum customer satisfaction.

(v) The Company ability to achieve seamless production from its Ring Rolling Plant and to provide value addition to its product range which makes it a one stop shop for the OEM's.

(vi) Installation of technologically advanced machines has helped the Company to control costs and improve on the quality of the products.

3. Human Risks :

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

Risk Mitigation :

(i) The Company maintains a well-defined HR policy and has a regular appraisal programme wherein performers are recognized every month. It also has a performance linked incentives programs for the proper motivation of the employees

(ii) The Company regularly undertakes training programs to develop and enhance the skills of its employees The Company has a regular training module for its operators/engineers which help them to update their knowledge and skill for achieving the organization goals.

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

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

7. INTERNAL AUDIT AND CONTROLS.

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

The internal controls are designed to ensure that financial and other records are reliable for preparing financial statements and collating other data and for maintaining accountability of assets.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may be " forward looking statements'' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

Corporate Governance Report
for the year 2012 - 2013

The Company's shares are listed on The National Stock Exchange of India Limited and Bombay Stock Exchange Limited. Accordingly, the Corporate Governance Report for the Financial Year ended 31st March, 2013, which has been prepared pursuant to the provisions of Clause 49 of the Listing Agreement, contains details relating to previous year.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS

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

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

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Public companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2013 have been made by the Directors.

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

Corporate Governance Report
for the year 2012 - 2013

The information that are normally placed before the Board includes :

- General notices of interest of Directors.
- Appointment, remuneration and resignation of Directors.
- Formation/Reconstitution of Board Committees.
- Terms of reference of Board Committees.
- Minutes of the meetings of Audit committee and other Committees of the Board.
- Appointment/resignation of Chief Financial officer and Company Secretary.
- Appointment/Reappointment of Registrar/Share Transfer Agent.
- Status of all the Legal cases pertaining to the Company.
- Status of compliance of the Statutory Payments made by the Company.
- Annual operating plans of businesses, capital budgets and any updates.
- Any change in the banking limits of the Company.
- Quarterly results of the Company.
- Dividend declaration.
- Sale of material nature, investments and assets, if any ,which is not in the normal course of the business.
- Internal Audit Findings and External Audit Reports (through the Audit Committee).
- Proposals for investments, mergers and acquisitions, if any.
- Details of any joint venture, acquisitions of companies or collaboration agreement, if any.
- Making of loans and investment, if any, of surplus funds.
- Non compliance of any regulatory, statutory or listing requirements Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
- Significant labour problems, if any and their proposed solutions.

Meetings, Attendance, Directorships/Chairmanships -

During the year 7 (seven) board meetings held on 12.05.2012, 04.08.2012, 09.11.2012, 08.12.2013, 19.01.2013, 14.02.2013 and 30.03.2013 the details of the composition of the board, attendance of each Director at the Board meeting, last Annual General Meeting and the number of Directorship and Chairmanship/ Membership of Committee of each Director in other public companies are as follows :

Corporate Governance Report
for the year 2012 - 2013

Name of the Director	Category	Attendance particulars		No. of Directorship and other Committee Membership/ Chairmanship		
		Board Meeting	Last AGM	Directorship	Committee membership	Committee Chairmanship
Mr. Mahabir Prasad Jalan (Chairman)	Executive	6	Yes	Nil	Nil	Nil
Mr. Naresh Jalan (Managing Director)	Executive	7	Yes	Nil	Nil	Nil
Mr. Pawan Kumar Kedia (Finance Director)	Executive	7	Yes	Nil	Nil	Nil
Mr. Padam Kumar Khaitan	Non-Executive	5	Yes	10	3	2
Mr. Satish Kumar Mehta	Non-Executive	4	Yes	Nil	Nil	Nil
Mr. Subhasis Majumder	Non-Executive,	4	No	2	2	Nil
Mr. Surendra Mohan Lakhotia	Non-Executive	7	Yes	2	2	Nil
Mr. Ram Tawakya Singh	Non-Executive	2	Yes	Nil	Nil	Nil
Mr. Yudhisthir Lal Madan	Non-Executive	4	No	2	Nil	Nil

Notes :

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

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

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

d) None of the Directors have any business relationship with the Company.

e) None of the Directors received any loans and advances from the Company during the year.

f) None of the Directors hold Directorship in more than 15 Indian Public Limited Companies.

g) All the Directors have certified that the disqualifications mentioned under Section 274(1)(g) of the Companies Act, 1956 do not apply to them.

Role of Independent Directors

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

Board Meetings

During the Financial Year 2012-2013 the Company has held seven Board meetings. The gap between two meetings did not exceed four months. The details of the Board meetings are as follows :

Corporate Governance Report
for the year 2012 - 2013

Sl. No.	Dates	Strength	Presence of Directors
1	12.05.2012	9	7
2	04.08.2012	9	6
3	09.11.2012	9	9
4	08.12.2012	9	6
5	19.01.2013	9	5
6	14.02.2013	9	7
7	30.03.2013	9	5

3. COMMITTEES OF THE BOARD

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

A) Audit Committee

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

Composition

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

1)	Mr. Surendra Mohan Lakhotia	Chairman
2)	Mr. Satish Kumar Mehta	Member
3)	Mr. Subhasis Majumdar	Member

Terms of Reference

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

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position, sufficient and credible.

b) Recommending to the Board the appointment, reappointment and, if required, replacement or removal of the Statutory Auditors and the fixation of audit fees.

c) Approval of the payment to Statutory Auditors for any other service rendered by them.

d) Reviewing with the management the Annual Financial Statement before submission to the Board focusing primarily on :

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- Change in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgement by the management.

- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statement.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- The going concern assumption.

e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

f) Reviewing with the management, performance of Statutory and Internal Auditors and adequacy of internal control systems.

g) Reviewing the adequacy of the Internal Audit function, coverage and frequency of the internal audit.

h) Discussion with the Internal Auditors about any significant findings and follow-up thereon.

i) Reviewing the findings of the internal investigations by the Internal Auditors into the matters where there is a suspected fraud or irregularity or the failure of internal control systems of a material nature and reporting the matter to the Board.

j) Discussion with the Statutory Auditors before the audit commences, nature and the scope of the audit as well as post – audit discussions to ascertain any area of concern.

k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

l) Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing.

m) Reviewing with the Management the statement of uses/application of funds raised through issue (Public, Rights, Preferential etc), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

n) Approval of appointment of CFO or any other person heading the finance department or discharging that function after assessing the qualifications, experience & background, etc. of the candidate.

The Audit Committee *inter alia* has reviewed the following information :

1. Management Discussion and Analysis of financial conditions and results of operations.
2. Statement of the related party transactions submitted by the management.
3. Management letter/letter of internal control weakness issued by the Statutory Auditors.
4. Recommend the appointment of the Statutory Auditors to the Board.
5. Discussion on the internal audit report and the appointment, removal and terms of remuneration of the Internal Auditors.
6. The Quarterly/Half yearly/Annual financial performance of the Company before being presented to the Board.
7. Status of the compliance of the statutory payments of the Company.
8. Payments made to the Statutory Auditors.
9. Matters required to be included in the Director’s Responsibility Statement as per section 217 clause (2AA) of the mpanies Act, 1956.

Corporate Governance Report
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10. Compliance with listing and other legal requirements.

11. Reviewing with the Management the statement of uses/application of funds raised through Preferential issue.

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

Meetings and Attendance

During the year 2012-2013 the Committee has met four times.

1. The details of the Audit Committee meetings held during the Financial Year 2012-2013 are as follows :

Sl. No.	Dates	Strength	Presence of Directors
1	12.05.2012	3	3
2	04.08.2012	3	3
3	09.11.2012	3	3
4	14.02.2013	3	3

2. Attendance record at the Audit Committee meeting :

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

The necessary quorum was present at all the meetings.

B) Remuneration and Compensation Committee

Composition

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

1) Mr. Satish Kumar Mehta Chairman

2) Mr. Surendra Mohan Lakhotia Member

Terms of Reference

Terms of reference of Remuneration and Compensation Committee broadly includes the roles, powers and duties as vested under Schedule XIII to the Companies Act, 1956, and Clause 49 of the Listing Agreement with Stock Exchanges and for the implementation, administration and superintendence of the ESOP scheme(s) of the Company through a trust. It also comprises decision for remuneration payable to managerial personnel from time to time, deciding remuneration policy of the Company.

The Committee is responsible to :

i) Determine the policy on the remuneration package for Executive Directors.

ii) Determine the remuneration package of the Executive Directors.

iii) Such other matters as may be required to be considered as per the provisions of the Companies Act, 1956, Listing Agreement and other applicable statutes.

iv) Issue necessary guidelines to the ESOP Trust for the accomplishment of the ESOP Scheme(s).

v) Determine the quantum of options to be granted under any ESOP Scheme(s) per employee and in aggregate;

vi) Determine the conditions under which options vested in employees may lapse in case of termination of employment for misconduct;

vii) Determine the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period;

viii) Determine the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;

ix) Determine the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

x) Determine the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.

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

Meetings and Attendance

During the year 2012-2013 the Committee has met three times.

1. The details of the Remuneration and Compensation Committee meetings held during the Financial Year 2012-2013 are as follows :

Sl. No.	Dates	Strength	Presence of Directors
1.	12.05.2012	2	2
2.	03.10.2012	2	2
3.	14.02.2013	2	2

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

Sl. No.	Name	Category held during the year	No. of Meetings Attended	No. of Meeting(s)
1.	Mr. Satish Kumar Mehta	Independent	3	3
2.	Mr. Surendra Mohan Lakhotia	Independent	3	3

Details of Remuneration to Managing/Wholetime Directors

The details of the remuneration paid to the Managing/Wholetime Directors for the year 2012-2013 are as follows :

(₹ in Lakhs)

Sl. No.	Name of Director	Salary	Others	Total
1.	Mr. Mahabir Prasad Jalan	100.20	74.47	174.67
2.	Mr. Naresh Jalan	84.84	61.20	146.04
3.	Mr. Pawan Kumar Kedia	9.67	7.90	17.57
	Total			**338.28**

Note :

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

Corporate Governance Report
for the year 2012 - 2013

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

The Company has paid managerial remuneration of Rs. 338.28 Lakhs during the financial year 2012-13 out of which Rs.120.48 lakhs is in excess of the limits as laid down in the section 309(3) read with schedule XIII of the Companies Act,1956. Since the payment of the remuneration in excess of the limits requires approval of the Central Government the Company has made an application to the Central Government for payment of the excess remuneration and the approval is awaited.

Details of Sitting Fees to Non-Executive Directors

The details of the Sitting fees paid to the Non-Executive Directors for attending Board & Committee Meetings for the year 2012-2013 are as follows.

(₹ in Lakhs)

Sl. No.	Name of the Director	Sitting Fees
1	Mr. Ram Tawakya Singh	0.20
2	Mr. Padam Kumar Khaitan	0.50
3	Mr. Satish Kumar Mehta	0.95
4	Mr. Subhasis Majumder	0.80
5	Mr. Surendra Mohan Lakhotia	1.35
6	Mr. Yudhisthir Lal Madan	0.40
	Total	**4.20**

Details of Shareholding in the Company of Directors

Details of shares of the Company held by the Directors as on 31st March, 2013 are as below :-

Sl. No.	Name of Director	No. of shares held in individual Capacity	% of Total Holding
1	Mr. Mahabir Prasad Jalan	4,51,000	2.49
2	Mr. Naresh Jalan	2,85,750	1.57
3	Mr. Pawan Kumar Kedia	13,629	0.06

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

Service Contracts, Severance Fees & Notice Period

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

C. Management and Finance Committee

Composition

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

1) Mr. Mahabir Prasad Jalan
2) Mr. Naresh Jalan and
3) Mr. S. M. Lakhotia

Corporate Governance Report
for the year 2012 - 2013

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

Terms of Reference

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

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

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

D. Shareholders'/Investors' Grievance Committee

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

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

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

Name	Category
Mr. Satish Mehta	Independent, Non Executive
Mr. Surendra Mohan Lakhotia	Independent, Non Executive

Compliance Officer

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

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

Details of complaints received and redressed :

The details regarding complaints received and resolved during the financial year 2012-2013 are as follows :

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	21	21	0

Corporate Governance Report
for the year 2012 - 2013

4. GENERAL BODY MEETINGS

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

Financial Year	Details of Location	Date	Time	No. of Special Resolution Passed
2011-2012	Bharatiya Bhasha Parishad Kolkata - 700017	28.07.2012	11.00 A.M.	1
2010-2011	Bharatiya Bhasha Parishad Kolkata - 700017	30.06.2011	11.45 A.M.	2
2008 - 2009	Gyan Manch, 11 Pretoria Street Kolkata - 700 071	30.08.2010	11.45 A.M.	4

No Special resolution was passed in the year 2012-2013 through Postal Ballot and hence the provisions relating to the Postal Ballot were not applicable. None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing a special resolution through Postal Ballot. The Company shall comply with the requirements of the Postal Ballot as and when required.

5. DISCLOSURES

a) **Disclosure on materially significant Related Party Transactions :**

The Company places the statement of the related party transactions at every Audit Committee meeting. The Register of Contracts containing the transactions in which the Directors are interested are placed at the Board meetings. The disclosures of the related party transaction as per the Accounting Standard **(AS-18)** are set out in **Note. 33 of the Notes to the Accounts**. However, these transactions are not likely to have any conflict with the Company's interest.

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

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to the capital market during 2010-11 2011-12 and 2012-2013.

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

c) **Code of Conduct :**

The Board at its meeting held on 28th October, 2005 has adopted the Code of Conduct which lays down the procedures to be adhered to by the Board members and the Senior Management Personnel of the Company. The Code of Conduct is available on the Company's website i.e. www.ramkrishnaforgings.com. The declaration that the Code of Conduct has been complied by the Board and the Senior Management is given below.

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

In accordance with the clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March, 2013.

For **RAMKRISHNA FORGINGS LIMITED**

Naresh Jalan
(Managing Director)

d) **Proceeds of the Preferential Issue**

During the year the Company has at its Board Meeting held on 19th January, 2013, issued and allotted 2148400 shares to International Finance Corporation at a price of Rs. 128 per share, 781000 shares to M/s. Eastern Credit Capital Pvt Ltd, promoter group at a price of Rs. 128 per share & 30,77,000 warrants to M/s. Eastern Credit Capital Pvt Limited, promoter group at a price of Rs. 130 per warrant on a preferential basis. The warrants can be converted into equity shares of Rs. 10/- each at a premium of Rs. 120/- within 18 months from the date of allotment i,e 19th January 2013.

The Company has received 25 % of the issue price for 30,77,000 warrants at the time of allotment of the warrants as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

During the year the company at its Board Meeting held on 30th March, 2013 has upon receiving request allotted 18000 equity shares of Rs.10 each by conversion of 18000 warrants to M/s. Eastern Credit Capital Pvt Limited, Promoter group. On account of this Preferential Issue the Issued, Subscribed and Paid up Share capital has been increased to Rs.2109.59 Lakhs.

The utilisation of the preferential issue proceeds is provided at every meeting of the Audit Committee and the utilisation as on 31st March, 2013 is disclosed in note no. **2(i)** of the notes to Accounts.

e) **Disclosure of Accounting Treatment**

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

f) **CEO/CFO Certification**

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

g) **Risk Management**

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

h) **Subsidiary Company**

The Company has one Subsidiary Company i.e M/s. Globe Forex and Travels Limited w.e.f. from 10th January, 2013. The Company monitors performance of the Subsidiary Company in the best interest of the stakeholders by the following means :

a) All minutes of the Board Meetings of the Subsidiary Company are placed before the Company's Board regularly

b) A Statement containing all significant transactions and arrangements entered into by the Subsidiary Company are placed before the Company's Board.

Mr. S.M. Lakhotia, Independent Director of the Company has been appointed as a Director on the Board of M/s. Globe Forex and Travels Limited, a subsidiary of the Company.

i) **Management Discussion and Analysis Report**

It forms part of the Annual Report.

Corporate Governance Report

for the year 2012 - 2013

j) **Secretarial audit for Reconciliation of Share Capital**

The Securities and Exchange Board of India has directed vide **Circular No. CIR/MRD/DP/30/2010 dated 6th September, 2010** that all issuer companies shall submit a **'Certificate of Reconciliation of Share Capital'** reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid-up capital.

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

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

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

Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting :

❒ **Mr. Mahabir Prasad Jalan**

Mr Mahabir Prasad Jalan, son of Late Kishan Gopal Jalan, is the promoter of the company and is the Director since incorporation and is about 64 years of age. He is well experienced technocrat possessing all the qualities of a successful businessman. He has done his graduation in Mechanical Engineering in the year 1970 from BITS, Pilani. He is having more than 22 years of work experience in this industry. He has served many companies including Orient Paper Mills Limited, Spinning Accessories Ltd, Jaipur, Shalimar Wires Limited, Calicut Engg Works Limited at different Levels which provided him the insights to understand the industry and sharpen his vision. His career which started from shop floor eventually culminated into his first independent venture as Managing Partner of Tribeni Steel Forgings in the Year 1974. He finally promoted M/s. Ramkrishna Forgings Limited in the Year 1981 and since its inception is heading the organisation. He is a special invitee to All India Forgings Industry Association and is also the member of the Institute of Engineers for the last ten years. He has been a key member of the technical & execution team for the erection, commissioning and stabilization of the Ring Rolling Line. The Company has benefited from his rich and varied experience and continues to do so. He has been instrumental in the growth of the Company to its present level.

He holds Directorship in following other companies :

1. Riddhi Portfolio Pvt Ltd
2. Ramkrishna Rail and Infrastructure Pvt Ltd
3. Eastern Credit Capital Pvt Ltd
4. Clifftop Infrabuild Pvt Ltd
5. Northeast Infra Properties Pvt Ltd

He does not hold Committee Positions in any other Company.

He holds 451000 shares in the Company.

❒ **Mr. Satish Kumar Mehta**

Mr. Satish Kumar Mehta is a resident of Mumbai and is about 70 years of Age. He is a Non-Executive Independent Director of the company since 28th October, 2005. He is B.E (Mech), Diploma in Non-Traditional Machining Processors from Easco Sparcatron School, USA, Diploma in Production Management from Jamnalal

Bajaj Institute of Management, Mumbai and has about 36 years of Industrial Experience with various companies who are manufacturing Closed Die Forgings, Machined Crankshafts and Non- Traditional machine Tools.

He has developed India's first Electrical Discharge machine with electro Hydralic Servo mechanism. He has won a National Award in 1977 for his contribution in the field of Mechanical Engineering.

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

He is :

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

Member- Institute of Forging Technology, U.K.

Member- Institute of Engineers –India & Chartered Engineer.

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

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

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

He does not hold any share in the Company.

- **Mr. Surendra Mohan Lakhotia**

Mr. Surendra Mohan Lakhotia is a Non- Executive Independent Director of the company since 28th May, 2009 and is about 71 years of age. Mr. Lakhotia is a Chartered Accountant (rank holder). He has worked in diversified companies in the corporate sector. In early 80's, he joined as the Vice- President in Indian Rayon Industries Limited. He also worked as Senior Vice – President in Hindalco Industries Limited; Joint President in Hindalco Industries Limited and as Executive President in the management services Division of the Aditya Birla Group. He has won several awards for professional in Aditya Birla Group. He represented group in several conference abroad including at Harvard. He has been invitee faculty and speaker at IIM-Kolkata. Presently he is rendering professional services as a management consultant. He has gained extensive experience in all commercial and financial related matters.

He is holding Directorship in the following Companies.

1. Adhunik Metaliks Ltd
2. Adhunik Power Natural Resource Ltd.
3. Globe Forex & Travels Ltd.

He is holding Chairmanship/ Membership in the following Companies :

1. Membership in Audit Committee of Adhunik Metaliks Ltd
2. Membership in Audit Committee of Adhunik Power Natural Resource Ltd

He does not hold any share in the Company.

Corporate Governance Report
for the year 2012 - 2013

Directors seeking Appointment at the ensuing Annual General Meeting :

❒ **Mr. Ravi Lekhrajani**

Mr. Ravi Lekhrajani is about 44 years of age and has around 18 years' experience in the private equity industry in India, managing various offshore PE funds. He is a AICWA, MBA (Finance) and CPA (USA). He is on the board of 7 other reputed companies in India. He currently manages the Indian subsidiary of Wayzata Investment Partners, USA and will act as a Nominee Director of Wayzata II Indian Ocean Ltd

He is a director on the board of the following companies :

1. Phthalo Colours and Chemicals (India) Ltd.
2. Venkatesh Logistics Pvt. Ltd.
3. Biltube Industries Limited
4. Bhavya Cements Limited
5. Topack Fittings Ltd.
6. Tekno Steels & Forgings Pvt. Ltd.
7. WIP (India) Pvt. Ltd

He is holding Membership of the Audit Committee in the following Companies :

1. Phthalo Colours and Chemicals (India) Ltd.
2. Venkatesh Logistics Pvt. Ltd.
3. Biltube Industries Limited
4. Bhavya Cements Limited
5. Topack Fittings Ltd.
6. Tekno Steels & Forgings Pvt. Ltd.

He does not hold Chairmanship of any Committee in any Company.

He does not hold any share in the Company.

Directors seeking Re-Appointment at the ensuing Annual General Meeting :

❒ **Mr. Pawan Kumar Kedia**

Mr. Pawan Kumar Kedia aged around 56 years is a bachelor of Commerce with a diploma in Taxation. He possess an experience of about 26 years in various companies. He started his career as an Article clerk in M/s C. L. Saraf & Co and then worked as commercial manager in M/s Vishnu Straw Board and Indana Group for five to ten years respectively. Before joining the company in 1998, he worked with M/s Khaitan India Limited as Internal Auditor for two years.

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

He holds 13629 shares in the Company.

l) **Code of Conduct for Prevention of Insider Trading**

The Board has approved a comprehensive 'Ramkrishna Forgings Limited Code on Prevention of Insider Trading (hereinafter referred as code of conduct) in pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The objective of the code is to prevent an insider viz. Directors, Officers and Designated Employees from dealing in shares of the Company on the basis of Unpublished Price Sensitive

Information. The Trading window is closed on the occurrence of events as specified in the code. Permission of Compliance officer is required for dealing in shares beyond specific limit. The Company obtains declaration from the designated employee and the Directors on a Quarterly/ Annual basis under the code and places the same before the Board. The Company Secretary is the Compliance officer under the code.

6. MEANS OF COMMUNICATION

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

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

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

The Company has not made any presentations to the institutional investors or to the analysts during the financial year 2012-2013.

7. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting :

Date : 20th day of July, 2013

Time : 11.45 A.M.

Venue : Gyan Manch
11, Pretoria Street, Kolkata - 700 071

b) Financial Calendar :

The Financial Year of the Company is April 2013 to March 2014.

The probable dates for the publication of the quarterly results for the Financial Year 2013-14 will be within 45 days following the respective quarter and the Audited Financial Results for the year will be published within 60 days from the end of the financial year. Dividend Warrants will be posted to the shareholders within 30 days from the date of AGM.

c) Date of Book Closure : 13th July, 2013 to 20th July, 2013 (Both Days Inclusive).

d) Listing on Stock Exchange : and Depositories

1) Bombay Stock Exchange Limited (BSE).
2) The National Stock Exchange of India Limited (NSE).
3) National Securities Depository Limited (NSDL).
4) Central Depository Services (India) Limited (CDSL).

The Company confirms that it has paid the Annual Listing Fees to both the Stock Exchanges and the Depositories for the year 2013-14.

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

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

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

Corporate Governance Report
for the year 2012 - 2013

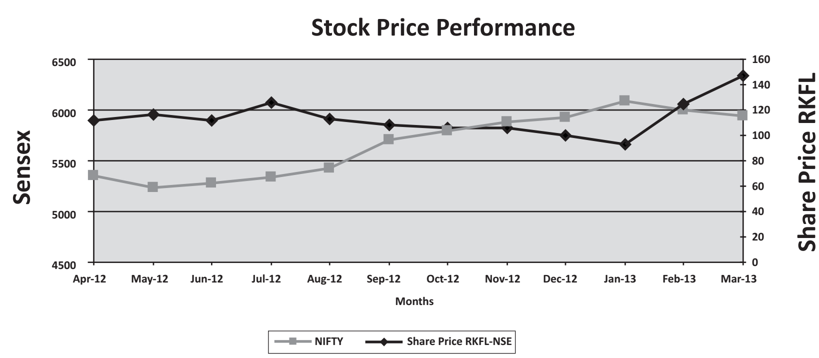
f) Market Price Data and the performance in comparison to NSE (NIFTY) and BSE (Sensex) :

The high and low closing prices during each month of the year 2012-2013 at NSE and BSE and the NSE NIFTY and SENSEX are as given below :

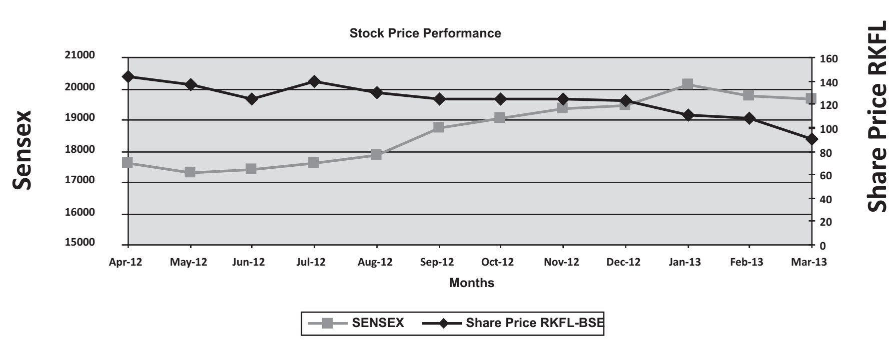
(Amount in ₹)

	SHARE PRICE NSE		SHARE PRICE BSE		S & P CNX NIFTY		SENSEX	
Months	High Price	Low Price	High Price	Low Price	High	Low	High	Low
April, 12	144.3	131.00	144.00	129.90	5358.50	5189.00	17597.42	17094.51
May, 12	137.65	118.45	137.05	117.05	5239.15	4835.65	17301.91	15948.10
June, 12	124.90	112.20	124.30	112.85	5278.90	4841.60	17429.98	15965.16
July, 12	129.00	104.40	138.95	105.05	5345.35	5043.00	17618.35	16639.82
August, 12	129.35	113.30	129.60	112.95	5421.00	5215.70	17885.26	17197.93
September, 12	123.00	117.60	124.50	118.25	5703.30	5225.70	18762.74	17313.34
October, 12	121.75	112.50	123.95	115.35	5787.60	5597.90	19058.15	18430.85
November, 12	126.15	112.10	124.50	114.00	5879.85	5571.40	19339.90	18309.37
December, 12	124.70	108.45	123.00	109.20	5930.90	5847.70	19486.80	19229.26
January, 13	110.95	98.00	110.55	96.75	6082.30	5950.85	20103.53	19580.81
February, 13	108.10	87.95	108.45	89.00	5998.90	5693.05	19781.19	18861.54
March, 13	90.45	69.15	90.45	70.15	5945.70	5633.85	19683.23	18681.42

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



Comparison chart of price performance of the Company with Sensex



Corporate Governance Report
for the year 2012 - 2013

h) Registrar and Transfer Agent : M/s. Karvy Computershare (P) Ltd.
Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081

i) Share Transfer System :

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

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

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

j) Distribution of shareholding as on 31st March, 2013 :

Category (Shares)	No. of Holders	No. of Shares	% of Total Shares
0001 - 500	2,685	3,30,833	1.44
0501 - 1000	193	1,55,143	0.74
1001 - 2000	87	1,51,061	0.72
2001 - 3000	41	1,07,888	0.51
3001 - 4000	18	65,001	0.31
4001 - 5000	11	52,928	0.25
5001 - 10000	26	2,01,664	0.96
10001 and above	40	2,00,58,422	95.08
TOTAL	**3,100**	**2,10,95,940**	**100.00**

Pattern of Shareholding as on 31st March, 2013

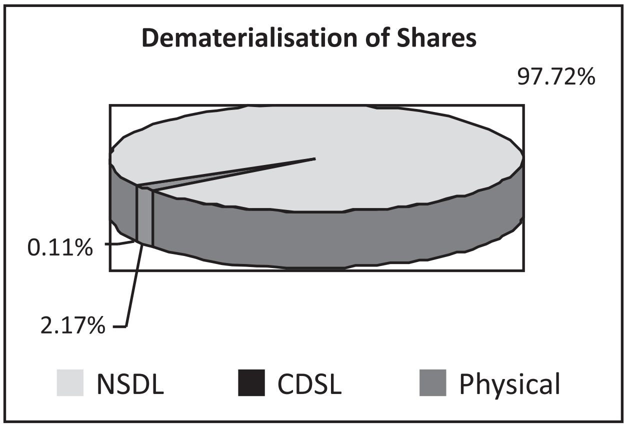
Sl. No	Category	No. of Shares Held	%
1	Promoters Group	10538163	49.95
2	Institution Others (IFC)	2148400	10.18
3	Mutual Funds	3637444	17.24
4	HUF	117673	0.56
5	Foreign Institutional Investor	252828	1.20
6	Non Resident Indians	3979	0.02
7	Bodies Corporates	1441677	6.83
8	Indian Public/Others	2955678	14.01
9	Clearing Members	98	0.00
	TOTAL	**21095940**	**100.00**

Corporate Governance Report
for the year 2012 - 2013

k) Dematerialisation of Shares as on 31st March, 2013 :

Description	No. of Shareholders	Shares	%
PHYSICAL	15	23,135	0.11
NSDL	2,217	2,06,14,626	97.72
CDSL	868	4,58,179	2.17
TOTAL	**3,100**	**2,10,95,940**	**100.00**

The shares of the Company are traded only in dematerialised form. 2,10,72,805 shares, which consist of about 99.89% of paid up Equity Share Capital of the Company are held in a dematerialised form as on 31st March, 2013.



l) Unclaimed & Unpaid Dividend :

The amount of unclaimed dividend are lying credit in separate bank accounts. Members may please note that pursuant to Section 205-C of the Companies Act, 1956 the amount lying in credit of any unpaid dividend account if remained un-claimed for 7 years from the date they became due for payment shall be transferred to the Investor Education and Protection Fund. As on 31st March, 2013 the following amounts are unclaimed and lying credit in separate bank accounts with various banks.

F.Y.	Date of Declaration	Amount Unclaimed/Unpaid as on 31.03.2013 (in Rs.)	Bankers's name in which the amount is lying unpaid
2005-06	N.A.	N.A.	N.A.
2006-07	15-09-2007	32,641	HDFC Bank Ltd
2007-08	30-08-2008	18,865	Kotak Mahindra Bank Ltd
2008-09	N.A.	N.A.	N.A.
2009-10	07-08-2010	46,072	IDBI Bank Ltd
2010-11	30-06-2011	22,394	IDBI Bank Ltd
2011-12	28-07-2012	24,376	ICICI Bank Ltd

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

The Company has allotted 3077000 warrants on 19th January, 2013 to M/s. Eastern Credit Capital Pvt Ltd which needs to be converted into Equity Shares within 18 months from the date of allotment. Out of the above, 18000 warrants have been converted into equity shares on 30th March, 2013 at a price of Rs.130 per share and 3059000 warrants are outstanding as on 31st March, 2013 which can be converted in 3059000 equity shares.

n) Plant Locations :

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

o) Address for correspondence :

i) For shares held in physical and demat form :

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

ii) For General Information :

M/s. Ramkrishna Forgings Limited
"Ramkrishna Chambers", 72, Shakespeare Sarani, Kolkata - 700017, West Bengal
Tel : +91 33 3984 0900, Fax : +91 33 3984 0998
E mail : neha.gupta@ramkrishnaforgings.com
Website: www.ramkrishnaforgings.com

NON-MANDATORY REQUIREMENTS

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

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

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

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

e) **Training of Board members** : The Directors interact with the management in a very free and open manner on any information that may be required by them on orientation and factory visits. The Independent Directors are encouraged to attend training programmes that may be of relevance and interest to the Directors in discharging their responsibilities to the Company's stakeholders under the emerging business environment.

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

g) **Whistle Blower Mechanism** : The Company does not have a Whistle Blower Mechanism.

Auditor's Certificate on Corporate Governance

To the Members of
Ramkrishna Forgings Ltd.

We have examined the compliance of the conditions of Corporate Governance by RAMKRISHNA FORGINGS LIMITED for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

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

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

1B, Old Post Office Street
Kolkata - 700 001
Dated : the 18th day of May, 2013

Rajiv Singhi
(Partner)
Membership No.53518

Independent Auditors' Report

TO THE MEMBERS OF
RAMKRISHNA FORGINGS LTD.

We have audited the accompanying financial statements of **RAMKRISHNA FORGINGS LIMITED** (the Company), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2013

b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date, and

c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

1. We draw attention to Note No. 31 to the financial statements which describes that the company has paid managerial remuneration of Rs.338.29 Lakhs during the financial year 2012-13 out of which Rs. 120.48 Lakhs is in excess of the limits as laid down in the section 309 (3) read with schedule XIII of the Companies Act, 1956. Since the payment of the remuneration in excess of the limits requires approval of the Central Government the company has made an application to the Central Government and the approval is awaited. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

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

2) As required by section 227(3) of the Act, we report that :

Independent Auditors' Report

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) in our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.

c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with the this report are in agreement with the books of account.

d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

e) on the basis of written representations received from the Directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Rajiv Singhi
Partner
Membership No. 53518

Place : Kolkata
Dated : the 18th day of May, 2013

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

Re : Ramkrishna Forgings Ltd. (the Company)

I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased program of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to size of the Company and nature of its business.

(c) There was no substantial disposal of fixed assets during the year.

II. (a) The inventories have been physically verified at reasonable intervals during the year by the management except materials lying with third parties, where confirmations are obtained.

(b) In our opinion, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained proper records of inventories. The discrepancies between the physical stocks and book stocks, which are not significant, have been properly dealt with in the books of account.

III. (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Hence Clauses 3 (b), (c), (d) of the order are not applicable to the Company.

(e) As per the information furnished, the Company has taken interest bearing unsecured loan from two companies listed in the register maintained under Section 301 of the Companies Act, 1956. In respect of the said loans, the maximum amount outstanding at anytime during the year was Rs.3,009.19 lacs and the year end balance is Nil.

(f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of the loans taken by the company, are not prima facie prejudicial to the interest of the company.

(g) The principal amount of the loan is repayable on demand and interest thereon is paid regularly as per the stipulated terms.

Independent Auditors' Report

IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books of accounts and according to the information and explanation given to us, we have not come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control system.

V. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies act,1956 have been so entered.

(b) As per the information and explanations give to us there are no contract or arrangements made for transactions exceeding Rupees 5,00,000 in respect of each party, for sale and purchase of goods and services in pursuance of section 301 of the company's Act,1956.

VI. The Company has not accepted any fixed deposit from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.

VII. In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and nature of its business.

VIII. We have broadly reviewed the books of accounts maintained by Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act 1956 and are of the opinion that, prima facie ,the prescribed records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

IX. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us and the records of the Company examined by us, no undisputed statutory dues as above were outstanding as at 31st March, 2013 for a period of more than 6 months from the date they became payable.

(b) As per the information and explanations given to us and as per the records of the company there are no dues of Wealth Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute. The due of the Income Tax, Service Tax & Sales Tax which has not been deposited on account of any dispute and forum where the dispute is pending is given as under :-

Name of the status	Nature of Dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act,1961.	Income Tax	11.99	2007-08 and 2008-09	CIT (Appeal) Kolkata.
Service Tax under Finance Act, 1994.	Service Tax	35.98	2004-05 to 2006-07	CESTAT Kolkata.
WB Value Added Tax Act, 2003.	Sales Tax	7.36	2009-10	The Joint Commissioner of Sales Tax, Kolkata.
Jharkhand VAT Act 2005.	Sales Tax	7.41	Nov.'12	The Joint Commissioner of (Appeals) - Sales Tax, Jamshedpur.

X. The Company has no accumulated losses as at 31stMarch 2012 and has not incurred cash losses in the current financial year ended on that date and in the immediately preceding financial year.

XI. Based on our audit procedures and on the basis of information and explanations given to us the Company has not defaulted in repayment of dues to Financial Institutions or Banks.

Independent Auditors' Report

XII. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

XIII. Provisions of any special statute applicable to chit fund are not applicable to the Company.

XIV. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The Company has maintained proper records of transactions and contracts in respect of Shares, Securities, Debentures and other Investments and timely entries have been made therein. The Shares, Securities, Debentures and other Investments have been held by the Company, in its own name except to the extent of exemption granted under section 49 of the Companies Act, 1956.

XV. As per the information the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.

XVI. According to the information and explanations given to us the Company has applied term loans for the purpose for which they were obtained during the year.

XVII. On the basis of our examination of the Balance Sheet and Cash Flow Statement and according to the information and explanations given to us, the fund raised on Short Term basis, during the year, have not been used for Long Term investments.

XVIII. During the year under Audit, the Company has made preferential allotment of equity shares to a Company covered in the register maintained under section 301 of the Companies Act, 1956. The price at which the shares have been issued has been determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation 2009, which in our opinion is not prejudicial to the interest of the Company.

XIX. The Company has not issued debentures during the year.

XX. The Company has not raised any money by Public Issue during the year.

XXI. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor we have been informed of such cases by the management.

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

Rajiv Singhi
Partner
Membership No. 53518

Place : Kolkata
Dated : the 18th day of May, 2013

Balance Sheet as at 31st March, 2013

(₹ in Lakhs)

	Note No.	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	'2'	2,109.59	1,814.85
Reserves and Surplus	'3'	22,022.93	17,028.20
Money received against Share Warrants		1,276.63	–
		25,409.15	**18,843.05**
Non-Current Liabilities			
Long-Term Borrowings	'4'	12,752.87	8,206.12
Deferred Tax Liabilities	'5'	3,183.20	2,528.80
Long-Term Provisions	'6'	21.07	41.82
		15,957.14	**10,776.74**
Current Liabilities			
Short-Term Borrowings	'7'	10,150.09	7,099.44
Trade Payables	'8'	5,349.43	7,960.89
Other Current Liabilities	'9'	5,422.89	4,139.60
Short-Term Provisions	'10'	349.36	466.82
		21,271.77	**19,666.75**
		62,638.06	**49,286.54**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	'11'	23,967.92	24,447.27
Intangible Assets	'11'	256.08	189.26
Capital Work-in-Progress		3,962.47	360.71
Intangible Assets under Development		–	53.44
Non-Current Investments	'12'	586.46	0.50
Long-Term Loans and Advances	'13'	6,766.07	1,849.56
Other Non-Current Assets	'14'	67.20	51.81
		35,606.20	**26,952.55**
Current Assets			
Inventories	'15'	14,918.73	13,100.75
Trade Receivables	'16'	8,027.43	7,092.73
Cash and Bank Balances	'17'	299.15	30.00
Short-Term Loans and Advances	'18'	2,352.07	870.90
Other Current Assets	'19'	1,434.48	1,239.61
		27,031.86	**22,333.99**
		62,638.06	**49,286.54**
Significant Accounting Policies	'1'		
Accompanying Notes are integral part of the financial statement.			

As per our attached report of even date

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

Dated : 18th day of May, 2013
1B, Old Post Office Street, Kolkata - 700 001

For and on behalf of the Board

Mahabir Prasad Jalan *(Chairman)*

Naresh Jalan *(Managing Director)*

Pawan Kumar Kedia *(Finance Director)*

Alok Kumar Sharda *(Chief Financial Officer)*

Rajesh Mundhra *(Company Secretary)*

Statement of Profit & Loss for the year ended 31st March, 2013

(₹ in Lakhs)

	Note No.	For the year ended 31st March, 2013	For the year ended 31st March, 2012
REVENUES			
Revenue from Operations (Gross)	'20'	44,529.67	54,631.00
Less : Excise Duty		4,139.97	4,504.71
Revenue from Operations (Net)		**40,389.70**	**50,126.29**
Other Income	'21'	132.97	76.50
Total Revenues		**40,522.67**	**50,202.79**
EXPENSES			
Cost of Raw Materials Consumed	'22'	22,654.70	28,724.08
Changes in Inventories	'23'	(1,800.00)	(956.39)
Employee Benefits Expenses	'24'	2,806.99	2,680.45
Power & Fuel		4,445.22	4,648.02
Finance Costs	'25'	2,042.48	1,878.89
Depreciation and Amortization Expenses	'26'	2,262.21	2,706.74
Other Expenses	'27'	6,250.67	6,936.48
Total Expenses		**38,662.27**	**46,618.27**
Profit before tax		**1,860.40**	**3,584.52**
Tax Expense :			
Current tax		368.00	1,049.00
MAT Credit Entitlement		(261.00)	–
Tax adjustments for earlier years (Net)		(3.88)	21.10
Deferred tax		654.40	85.50
Profit/(Loss) for the period		**1,102.88**	**2,428.92**
Earnings per Share (EPS) (Weighted Average) :			
Basic EPS (in ₹)		**5.89**	**13.61**
Diluted EPS (in ₹)		**5.89**	**13.61**
Significant Accounting Policies	'1'		
Accompanying Notes are integral part of the financial statement.			

As per our attached report of even date

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

Dated : 18th day of May, 2013
1B, Old Post Office Street, Kolkata - 700 001

For and on behalf of the Board

Mahabir Prasad Jalan *(Chairman)*

Naresh Jalan *(Managing Director)*

Pawan Kumar Kedia *(Finance Director)*

Alok Kumar Sharda *(Chief Financial Officer)*

Rajesh Mundhra *(Company Secretary)*

Cash Flow Statement for the year ended 31st March, 2013

(₹ in Lakhs)

	Particulars	2012 - 13	2011 - 12
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	NET (LOSS)/PROFIT BEFORE EXTRAORDINARY ITEM AND TAXES	1,860.40	3,584.51
	Adjustments for :		
	Depreciation	2,262.21	2,706.74
	Sundry Balance written (back)/Off	(31.70)	9.33
	(Profit)/Loss on sale of Fixed Assets/Discarded Assets	17.37	7.84
	Employees Stock Option Expenses	30.20	67.01
	Interest Income	(86.61)	(49.26)
	Interest Expense	2,042.48	1,878.89
	(Profit)/Loss on sale of Mutual Fund/Shares	–	29.77
	Bad Debts Written Off	–	72.06
	Effect of Exchange rate change (Net)	(36.84)	56.21
	Dividend Income	(20.31)	(15.56)
	Operating Profit/(Loss) before Working Capital Changes	**6,037.20**	**8,347.54**
	Movements in Working Capital		
	Decrease/(Increase) in Trade Receivable	(909.06)	(1,387.84)
	Decrease/(Increase) in Loans & Advances & Others Current Assets	(6,641.82)	(421.90)
	Decrease/(Increase) in Inventories	(1,817.99)	(1,606.26)
	(Decrease)/Increase in Trade Payables	(2,568.57)	3,695.89
	(Decrease)/Increase in Loans & Others Current Liabilities	502.76	(83.67)
	Direct Tax paid	(451.20)	(798.64)
		(11,885.86)	**(602.43)**
	Net Cash from/(used in) Operating Activities (A)	**(5,848.66)**	**7,745.09**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of Fixed Assets(Including Capital Work in Progress)	(5,795.85)	(4,307.34)
	Proceeds from Sale of Fixed Assets/Adjusted	924.30	67.32
	Loan and Advanced to Subsidiary	(564.16)	–
	Investment in Shares in Subsidiary	(575.96)	–
	Investment in Shares in Others	(10.00)	–
	Advances Recoverable from ESOP Trust	(186.82)	(191.09)
	Sale of Investments	–	111.64
	Interest Received	55.13	36.49
	Dividend Received	20.31	15.56
	Net Cash Outflow from Investing Activities (B)	**(6,133.06)**	**(4,267.41)**

Cash Flow Statement for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	2012 - 13	2011 - 12
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital including Securities Premium	3,773.03	620.81
Share Warrant Allotment Money Received	1,276.63	–
Capital Subsidy against Sales Tax Paid	1,309.40	174.06
Capital Subsidy against Fixed Assets	567.63	–
Proceeds from Long Term Borrowings	8,838.77	4,683.68
Repayment of Long Term Borrowings	(3,724.32)	(3,902.68)
Short Term Borrowings (Net)	3,050.65	(2,861.23)
Interest Paid	(2,419.08)	(1,984.70)
Dividend including Dividend Tax	(421.85)	(403.96)
Net Cash Inflow from Financing Activities (C)	**12,250.86**	**(3,674.02)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**269.14**	**(196.34)**
Cash and Cash Equivalents as at 01-04-2012	30.00	226.33
Cash and Cash Equivalents as at 31-03-2013	299.14	30.00
Net Increase/(Decrease) in Cash and Cash Equivalents	**269.14**	**(196.34)**

Notes :

a) Above statement has been prepared under indirect method except in case of interest, dividends and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.

b) Addition to Fixed Assets are stated inclusive of interest capitalised and movements of capital work in progress in between beginning and end of the year and treated as part of Investing Activities.

c) Cash and Cash Equivalents Include :

	2012 - 13	2011 - 12
- Cash in hand	12.20	8.06
- **With Scheduled Bank**		
a) Fixed Deposit Account	250.00	15.00
b) Current Account	36.95	6.94
	299.14	**30.00**

d) Closing Cash and Cash Equivalents represents "Cash & Bank Balance" except ₹ 1.44 Lakhs lying in Current Account with schedule bank on account of unclaimed dividends which are not available for use by the Company.

e) Closing Cash and Cash Equivalents represents "Cash & Bank Balance" except ₹ 250.00 Lakhs lying in Fixed Deposit with schedule bank which has been pledged as security and are not available for use by the Company.

As per our attached report of even date

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

Dated : 18th day of May, 2013
1B, Old Post Office Street, Kolkata - 700 001

For and on behalf of the Board

Mahabir Prasad Jalan *(Chairman)*

Naresh Jalan *(Managing Director)*

Pawan Kumar Kedia *(Finance Director)*

Alok Kumar Sharda *(Chief Financial Officer)*

Rajesh Mundhra *(Company Secretary)*

Notes to the Financial Statements for the year ended 31st March, 2013

1. Significant Accounting Policies

a. ***Accounting Convention***

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

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

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

b. ***Use of Estimates***

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

c. ***Fixed Assets***

(i) Fixed assets are stated at cost less accumulated depreciation. Cost includes cost of acquisition, construction and improvement made, which are inclusive of freight, duty (net of Cenvat), taxes, incidental expenses, interest and fund raising cost and other pre-operative expenses apportioned.

(ii) Capital work-in-progress are stated at cost including interest, fund raising cost and related expenses incurred during construction or pre-operative period.

(iii) Machinery spares which can be used only in connection with an item of Fixed Asset and whose use as per technical assessment is expected to be irregular are capitalised and depreciated prospectively over the residual life of the respective assets.

d. ***Depreciation and Amortization***

(i) Depreciation on tangible fixed assets is provided during the year on straight line method (SLM) at the rates and in the manner specified in the Schedule XIV of the Companies Act 1956.

(ii) Depreciation on assets added/disposed off during the year is provided on pro-rata basis

(iii) Depreciation on change in the value of fixed assets due to exchange rate fluctuation has been provided prospectively over the residual life of the respective assets.

(iv) Leasehold lands are amortized over the lease period.

(v) Intangible Assets are amortized over their useful life on straight line basis.

e. ***Impairment of Assets***

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

Notes to the Financial Statements for the year ended 31st March, 2013

f. ***Inventories***

Inventories are valued at lower of cost or net realisable value after providing for obsolescence, if any. Cost of inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sale. Cost of Inventories of raw materials, stores and spares and fuel are determined on weighted average method. Inventories of finished goods and work in progress are valued at weighted average method which includes material cost, cost of conversion, depreciation and other overheads to the extent applicable. Scrap is valued at net realisable value.

g. ***Investments***

(i) Long term investments are stated at cost less provisions, if any for diminution in value, which are considered to be other than temporary in nature.

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

h. ***Foreign Currency Transactions***

(i) Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Year end balance of foreign currency transaction are translated at the year end rate.

(ii) Any Income or Expense on account of exchange rate difference either on settlement or on translation is recognized in the Statement of Profit & Loss except in case of long term borrowings relating to acquisition of fixed assets where resultant exchange rate difference has been been adjusted to the carrying cost of such assets.

(iii) In respect of transactions covered under forward foreign exchange contracts the difference between the forwards rate and the exchange rate at the inception of contract is recognized as income or expense over the life of the contract.

i. ***Employee benefits***

(i) Short term employees benefits are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which related service is rendered.

(ii) Post employment and other long term benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expenses are recognized at the present value of the amount payable determined at the year end on the basis of an actuarial valuation using projected unit credit method. Actuarial gains and losses in respect of post employment and other long term benefit are charged to Statement of Profit & Loss.

(iii) The Company’s contribution to the Provident Fund and the Family pension fund are charged to Statement of Profit & Loss.

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

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

Notes to the Financial Statements as at 31st March, 2013

k. ***Revenue Recognition***

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

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

l. ***Borrowing Cost***

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

m. ***Government Grant***

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

n. ***Taxation***

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

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

o. ***Excise Duty***

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

p. ***Earning per Share***

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

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

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

Notes to the Financial Statements as at 31st March, 2013

2. Share Capital :

	As at			
	31/03/2013		31/03/2012	
	Numbers	(₹ in Lakhs)	Numbers	(₹ in Lakhs)
Authorized :				
Equity Shares of ₹ 10/- each	2,97,50,000	2,975.00	2,10,00,000	2,100.00
		2,975.00		**2,100.00**
Issued :				
Equity Shares of ₹ 10/- each	2,10,95,940	2,109.59	1,81,48,540	1,814.85
		2,109.59		**1,814.85**
Subscribed and Paid-up :				
Equity Shares of ₹ 10/- each fully paid-up	2,10,95,940	2,109.59	1,81,48,540	1,814.855
		2,109.59		**1,814.85**

i) The Company had issued 30,77,000 warrants to M/s. Eastern Credit Capital (P) Limited (Formally Eastern Credit Capital Limited), Promoter on a preferential basis at a price of 130 per warrant during the year. The warrants could be converted into equity shares of ₹ 10/- each at a premium of ₹ 120/- within 18 months from the date of allotment i.e 19th January, 2013. The company has received ₹ 1000.03 Lakhs representing 25% of the issue price as warrant allotment money.

The Company had also on 19th January,2013 issued and allotted 7,81,000 equity shares of 10/- each to M/s. Eastern Credit Capital (P) Limited (Formally Eastern Credit Capital Limited), Promoter and 21,48,400 equity shares to International Finance Corporation of ₹ 10/- each at 128/- per share.

During the year the Company had received a request for the conversion of 18,000 warrants into equity shares from M/s. Eastern Credit Capital (P) Limited (Formally Eastern Credit Capital Limited), Promoter, along with the balance consideration of 75% of the issue price of 17.55 lakhs which was allotted on 30th March,2013.

The Company has received 4,767.21 lakhs from the above mentioned issue of equity shares and the same has been utilized for financing the capital expenditure in respect of projects undertaken by the Company.

The balance amount received towards further conversion of the warrants into equity shares being ₹ 282.45 lakhs is lying in the bank accounts of the Company.

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

Equity Shares	As at	
	31/03/2013	**31/03/2012**
Outstanding at the beginning of the year	1,81,48,540	1,64,28,540
Add : Shares issued on Allotment	29,29,400	–
Add : Shares issued on conversion of warrants	18,000	17,20,000
Outstanding at the end of the year	2,10,95,940	1,81,48,540

b. The Company does not have any Holding Company.

c. The Company has issued 30,77,000 warrants which can be converted into 30,77,000 equity shares of ₹ 10/- each to M/s. Eastern Credit Capital (P) Ltd. (Formerly known as Eastern Credit Capital Limited) at the price of ₹ 130/- per share.

d. **Right, Preference and restrictions attached to Shares :**

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each share holder is

Notes to the Financial Statements as at 31st March, 2013

eligible for one vote per share held. The dividend proposed by the Board of Director is subject to the approval of the shareholderes in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

For the year ended 31st March, 2013, the Board of Directors of the Company has recommended dividend of ₹ 1/- per share (Previous year ₹ 2 per share) to equity shareholders aggregating to ₹ 251.09 lakhs (Previous year ₹ 362.97 lakhs). The total payout together with the corporate dividend distribution tax of ₹ 42.69 lakhs (Previous year ₹ 58.88 lakhs), will be ₹ 293.78 lakhs (Previous year ₹ 421.85 lakhs).

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

	Name of Shareholder	As at 31/03/2013		As at 31/03/2012	
		Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
1	Riddhi Portfolio Private Limited	60,24,913	28.56%	56,36,037	31.06%
2	Eastern Credit Capital (P) Ltd.	29,69,000	14.07%	23,35,000	12.87%
3	Unit Trust of India Investment Advisory Services Limited TD- A/C Ascent India Limited	22,13,000	10.49%	22,13,000	12.19%
4	Reliance Capital Trustee Co. Ltd. - A/C Reliance Tax Saver (ELSS) Fund	14,24,444	6.75%	14,24,444	7.85%
5	Lata Bhanshali	7,68,812	3.64%	10,00,000	5.51%
6	International Finance Corporation	21,48,400	10.18%	-	–

f. Share options granted under the employee share option plan (ESOP 2009) through trust route by acquisition of shares from the market. Refer Note No. 42.

g. The Company has not reserved any shares for issue of option and contract/commitment for sales of shares /disinvestment.

h. The Company during the preceding 5 years -

i. Has not allotted shares pursuant to contracts with payment being received in cash.

ii. Has not allotted shares as fully paid up by way of bonus shares.

iii. Has not bought back any shares.

i. There are no calls unpaid by Directors/Officers.

j. The Company has not forfeited any shares.

3. Reserves and Surplus :

Reserves and Surplus consist of the following : (₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
(a) **Capital Reserve**		
As per last Financial Statement	2,019.81	554.92
Add : Forfeiture of Share Warrant Money	–	585.87
Add : Capital Subsidy received	738.27	879.02
	2,758.08	**2,019.81**

Notes to the Financial Statements as at 31st March, 2013

(₹ in Lakhs)

		As at	
		31/03/2013	31/03/2012
(b)	**Securities Premium Account**		
	As per last Financial Statement	5,810.32	4,133.32
	Add : On Issue of preferential shares	3,456.69	–
	Add : On conversion of warrants into equity shares	21.60	1,677.00
		9,288.61	**5,810.32**
(c)	**Employee Stock Options Outstanding**		
	Employee Stock Options Outstanding	143.61	212.00
	Less : Deferred Employee Compensation	11.12	48.58
		132.49	**163.42**
(d)	**General Reserve**		
	As per last Financial Statement	548.15	363.15
	Add : On transfer from Profit and Loss Account	100.00	185.00
		648.15	**548.15**
(e)	**Surplus in the Statement of Profit and Loss Account**		
	As per last Financial Statement	8,486.50	6,686.51
	Add : Profit for the period	1,102.88	2,428.92
		9,589.38	9,115.43
	Less : Dividend & Tax on Dividend paid (2010-11)	–	22.08
	Less : Proposed Dividend on Equity Shares	251.09	362.97
	Less : Tax on Proposed Equity Dividend	42.69	58.88
	Less : Transfer to General Reserve	100.00	185.00
		9,195.60	**8,486.50**
		22,022.93	**17,028.20**

4. Long-Term Borrowings

(₹ in Lakhs)

	Non Current portion As at		Current Maturities As at	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
Secured				
From Banks				
Term Loan	12,684.03	7,068.45	2,011.31	2,443.60
	12,684.03	**7,068.45**	**2,011.31**	**2,443.60**
Unsecured				
From Banks				
Term Loan	–	1,000.00	1,000.00	–
VAT Deferrement Payment Scheme	68.84	137.67	68.84	68.84
	68.84	**1,137.67**	**1,068.84**	**68.84**
	12,752.87	**8,206.12**	**3,080.15**	**2,512.44**
Less : Disclosed under the head current liabilities	–	–	3,080.15	2,512.44
	12,752.87	**8,206.12**	**–**	**–**

(a) **Securities**

(i) Term loans (except those which are having exclusive charge) are secured by way of first pari-passu charge over all immovable and moveable fixed assets of the Company excluding those assets for which there is an exclusive charge of other bankers and office property at 16 Camac Street, 6th Floor, Kolkata - 700 017 and subject to charges of the Company's bankers created/ to be created in their favour for working capital loans. It is further secured by the second charge on the current assets of the Company excluding hundies of Tata motors discounted by State Bank of India.

(ii) Term Loan from Development Credit Bank is secured by the subservient charge on the current assets of the Company and collateral security of land alongwith building at 72, Shakespeare Sarani. Kolkata-17

(iii) Term loan from Hongkong and Shanghai Banking Corporation Limited is secured by the specific charge on the assets financed by them.

(iv) The above secured term loan include buyer credit amounting to ₹ 663.52 lakhs which is subject to rollover at their respective due dates.

(b) **Repayment schedule is as follows :** (₹ in Lakhs)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 to 2024-2025	Total
Secured									
Term Loan & Buyer's Credit	2,011.31	2,782.03	2,134.74	2,254.74	1,293.67	942.24	681.81	2,594.80	14,695.34
Unsecured									
Term Loan	1,000.00	–	–	–	–	–	–	–	1,000.00
VAT Deferrement Scheme	68.84	68.84	–	–	–	–	–	–	137.68
Total									**15,833.02**

(c) **Interest Rate**

Term loan from financial institutions/Bank carries interest @ 1.67% to 13% p.a.

Repayment in quarterly/half yearly instalments. The term Loan of Hongkong and Shanghai Banking Corporation Limited will be repaid at a time at the end of the period of buyer credit

VAT Deferrement Payment Scheme is interest free and payable in half yearly instalments of ₹ 34.42 lakhs each till 31st March 2015.

5. Deferred Tax

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

(₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
(a) **Deferred Tax Liabilities**		
Depreciation and Amortization Expenses	3,209.26	2,547.83
	3,209.26	**2,547.83**
(b) **Deferred Tax Assets**		
On Retirement benefits expenses as per AS - 15	26.06	19.03
	26.06	**19.03**
Deferred Tax Liabilities (Net)	**3,183.20**	**2,528.80**

Notes to the Financial Statements as at 31st March, 2013

6. Long-Term Provisions

Long-Term Provisions consist of the following : (₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
Provision for Employee Benefits	21.07	13.70
Other liability #	–	28.12
	21.07	**41.82**

Other liability represents liability towards ESOP Trust

7. Short-Term Borrowings (₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
Secured		
Loans repayable on demand		
From Bank - Working Capital Loan	9,757.57	6,224.68
	9,757.57	**6,224.68**
Unsecured		
Loans repayable on demand :		
From Bank	392.52	9.78
Loans and Advances from Related Parties	–	864.98
	392.52	874.76
	10,150.09	**7,099.44**

(a) **Securities**

(i) Working capital loans from banks are secured by first pari-passu charge on current assets of the Company, excluding hundies of Tata Motors discounted by State Bank of India and second pari-passu charge on the entire fixed assets of the Company, excluding assets which are exclusively charged to other lenders and office property at 16 Camac Street, 6th Floor, Kolkata - 700 017 subject to prior charges in favour of banks created/to be created in respect of any existing/future financial assistance/accommodation which has been/may be obtained by the Company. State Bank of India has exclusive charge on the debtors of Tata Motors for the hundies discounted by them.

8. Trade Payables

Trade Payables consist of the following : (₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
Micro, Small and Medium Enterprises (Refer Note No. 44)	14.68	8.58
Others	5,334.75	7,952.31
	5,349.43	**7,960.89**

Notes to the Financial Statements as at 31st March, 2013

9. Other Current Liabilities

Other Current Liabilities consist of the following : (₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
Current maturities of long-term debt	3,080.15	2,512.44
Interest accrued but not due on borrowings	63.56	46.81
Amount shall be credited to Investor's Education and Protection Fund (as and when due)		
Unpaid Dividends	1.44	2.42
Sundry Creditor for Capital Goods	981.00	830.54
Advance from Customers	40.12	25.07
Payable to Employees	424.68	352.11
Statutory dues	145.97	75.51
Other Payables #	685.97	294.70
	5,422.89	**4,139.60**

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

10. Short-Term Provisions

Short-Term Provisions consist of the following : (₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
Employee Benefits		
- Gratuity	52.35	42.45
- Leave Encashment	3.23	2.51
Proposed Dividends	251.09	362.97
Tax on Proposed Dividends	42.69	58.88
	349.36	**466.82**

11. Fixed Assets (₹ in Lakhs)

Description	Gross Block				Depreciation				Net Block	
	As at 01-04-2012	Additions/ Adjustment	Depreciations/ Adjustments	As at 01-04-2013	As at 01-04-2012	For the Year	Deductions/ Adjustment	As at 01-04-2013	As at 01-04-2013	As at 01-04-2012
A. Tangible Assets										
Lease Hold Land	138.34	–	–	138.34	35.78	4.54	–	40.32	98.02	102.56
Free Hold Land	638.88	158.98	329.29	468.57	–	–	–	–	468.57	638.88
Total	**777.22**	**158.98**	**329.29**	**606.91**	**35.78**	**4.54**	–	**40.32**	**566.59**	**741.44**
Factory Shed & Building	2,566.59	10.03	55.22	2,521.40	399.53	74.90	–	474.43	2,046.97	2,167.06
Office Building	3,120.25	69.30	–	3,189.55	69.07	51.45	–	120.52	3,069.03	3,051.18
Plant & Machinery	24,745.93	2,096.15	690.54	26,151.54	7,829.87	1,910.26	161.29	9,578.84	16,572.70	16,916.02
Vehicles	193.83	72.20	55.95	210.08	63.40	18.96	29.05	53.31	156.77	130.42
Furnitures & Fixtures	1,092.84	60.63	–	1,153.47	111.58	71.39	–	182.97	970.50	981.28
Computer (Inc. Software)	425.97	87.17	–	513.14	251.40	48.66	–	300.06	213.08	174.58
Office Equipments	141.98	30.29	1.35	170.92	17.49	9.24	0.34	26.39	144.53	124.49
Air Condition Machine	182.15	77.39	–	259.54	21.35	10.44	–	31.79	227.75	160.80
Total (A)	**33,246.76**	**2,662.14**	**1,132.35**	**34,776.55**	**8,799.47**	**2,199.84**	**190.68**	**10,808.63**	**23,967.92**	**24,447.27**
B. Intangible Assets										
Computer Software	247.69	129.46	–	377.15	58.43	62.64	–	121.07	256.08	189.26
Total (B)	**247.69**	**129.46**	**–**	**377.15**	**58.43**	**62.64**	**–**	**121.07**	**256.08**	**189.26**
Total (A+B)	**33,494.45**	**2,791.60**	**1,132.35**	**35,153.70**	**8,857.90**	**2,262.48**	**190.68**	**10,929.70**	**24,224.00**	**24,636.54**
Previous Year	**26,697.67**	**7,041.81**	**245.02**	**33,494.45**	**6,321.03**	**2,706.74**	**169.86**	**8,857.92**	**24,636.54**	**20,468.52**

Notes to the Financial Statements as at 31st March, 2013

(₹ in Lakhs)

12. Non-Current Investments

Non-Current Investments consist of the following :

	As at	
	31/03/2013	**31/03/2012**
(i) **Other than Trade**		
Investments in Equity Instruments (Unquoted) (at cost)		
In Equity Shares of Subsidary Company - Fully paid-up		
- 641800 Equity Shares (Previous year Nil) of "Globe Forex & Travels Limited "	575.96	–
In Equity Shares of Others Company - Fully paid-up		
- 1050 Equity Shares (Previous year 50 Equity Shares) of "Adityapur Auto Cluster" of ₹ 1000/- each fully paid up	10.50	0.50
	586.46	**0.50**

13. Long-Term Loans and Advances

Long-Term Loans and Advances consist of the following : (₹ in Lakhs)

	As at	
	31/03/2013	**31/03/2012**
Capital Advance #		
- Unsecured, Considered Good	6,014.52	239.19
Security Deposits #		
- Unsecured, Considered Good	648.19	646.02
Other loans and advances - Advances Recoverable from		
Unsecured, Considered Good		
- Ramkrishna Forgings Ltd Employee Welfare Trust	–	868.87
- Prepaid Expenses	42.65	46.69
- Employees	60.71	48.79
	6,766.07	**1,849.56**

Doubtful ₹ Nil (Previous year ₹ Nil)

14. Other Non-Current Assets

Other non-current Assets consist of the following : (₹ in Lakhs)

	As at	
	31/03/2013	**31/03/2012**
Accrued Interest	15.39	–
Claims and Other Receivables	51.81	51.81
	67.20	**51.81**

Notes to the Financial Statements as at 31st March, 2013

15. Inventories (Valued at lower of Cost and Net Realisable Value) :

Inventories consist of the following : (₹ in Lakhs)

	31/03/2013			31/03/2012		
	In transit	**In hand**	**Total**	**In transit**	**In hand**	**Total**
Work-in-Progress	–	8,388.90	8,388.90	–	6,632.55	6,632.55
Raw Materials	–	1,881.37	1,881.37	–	2,631.72	2,631.72
Fuel & Gas	–	93.96	93.96	–	114.82	114.82
Stores and Spares	–	4,126.07	4,126.07	–	3,568.05	3,568.05
Vendor Managed Inventory	–	–	–	82.54	7.95	90.49
Forgings Scrap	–	428.43	428.43	–	63.12	63.12
	–	**14,918.73**	**14,918.73**	**82.54**	**13,018.21**	**13,100.75**

16. Trade Receivables :

Trade Receivables consist of the following : (₹ in Lakhs)

	As at	
	31/03/2013	**31/03/2012**
Outstanding for a period exceeding six months (from the due date) :		
- Unsecured, Considered Good	90.29	64.66
Outstanding for a period less than six months :		
- Unsecured, Considered Good	7,937.14	7,028.07
	8,027.43	**7,092.73**

17. Cash and Bank Balances :

Cash and Bank Balances consist of the following : (₹ in Lakhs)

	As at	
	31/03/2013	**31/03/2012**
Cash and Cash Equivalents		
Balance with Banks :		
- Current Accounts	36.95	6.94
- Cash in hand	12.20	8.06
Balance with Bank		
- Deposits with less than 12 months maturity	250.15	15.00
	299.15	**30.00**

Notes to the Financial Statements as at 31st March, 2013

18. Short-Term Loans and Advances

Short-Term Loans and Advances consist of the following : (₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
Loan given to Subsidiary Company (Globe Forex & Travels Limited)	551.42	–
Unsecured, Considered Good		
Advance given to Subsidiary Company (Globe Forex & Travels Limited)	12.74	–
Unsecured, Considered Good		
Security and Other Deposits #		
Unsecured, Considered Good	3.07	4.22
Others - Advances Recoverable from		
Unsecured, Considered Good		
- Ramkrishna Forgings Ltd Employee Welfare Trust	1,200.15	205.61
- Employees	79.21	56.46
- Advance Tax (Net of Provision)	82.80	–
- Income Tax Refundable (AY 12-13)	64.60	–
- Suppliers of Goods & Services	215.37	510.25
- Prepaid Expenses	142.71	94.36
	2,352.07	**870.90**

Doubtful ₹ Nil (Previous year ₹ Nil)

19. Other Current Assets

Other Current Assets consist of the following : (₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
Accrued Interest	53.18	32.46
Accrued Export and Other Incentives	305.13	104.18
MAT Entitlement Receivable	265.62	29.47
Balance with Customs, Port Trusts, Excise	637.59	357.20
Others #	172.96	716.28
	1,434.48	**1,239.59**

Includes Capital subsidy receivable, Insurance claims, Electricity charges receivable etc.

Notes to the Financial Statements as at 31st March, 2013

20. Revenue from Operations :

Revenue from Operations consist of the following : (₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Sale of Products		
- Steel Forgings	40,545.30	49,625.16
Job Work Sales	1,003.02	1,499.97
Other Operating Revenues	2,981.35	3,505.87
	44,529.67	**54,631.00**
Less : Excise Duty Paid	4,139.97	4,504.71
	40,389.70	**50,126.29**

21. Other Income :

Other Income consist of the following : (₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Interest Income		
On Current Investments	9.21	8.85
On Others	77.40	40.41
Dividend Income		
On Current Investments	20.31	15.56
Other Non-Operating Income (Net)	26.05	11.68
	132.97	**76.50**

22. Cost of Raw Materials Consumed :

Cost of Raw Materials consumed consist of the following : (₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Round	13,983.79	17,161.21
Billets	9,182.49	11,906.84
	23,166.28	**29,068.05**
Less : Trial run production	511.58	343.97
	22,654.70	**28,724.08**

Notes to the Financial Statements for the year ended 31st March, 2013

23. Changes in Inventories :

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Changes in Inventories consist of the following :		
Opening Stock		
Vendor Managed Inventory	90.49	471.22
Work-in-Progress	6,632.55	5,148.49
Forging Scrap	63.11	150.89
	6,786.15	**5,770.60**
Less : Closing Stock		
Vendor Managed Inventory	–	90.49
Work-in-Progress	8,388.90	6,632.55
Forging Scrap	428.43	63.12
	8,817.33	**6,786.15**
(Increase)/Decrease in Stock	(2,031.18)	(1,015.55)
Add : Excise Duty on (Increase)/Decrease in Stock	40.19	6.94
	(1,990.99)	**(1,008.61)**
Add : Stock of Trial run production	190.99	52.22
	(1,800.00)	**(956.39)**

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

(₹ in Lakhs)

	Year ended 31/03/2013		Year ended 31/03/2012	
	Opening	Closing	Opening	Closing
Steel Forging	6,632.55	8,388.90	5,148.49	6,632.55
	6,632.55	**8,388.90**	**5,148.49**	**6,632.55**
(b) Details of Vendor Managed Inventory under broad heads are given below :				
Steel Forging	90.49	–	471.22	90.49
	90.49	**–**	**471.22**	**90.49**

24. Employee Benefits Expenses :

Employee Benefits Expenses consist of the following :

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
(a) Salaries, Wages, Bonus, Exgratia, Incentive etc.	2,935.52	2,405.32
(b) Gratuity fund contributions	55.58	48.04
(c) Provident Fund/Employees Pension Fund & E. S. I. Contribution	168.31	148.85
(d) Expense on Employee Stock Option Scheme (ESOP)	30.20	67.01
(e) Staff welfare expenses	116.18	108.14
	3,305.79	**2,777.37**
Less : Transferred to Capital Work-in-Progress	498.80	96.92
	2,806.99	**2,680.45**

Notes to the Financial Statements for the year ended 31st March, 2013

25. Finance Costs :

Finance Costs consist of the following : (₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Interests Expenses	2,389.05	1,875.47
Other Borrowing Costs	46.77	27.26
Loss on foreign currency transactions and translation as adjusted to Interest Cost	–	63.52
	2,435.82	**1,966.25**
Less : Transfer to Capital Work-in-Progress	393.34	87.36
	2,042.48	**1,878.89**

26. Depreciation and Amortization Expenses :

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Depreciation and Amortization Expenses	2,262.48	2,706.74
Less : Depreciation Capitalised to CWIP (Project)	0.27	–
	2,262.21	**2,706.74**

27. Other Expenses :

Other Expenses consist of the following : (₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Carriage Inward Expenses	226.12	322.23
Stores, Spares & Die Blocks Consumed (Including Packing Material)	2,122.93	2,558.44
Processing Charges	1,376.61	1,435.51
Repairs to :-		
- Plant & Machinery	133.72	170.52
- Factory Shed & Building	35.57	12.70
Rent	22.76	6.45
Rates & Taxes	9.55	8.26
Insurance Charges (Including Keyman Insurance)	102.97	101.45
Repairs & Maintenance	132.36	201.07
Miscellaneous Expenses	425.31	369.36
Bank Charges & Commission	854.12	130.64
Postage, Telegraph & Telephone	44.92	39.77
Legal & Professional Expenses	259.58	170.06
Travelling & Conveyance Expenses	256.44	193.99
(Including Directors Travelling ₹ 80.06 Lakhs *(Previous year ₹ 83.40 Lakhs)*		
Advertisement Expenses	14.54	13.71
Payment to Auditor	17.79	18.69
Brokerage & Commission Expenses	81.20	78.79
Vehicle Running Expenses	36.11	41.63
Carriage Outward Expenses	549.08	566.12
Export Expenses	613.47	241.98

Notes to the Financial Statements for the year ended 31st March, 2013

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Discount & Rebate (Net)	22.92	126.95
Cash Discount Paid	–	4.53
Exchange Rate Difference	(36.84)	56.21
Sundry Balances Written Off (Net)	(31.70)	9.33
Loss on Sale of Investment (Net)	–	29.77
Discarded Assets	21.25	19.04
Bad Debts Written Off	–	72.06
	7,290.78	**6,999.26**
Less : Transfer to Capital Work-in-Progress	1,040.11	62.78
	6,250.67	**6,936.48**

28. Details of payment to Auditor

Statutory Auditors :

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Audit Fees	8.50	8.50
Tax Audit Fees	1.50	1.50
For Other Services	7.53	8.50
Out of Pocket Expenses	0.26	0.19
	17.79	**18.69**

29. Other Expenses include :

(₹ in Lakhs)

		Year ended 31/03/2013	Year ended 31/03/2012
(i)	Payment to a firm of solicitors in which Director is a partner	0.15	0.84
(ii)	Payment towards technical consultancy charges to a Director	2.20	1.92
(iii)	Income (Net) relating to earlier years amounting to ₹ 1.53 Lakhs (Previous year Expenses (Net) ₹ 5.56 Lakhs) as per following details		
Sl No.	**Particulars**		
1	Discount /Claim Paid	90.06	–
2	Dividend Received	–	(6.08)
3	Misc. Expenses	–	0.52
4	Electricity Charges	0.03	–
5	Directrors Remuneration	(89.33)	–
6	Service Tax	(2.29)	–
	Total	**(1.53)**	**(5.56)**

Notes to the Financial Statements for the year ended 31st March, 2013

30. The Company had opted, in FY 2011-12, to apply para 46A of Accounting Standard AS-11 with effect from 01.04.2011 in accordance with notification dated 29.12.2011 issued by the Ministry of Corporate Affairs(MCA). Subsequently vide notification No. 25/2012 dated 09.08.2012 MCA has clarified that para 6 of AS-11 and para 4(e) of AS-16 shall not apply to Company which is applying 46A of AS-11. Accordingly foreign exchange rate difference on long term foreign currency borrowing to the extent regarded as adjustment to interest cost which was hitherto charged to statement of Profit and Loss has been adjusted to carrying cost of the related assets with effect from 01.04.2011. The change has resulted in increase in Profit before Tax for the year ₹ 63.52 lakhs.

31. The Company has paid managerial remuneration of ₹ 338.29 Lakhs during the financial year 2012-13 out of which ₹ 120.48 lakhs is in excess of the limits as laid down in the section 309(3) read with schedule XIII of the Companies Act, 1956. Since the payment of the remuneration in excess of the limits requires approval of the Central Government the company has made an application to the Central Government and the approval is awaited.

32. During the year the Company has acquired 72.82% shares of M/s. Globe Forex & Travels Ltd and it has thus become a subsdiary of the Company w.e.f. 10th Jan, 2013.

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

(₹ in Lakhs)

	Year ended	
	31/03/2013	**31/03/2012**
A. ***Contingent Liabilities***		
(a) Claims against the company not acknowledged as debt		
(i) Electricity charges demand of Jharkhand State Electricity Board. *(Appeal pending before High Court, Jharkhand)*	45.24	45.24
(ii) Demand from Jharkhand State Electricity Boardvon account of disconnection of line at Plant I *(Appeal pending before Dy. Commissioner, Sariekela)*	2.29	–
(iii) Demand for Income Tax for the AY 2007-08 *(Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata)*	8.03	8.03
(iv) Demand for Income Tax for the AY 2008-09 *(Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata)*	3.96	3.96
(v) Demand for Service Tax for the FY 2004-05, 2005-06, 2006-07 (upto July 2006) *(Appeal pending before the Excise & Service Tax Appellate Tribunal, Kolkata)*	35.98	35.98
(vi) Demand for Service Tax for the FY 2006-07 to 2009-10 *(Appeal pending before the The Additional Commissioner of Service Tax, Kolkata)*	–	23.50
(vii) Demand for Sales Tax for the FY 2007-08 *(Appeal pending before the The Joint Commissioner of Sales Tax, Kolkata)*	–	1.63
(viii) Demand for Sales Tax for the FY 2009-10 *(Appeal pending before the The Joint Commissioner of Sales Tax, Kolkata)*	7.36	–
(ix) Demand for sales Tax for Nov, 2012 for wrong availment of Input tax credit *(Appeal pending before Joint Commissioner of Commercial Taxes (Appeals), Jamshedpur)*	7.41	–

Notes to the Financial Statements for the year ended 31st March, 2013

(₹ in Lakhs)

			Year ended 31/03/2013	Year ended 31/03/2012
	(b)	Bills Discounted with Banks	108.00	510.27
	(c)	Bank Guarantee	567.63	–
	(c)	Custom duty on Capital goods imported under EPCG Scheme/ Advance Licence, against which export obligation of ₹ 12,520.47 Lakhs (Previous year ₹ 11,082.73) is to be fulfiled	1,666.41	1,486.22
B.		***Commitments***		
	(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	26,481.32	611.30

34. Employee Benefits

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

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

(₹ in Lakhs)

		Year ended 31/03/2013	Year ended 31/03/2012
a)	Expenses recognized during the year.		
	Current Service Cost	44.20	35.02
	Interest Cost	19.59	14.63
	Expected return on plan assets	(15.13)	(11.84)
	Actuarial (Gain)/Loss	3.69	5.30
	Net Cost	52.35	43.11
b)	Net Assets/Liability recognized in the Balance Sheet at the year end		
	Present Value of Fair value of plan assets at the end of the year	227.07	167.91
	Present value of obligation	279.42	210.36
	Amount recognized in Balance Sheet	52.35	42.45
c)	Reconciliation of opening and closing balances of Defined Benefit obligation		
	Present Value of Defined Benefit obligation at the beginning of the year	210.36	155.41
	Current Service Cost	44.20	35.02
	Interest Cost	19.59	14.63
	Actuarial (Gain)/Loss on obligation	5.27	5.30
	Benefit paid	–	–
	Present Value of Defined benefit obligation at the year end	279.42	210.36

Notes to the Financial Statements for the year ended 31st March, 2013

(₹ in Lakhs)

		Year ended	
		31/03/2013	31/03/2012
d)	Reconciliation of opening and closing balances of fair value of Plan Assets		
	Fair value of plan assets at beginning of the year	167.91	123.70
	Actual return on plan assets	15.13	11.84
	Actuarial Gain/(Loss)	1.58	–
	Employer contribution	42.45	32.37
	Benefit Paid	–	–
	Fair value of plan assets at the end of the year	227.07	167.91
e)	Investment details		
	Insurer Managed Funds 100%	227.07	167.91
f)	Actuarial Assumptions		
	Mortality Table (LIC)	L.I.C. (1994 - 96), Ultimate Table	L.I.C. (1994 - 96), Ultimate Table
	Discount Rate (Per Annum)	8% P.a.	8% P.a.
	Rate of escalation in salary (per annum)	5%	6%

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

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

(iii) In respect of Defined contribution Scheme : The company contributes 12% of salary for all eligible employees towards Provident Fund managed by the Central Government. Total expenses recognized towards Employer's contribution to Provident Fund ₹ 122.36 Lakhs (Previous year ₹ 104.27 Lakhs).

35. Related Parties

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

(i)	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence.	(i) M/s. Riddhi Portfolio (P) Ltd. (ii) M/s. Eastern Credit Capital (P) Ltd. (100% subsidiary of Riddhi Portfolio (P) Ltd.) (iii) M/s. Ramkrishna Rail & Infrastructure Pvt. Ltd. (iv) M/s. Clifftop Infrabuild Pvt. Ltd. (v) M/s. Northeast Infra Properties Pvt. Ltd.
(ii)	Subsidiary of the Company	M/s. Globe Forex & Travels Ltd
(iii)	ESOP Trust of the Company	M/s Ramkrishna Forgings Employee Welfare Trust

Notes to the Financial Statements for the year ended 31st March, 2013

(iv) Key Management Personnel

Mahabir Prasad Jalan	Chairman cum Whole Time Director.
Naresh Jalan	Managing Director
Pawan Kumar Kedia	Finance Director

(v) Relative of Key Management Personnel

Rashmi Jalan	Wife of Mr. Naresh Jalan

(b) Transaction with related parties :

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Nature of Transaction during the year		
(i) Subsidiary of the Company		
Loan Given - Globe Forex & Travels Ltd.	621.11	–
Interest Received - Globe Forex & Travels Ltd. (TDS ₹ 0.16 lakhs, Previous year NIL)	1.58	–
Loan Repayment by - Globe Forex & Travels Ltd.	71.11	–
Advance given - Globe Forex & Travels Ltd.	12.74	–
Purchase of air tickets and others receipts including commission	28.60	–
Investment in shares	575.96	–
(ii) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence		
Loan Taken - Riddhi Portfolio (P) Ltd.	4,408.00	1,920.55
Interest Paid- Riddhi Portfolio (P) Ltd. (TDS of ₹ 7.71 lakhs, Previous year ₹ 1.52 lakhs)	69.37	15.15
Loan Repayment - Riddhi Portfolio (P) Ltd.	4,477.37	2,220.55
Loan Taken - Eastern Credit Capital (P) Ltd.	2,087.90	1,537.00
Interest Paid- Eastern Credit Capital (P) Ltd. (TDS ₹ 0.82 lakhs, Previous year ₹ 1.55 lakhs.)	7.34	15.54
Loan Repayment - Eastern Credit Capital (P) Ltd.	2,960.22	672.02
Share Allotment Money Received for preferential issue	999.68	–
Warrant Allotment money received	1,000.03	* 620.81
Warrant conversion money received and converted in to equity shares	17.55	–
Warrant conversion money received pending conversion equity shares	282.45	–
Dividend - Riddhi Portfolio (P) Ltd.	117.64	119.32
Dividend - Eastern Credit Capital (P) Ltd.	43.40	24.70
Dividend - Ramkrishna Rail & Infrastructure Pvt. Ltd.	0.04	0.04
(iii) Key Management Personnel		
Managerial Remuneration **		
i) Mahabir Prasad Jalan	174.67	140.84
ii) Naresh Jalan	132.91	113.17
iii) Pawan Kumar Kedia	17.57	15.94

Notes to the Financial Statements for the year ended 31st March, 2013

(₹ in Lakhs)

		Year ended	
		31/03/2013	31/03/2012
	Rent Paid - Naresh Jalan	6.00	3.75
	Lease Rent - Naresh Jalan	13.13	–
	Dividend	23.32	23.32
	Commission- Mahabir Prasad Jalan	–	10.00
	Commission- Naresh Jalan	–	8.00
(iv)	**Relative of Key Management Personnel**		
	Dividend - Rashmi Jalan	8.38	8.38
(v)	**Trust of the Company**		
	Advance paid	265.73	240.02
	Repayment/Adjustment	140.05	104.79
	Dividend	20.31	21.01
Balance outstanding as at 31st March, 2013			
(i)	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence		
	Warrant Allotment money received	994.18	–
	Warrant conversion money received pending conversion equity shares	282.45	–
	Loan taken		
	- Eastern Credit Capital Pvt. Ltd.	–	864.98
(ii)	**Subsidiary of the Company**		
	Loan - Globe Forex & Travels Limited	551.42	–
	Advance - Globe Forex & Travels Limited	12.74	–
	Trade payable - purchase of air ticket and other receipts	17.50	–
	Investment in shares	575.96	–
(iii)	**Trust of the Company**	1,200.15	1,074.47

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

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

Notes to the Financial Statements for the year ended 31st March, 2013

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

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

(₹ in Lakhs)

Particulars	Year ended 31/03/2013	Year ended 31/03/2012
Salaries, Wages & Allowances	498.80	96.92
Electricity Charges	20.85	13.06
Stores, Spares & Die Blocks Consumed	61.85	13.18
Raw materials	511.58	343.97
Interest/Bank Charges	1,089.43	–
Travelsling Expenses(Foreign)	131.44	11.20
Professional Fees/Consultancy	150.73	38.40
Total	**2,464.67**	**516.73**
Less : Preoperative Income (Including Stock of Scrap)	190.99	159.09
	2,273.68	**357.64**
Add : Balance brought forward from previous year	133.61	–
	2,407.29	**357.64**
Less : Allocated to Fixed Assets	385.95	224.03
Balance Carried forward	**2,021.34**	**133.61**

37. Exchange Rate Difference

Foreign currency exchange difference Loss of ₹ 56.85 Lakhs (Previous year Loss of ₹ 58.16 Lakhs) on long term borrowing for acquisition of Fixed Assets, has been adjusted to carrying cost of fixed assets which is in compliance with the treatment prescribed under AS 11 notification – Companies (Accounting Standards) Amendment Rules, 2009 (G.S.R. 913 (E) dt. 29.12.2011) issued by Ministry of Corporate Affairs.

38. Operating Lease

The Company's significant leasing agreements are in respect of lease for lands. These leasing agreements range between 30 to 99 years. The aggregate lease rental payables are charged as rent in Profit & Loss Account.

39. Foreign Currency exposures that are not hedged by derivative instrument or otherwise as on 31st March, 2013 are as under :

(in Lakhs)

			Year ended 31/03/2013	Year ended 31/03/2012
i.	Sundry Debtors	In USD *	11.81	5.88
		In EUR	13.85	12.68
ii.	Buyer's Credit	In USD	3.77	11.35
		In JPY	1,050.00	600.00
		In EUR	0.72	2.62
iii.	PCFC/PSFC	In USD	–	31.16
iv.	Sundry Creditor	In JPY	240.00	1,330.00
v.	Vendor Managed Inventory	In USD	–	2.35

* PCFC / PSFC loan in USD has not been considered to the extent outstanding foreign debtors in USD as on 31.03.2013

Notes to the Financial Statements for the year ended 31st March, 2013

40. Segment information

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

Information about Secondary Segments : Geographical

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Revenue by Geographical Market		
India	34,950.53	45,489.29
Outside India	5,439.16	4,637.00
	40,389.69	50,126.29
Carrying Amount of Segment Assets		
Outside India	3,417.69	1,486.75

Note : All the plants of the Company are located in India and accordingly debtors and Stock lying outside India have been considered segment assets outside India.

41. Earning per share (EPS)

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

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Profit for the period	1,102.88	2,428.92
Weighted average number of shares used in the calculation of EPS:		
Weighted average number of Basic Equity Shares outstanding	18,726,493	17,846,218
Shares deemed to be issued for no consideration in respect of Shares Warrant Issued	–	–
Weighted average number of Shares outstanding (Including Diluted)	18,726,493	17,846,218
Face value of per share (₹)	10.00	10.00
Basic EPS (₹)	5.89	13.61
Diluted EPS (₹)	5.89	13.61

42. Share Based Payment (EPS)

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

(₹ in Lakhs)

	As at 31/03/2013		As at 31/03/2012	
	Numbers	Average Exercise Price	Numbers	Average Exercise Price
Options Outstanding	218,270	₹ 20	317,236	₹ 20
Options Exercisable	56,642	₹ 20	41,001	₹ 20

Notes to the Financial Statements for the year ended 31st March, 2013

a. **Employee stock option scheme**

(i) The shareholders of the Company had approved the ESOP 2009 to grant 15,00,000 stock options convertible into 15,00,000 equity shares of ₹ 10/- each to its permanent employees including director of the Company whether wholetime or otherwise in one or more tranches and on such terms and conditions as may be fixed or determined by its Board of Directors. The Compensation Committee in its meeting held on 12th September, 2009 has granted 4,68,159 Nos. options to be converted into equivalent number of equity shares. The above scheme is administered through an ESOP trust namely Ramkrishna Forging Employee Welfare Trust.

(ii) The ESOP Trust has been created to administer the scheme by purchase of shares from the open market/ fresh issue of shares by the Company, in accordance with the approvals from the Remuneration and Compensation Committee of the Company.

(iii) The options granted under Employee Stock option Scheme 2009 shall vest as under :

Date of Vesting	Eligibility
12-Sep-11	30%
12-Sep-12	30%
12-Sep-13	40%

b. **Movement of Options Granted :**

The movement of the options under ESOP 2009 for the year ended 31st March, 2013 are as follows :

	Year ended	
	31/03/2013	**31/03/2012**
Outstanding at beginning of the year	317,236	404,114
Granted during the year	–	–
Forfeited during the year	–	–
Exercised during the year	87,853	80,273
Lapsed during the year	11,113	6,605
Outstanding at the end of the year	218,270	317,236
Exercisable at the end of the year	56,642	41,001

c. The employee share based payment plans have been accounted based on the intrinsic value method and accordingly ₹ 30.20 Lakhs (Previous year ₹ 67.00 Lakhs) have been charged as employee compensation cost.

Had the fair value method of accounting been used, the employee compensation cost would have been ₹ 35.80 Lakhs (Previous year ₹ 78.63 Lakhs).

d. **Fair Valuation :**

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

(₹ in Lakhs)

	Year ended	
	31/03/2013	**31/03/2012**
Reported Net Profit	1,102.88	2,428.92
Add : Compensation cost under ESOS as per intrinsic value	30.20	67.00
Less : Compensation cost under ESOS as per fair value	35.80	78.63
Proforma Net Profit	1,097.28	2,417.29

Notes to the Financial Statements for the year ended 31st March, 2013

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Reported Earning per Share (EPS) :		
Basic EPS (in ₹)	5.89	13.61
Diluted EPS (in ₹)	5.89	13.61
Proforma Earning per Share (EPS) :		
Basic EPS (in ₹)	5.86	13.55
Diluted EPS (in ₹)	5.86	13.55

e. The loans advanced to the Trust for purchase of shares from the market as at March 31, 2013, is ₹ 1200.15 Lakhs (Previous year ₹ 1074.47 Lakhs). The repayment of the loan by the trust is dependent on the exercise of options by the employees and/or the market price of the underlying equity shares of the unexercised options at the end of the exercise period.

43. During the year the company has received the capital investment subsidy under Jharkhand Industrial Policy, 2001 of ₹ 567.63 lakhs which has been adjusted with cost of respective fixed assets and depreciation has been recalculated retrospectively resulting in reversal of excess depreciation of earlier year ₹ 200.43 lakhs.

Furhter the company has recognised a capital subsidy (in the form of sales tax refund) of ₹ 738.27 lakhs under Jharkhand Industrial Policy, 2001 which has been credited to Capital Reserve.

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

(₹ in Lakhs)

	As at 31/03/2013	As at 31/03/2012
(a) (i) Principal amount remaining unpaid to any supplier at the end of the accounting year	14.68	8.58
(ii) Interest due on above	–	–
Total	**14.68**	**8.58**
(b) Amount of interest paid by the buyer in terms of Section 16 of the Act, along with amount of payment made beyond the appointed date during the year.	–	–
(c) Amount of interest accrued and remaining unpaid at the end of the financial year.	–	–
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	–	–
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose disallowance as a deductible expenditure under Section 23 of the Act.	–	–

Notes to the Financial Statements for the year ended 31st March, 2013

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

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Components and Spare parts	104.67	157.35
Capital Goods	183.02	1,239.86

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

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Travelling	114.02	87.92
Foreign Bank Charges	1.01	1.74
Professional and Consultation Fees	–	15.02
Interest paid on Buyer Credit	4.54	7.21
Technical Service & Supervission Charges	7.91	–
Commission Paid	3.38	–
Loan Processing Charges (IFC)	108.68	–
Salary Paid	87.73	–
Office Equipments	7.17	–
Management Fees (LBBW)	9.49	–
Repair to Plant & Machinery	–	10.38
Claim against Export Sales	29.38	55.71

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

	As at 31/03/2013		As at 31/03/2012	
	Qty (MT)	**Value**	**Qty (MT)**	**Value**
i. Consumption		(₹ in Lakhs)		(₹ in Lakhs)
Raw Materials	50,376.42	22,654.70	64,429.45	28,724.08
Imported	–	–	–	–
Indigenous	50,376.42	23,166.28	64,429.45	29,068.05
Less : Trial Run Consumption		511.58		343.97
		22,654.70		**28,724.08**
Stores and Spare parts		2,061.09		2,545.26
Imported		18.90		148.13
Indigenous		2,104.04		2,410.31
Less : Trial Run Consumption		61.85		13.18
		2,042.19		**2,397.13**

Notes to the Financial Statements for the year ended 31st March, 2013

	As at 31/03/2013		As at 31/03/2012	
	Qty (MT)	Value	Qty (MT)	Value
ii. Percentage of Total Consumption				
Raw Materials	100%	100%	100%	100%
Imported	–	–	–	–
Indigenous	100%	100%	100%	100%
Stores and Spare parts		100%		100%
Imported		0.92%		5.82%
Indigenous		99.08%		94.18%

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

(₹ in Lakhs)

	Year ended 31/03/2013	Year ended 31/03/2012
Export of goods calculated on F.O.B. basis	5,197.61	4,534.58
Die design & preparation charged (Recovered)	25.06	49.19
(e) **Remittance of Foreign currency on A/c of Dividend to Non-Resident to Shareholders**	–	–

43. Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, where necessary.

As per our attached report of even date

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

Dated : 18th day of May, 2013
1B, Old Post Office Street, Kolkata - 700 001

For and on behalf of the Board

Mahabir Prasad Jalan *(Chairman)*

Naresh Jalan *(Managing Director)*

Pawan Kumar Kedia *(Finance Director)*

Alok Kumar Sharda *(Chief Financial Officer)*

Rajesh Mundhra *(Company Secretary)*

Independent Auditors' Report

To the Board of Directors of
Ramkrishna Forgings Limited.

We have audited the accompanying consolidated financial statements of **Ramkrishna Forgings Ltd.** ("the Company") its Subsidiary (collectively referred as Group) which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements, read with our comments on Emphasis of Matter paragraph, give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

1. We draw attention to Note No.32 to the financial statements which describes that the company has paid managerial remuneration of Rs.338.29 Lakhs during the financial year 2012-13 out of which Rs. 120.48 Lakhs is in excess of the limits as laid down in the section 309 (3) read with schedule XIII of the Companies Act, 1956. Since the payment of the remuneration in excess of the limits requires approval of the Central Government the company has made an application to the Central Government and the approval is awaited.

2. We draw attention to Note No.30 to the financial statements which describes that during the year, the Subsidiary Company has changed the method of charging depreciation from Written Down Value (WDV) method to Straight Line Method (SLM) at the rates and in the manner prescribed in the Schedule XIV of the Companies Act, 1956 to bring in

line with the accounting policy of the holding company. Accordingly, depreciation has been recomputed on Straight Line Method (SLM) basis from the inception of the respective assets resulting in write back of differential depreciation up to 31st March 2012 amounting to ₹ 40.51 Lakhs. The said excess depreciation has been adjusted with the parent's portion of equity for calculation of goodwill/capital reserve at the date of acquisition.

Our opinion is not qualified in respect of these matters.

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

Rajiv Singhi
Partner
Membership No.53518

Place : Kolkata
Dated : the 18th day of May, 2013.

Consolidated Balance Sheet as at 31st March, 2013

(₹ in Lakhs)

	Note No.	As at 31st March, 2013
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	'2'	2,109.59
Reserves and Surplus	'3'	21,797.91
Money received against Share Warrants		1,276.63
		25,184.13
Minority Interest		
Long-Term Borrowings	'4'	12,752.87
Deferred Tax Liabilities	'5'	2,997.09
Long-Term Provisions	'6'	21.07
		15,771.03
Current Liabilities		
Short-Term Borrowings	'7'	10,479.35
Trade Payables	'8'	5,793.54
Other Current Liabilities	'9'	5,622.83
Short-Term Provisions	'10'	357.23
		22,252.95
		63,208.11
ASSETS		
Non-Current Assets		
Fixed Assets		
Tangible Assets	'11'	24,225.63
Intangible Assets	'11'	675.41
Capital Work-in-Progress		3,962.47
Intangible Assets under Development		28.00
Non-Current Investments		12.43
Long-Term Loans and Advances	'12'	6,783.15
Other Non-Current Assets	'13'	67.20
		35,754.29
Current Assets		
Inventories	'14'	14,918.73
Trade Receivables	'15'	8,750.33
Cash and Bank Balances	'16'	383.65
Short-Term Loans and Advances	'17'	1,923.43
Other Current Assets	'18'	1,477.68
		27,453.82
		63,208.11
Significant Accounting Policies	'1'	
Accompanying Notes are integral part of the financial statement.		

As per our attached report of even date

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

Dated : 18th day of May, 2013
1B, Old Post Office Street, Kolkata - 700 001

For and on behalf of the Board

Mahabir Prasad Jalan *(Chairman)*

Naresh Jalan *(Managing Director)*

Pawan Kumar Kedia *(Finance Director)*

Alok Kumar Sharda *(Chief Financial Officer)*

Rajesh Mundhra *(Company Secretary)*

Consolidated Statement of Profit & Loss for the year ended 31st March, 2013

	Note No.	(₹ in Lakhs) For the year ended 31st March, 2013
REVENUES		
Revenue from Operations (Gross)	'19'	46,271.83
Less : Excise Duty		4,139.97
Revenue from Operations (Net)		**42,131.86**
Other Income	'20'	367.22
Total Revenues		**42,499.08**
EXPENSES		
Cost of Raw Materials Consumed	'21'	22,654.70
Changes in Inventories	'22'	(1,800.00)
Purchases	'23'	1,634.64
Employee Benefit Expenses	'24'	2,872.88
Power & Fuel		4,446.87
Finance Cost	'25'	2,025.38
Depreciation and Amortization Expenses	'26'	2,265.57
Other Expenses	'27'	6,802.73
Total Expenses		**40,902.77**
Profit before tax		**1,596.31**
Tax Expense :		
Current tax		368.00
MAT Credit Entitlement		(261.00)
Tax adjustments for earlier years (Net)		0.83
Deferred tax		690.18
Profit / (Loss) after tax before Minority Interests		798.30
Less : Minority Interests		(79.56)
Profit/ (Loss) after tax and Minority Interest		**877.86**
Earnings per Share (Face value ₹ 10 each)		
Basic and Diluted EPS (in ₹)		13.61
Significant Accounting Policies	'1'	
Accompanying Notes are integral part of the financial statement.		

As per our attached report of even date

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

Dated : 18th day of May, 2013
1B, Old Post Office Street, Kolkata - 700 001

For and on behalf of the Board

Mahabir Prasad Jalan
(Chairman)

Naresh Jalan
(Managing Director)

Pawan Kumar Kedia
(Finance Director)

Alok Kumar Sharda
(Chief Financial Officer)

Rajesh Mundhra
(Company Secretary)

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(₹ in Lakhs)

	Particulars	2012 - 13
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**	
	NET(LOSS)/PROFIT BEFORE EXTRAORDINARY ITEM AND TAXES	**1,596.31**
	Adjustments for :	
	Depreciation	2,265.57
	Investment Written off	10.40
	Sundry Balance written (back) / Off	(31.70)
	(Profit) / Loss on sale of Fixed Assets/Discarded Assets	19.50
	Employees Stock Option Expenses	30.20
	Interest income	(85.44)
	Interest expense	2,025.38
	Liabilities no longer required to be written back	(231.61)
	Bad Debts Written Off	525.66
	Effect of Exchange rate change (Net)	(36.84)
	Dividend income	(20.31)
	Operating Profit/(Loss) before Working Capital Changes	**6,067.12**
	Movements in Working Capital	
	Decrease/(Increase) in Trade receivable	(1,276.25)
	Decrease/(Increase) in Loans & Advances & Others Current Assets	(6,685.96)
	Decrease/(Increase) in Inventories	(1,817.99)
	(Decrease)/Increase in Trade Payables	(2,497.60)
	(Decrease)/Increase in Loans & Others Current Liabilities	(17.55)
	Direct Tax paid	(454.11)
		(12,749.46)
	NET CASH FROM/(USED IN) OPERATING ACTIVITIES (A)	**(6,682.34)**
B	**CASH FLOW FROM INVESTING ACTIVITIES :**	
	Purchase of Fixed Assets (Including Capital Work in Progress)	(5,838.07)
	Proceeds from Sale of Fixed Assets / Adjusted	924.30
	Loan & Advances to Subsidiary	-
	Investment in Shares in Subsidiary	(225.96)
	Investment in Shares in Others	(10.00)
	Advances Recoverable from ESOP Trust	(186.82)
	Interest Received	53.95
	Dividend Received	20.31
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	**(5,262.29)**

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	2012 - 13
C. CASH FLOW FROM FINANCING ACTIVITIES :	
Proceeds from Issue of Share Capital including Securities Premium	3,773.03
Share Warrant Allotment Money Received	1,276.63
Capital Subsidy against Sales Tax Paid	1,309.40
Capital Subsidy against Fixed Assets	567.63
Proceed from Long Term Borrowings	8,838.77
Repayment of Long Term Borrowings	(3,724.39)
Short Term Borrowings (Net)	2,863.59
Interest Paid	(2,401.98)
Dividend including Dividend Tax	(421.85)
NET CASH INFLOW FROM FINANCING ACTIVITIES (C)	**12,080.83**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**136.20**
CASH AND CASH EQUIVALENTS AS AT 01-04-2012 (Refer note "c")	247.45
CASH AND CASH EQUIVALENTS AS AT 31-03-2013	383.65
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	136.20

Notes :

a) Above statement has been prepared under indirect method except in case of interest, dividends and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.

b) Addition to Fixed Assets are stated inclusive of interest capitalised and movements of capital work in progress in between beginning and end of the year and treated as part of Investing Activities.

c) Cash and cash equivalent as at 01.04.12 includes ₹ 217.45 on account of acquisition of subsidiary during the year.

d) Cash and Cash Equivalents Include :

	2012 - 13
- Cash in hand	50.40
- With Scheduled Bank -	
a) Fixed Deposit Account	254.75
b) Current Account	78.50
	383.65

e) Closing Cash and Cash Equivalents represents "Cash & Bank Balance" except ₹ 1.44 lakhs lying in Current Account with schedule bank on account of unclaimed dividends which are not available for use by the Company.

f) Closing Cash and Cash Equivalents represents "Cash & Bank Balance" except ₹ 250.00 lakhs lying in Fixed Deposit with schedule bank which has been pledged as security and are not available for use by the Company.

As per our attached report of even date

For **Singhi & Co.**
Chartered Accountants
Rajiv Singhi
(Partner)
Membership No. 53518
Dated : 18th day of May, 2013
1B, Old Post Office Street, Kolkata - 700 001

For and on behalf of the Board

Mahabir Prasad Jalan *(Chairman)*
Naresh Jalan *(Managing Director)*
Pawan Kumar Kedia *(Finance Director)*
Alok Kumar Sharda *(Chief Financial Officer)*
Rajesh Mundhra *(Company Secretary)*

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

1. Significant Accounting Policies

A. Principles of Consolidation

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

(a) The financial statements of the Company and its Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating inter-group balances and inter-group transactions including unrealized profits / losses in period end assets, such as inventories, fixed assets etc. The difference between the Company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the CFS as Goodwill or Capital Reserve, as the case may be. Minority Interest's share in net profit / loss of consolidated subsidiaries for the year is adjusted against the income of the group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the CFS is identified and recognized after taking into consideration :

(i) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.

(ii) The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.

(iii) The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.

(iv) The excess of loss over the minority interest in the equity, is adjusted against reserve of the Company.

(b) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any and to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

B. Accouting Convention

The CFS have been prepared to comply with the mandatory accounting standard as notified by Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention basis.

All the items of Income and Expenditure have been recognized on accrual basis except certain insurance claim, sales tax / excise claims / refunds which are accounted on cash basis where the amounts are unascertainable.

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

C. Use of Estimates

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

D. Fixed Assets

(i) Fixed assets are stated at cost less accumulated depreciation. Cost includes cost of acquisition, construction and improvement made, which are inclusive of freight, duty (net of Cenvat), taxes, incidental expenses, interest and fund raising cost and other pre-operative expenses apportioned.

(ii) Capital work-in-progress are stated at cost including interest, fund raising cost and related expenses incurred during construction or pre-operative period.

(iii) Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular are capitalised and depreciated prospectively over the residual life of the respective assets.

E. Depreciation and Amortization

(i) Depreciation on tangible fixed assets is provided during the year on straight line method (SLM) at the rates and in the manner specified in the Schedule XIV of the Companies Act 1956.

(ii) Depreciation on assets added / disposed off during the year is provided on pro-rata basis.

(iii) Depreciation on change in the value of fixed assets due to exchange rate fluctuation has been provided prospectively over the residual life of the respective assets.

(iv) Leasehold lands are amortized over the lease period.

(v) Intangible Assets are amortized over their useful life on straight line basis.

F. Impairment of Assets

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

G. Inventories

Inventories are valued at lower of cost or net realisable value after providing for obsolescence, if any. Cost of inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sale. Cost of Inventories of Raw Materials, Stores and Spares and fuel are determined on weighted average method. Inventories of finished goods and work in progress are valued at weighted average method which includes material cost, cost of conversion, depreciation and other overheads to the extent applicable. Scrap is valued at net realisable value.

H. Investments

(i) Long Term investments are stated at cost less provisions, if any for diminution in value, which are considered to be other than temporary in nature.

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

I. Foreign Currency Transactions

(i) Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction. Year end balance of foreign currency transaction are translated at the year end rate.

(ii) Any income or expense on account of exchange rate difference either on settlement or on translation is recognized in the Statement of Profit & Loss except in case of long term borrowings relating to acquisition of fixed assets where resultant exchange rate difference has been been adjusted to the carrying cost of such assets.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

(iii) In respect of transactions covered under forward foreign exchange contracts the difference between the forwards rate and the exchange rate at the inception of contract is recognized as income or expense over the life of the contract.

J. Employee Benefits

(i) Short term employees benefit are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which related service is rendered.

(ii) Post employment and other long term benefit are recognized as an expense in the Statement of Profit and loss for the year in which the employee has rendered services. The expenses are recognized at the present value of the amount payable determined at the year end on the basis of an actuarial valuation using projected unit credit method. Actuarial gains and losses in respect of post employment and other long term benefit are charged to Statement of Profit and Loss.

(iii) The Company's contribution to the provident fund and the family pension fund are charged to Statement of Profit and Loss.

K. Employee Stock Option Scheme / Share-based payments

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

L. Revenue Recognition

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

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

M. Borrowing Cost

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

N. Government Grant

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

O. Taxation

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

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

P. Excise Duty

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

Q. Earning per Share

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

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

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

2. Share Capital

	As at 31/03/2013	
	Numbers	(₹ Lakhs)
Authorized :		
Equity Shares of ₹ 10/- each	29,750,000	2,975.00
		2,975.00
Issued :		
Equity Shares of ₹ 10/- each	21,095,940	2,109.59
		2,109.59
Subscribed and Paid-up :		
Equity Shares of ₹ 10/- each fully paid-up	21,095,940	2,109.59
		2,109.59

i) The Company had issued 30,77,000 warrants to M/s. Eastern Credit Capital (P) Limited (Formally Eastern Credit Capital Limited), Promoter on a preferential basis at a price of ₹ 130 per warrant during the year. The warrants could be converted into equity shares of ₹ 10/- each at a premium of ₹ 120/- within 18 months from the date of allotment i.e 19th January, 2013. The Company has received ₹ 1,000.03 Lakhs representing 25% of the issue price as warrant allotment money.

The Company had also on 19th January, 2013 issued and allotted 7,81,000 equity shares of ₹ 10/- each to M/s. Eastern Credit Capital (P) Limited (Formally Eastern Credit Capital Limited), Promoter and 21,48,400 equity shares to International Finance Corporation of ₹ 10/- each at ₹ 128/- per share.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

During the year the Company had received a request for the conversion of 18,000 warrants into equity shares from M/s. Eastern Credit Capital (P) Limited (Formally Eastern Credit Capital Limited), Promoter, along with the balance consideration of 75% of the issue price of ₹ 17.55 lakhs which was allotted on 30th March, 2013.

The Company has received ₹ 4,767.21 lakhs from the above mentioned issue of equity shares and the same has been utilized for financing the capital expenditure in respect of projects undertaken by the Company.

The balance amount received towards further conversion of the warrants into equity shares being ₹ 282.45 lakhs is lying in the bank accounts of the Company.

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

Equity Shares

	As at 31/03/2013
Outstanding at the beginning of the Year	1,81,48,540
Add : Shares issued on conversion of Warrants	18,000
Add : Shares issued on Allotment	29,29,400
Outstanding at the end of the Year	2,10,95,940

b. The Company does not have any Holding Company.

c. The Company has issued 30,77,000 warrants which can be converted into 30,77,000 equity shares of ₹ 10/- each to M/s. Eastern Credit Capital (P) Ltd (Formerly known as Eastern Credit Capital Limited) at the price of ₹ 130/- per share.

d. **Right, Preference and restrictions attached to Shares :**

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

For the year ended 31st March, 2013, the Board of Directors of the Company has recommended dividend of ₹ 1 per share to equity shareholders aggregating to ₹ 251.09 lakhs. The total payout together with the corporate dividend distribution tax of ₹ 42.68 lakhs, will be ₹ 293.77 lakhs.

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

Name of Shareholder	As at 31/03/2013	
	Numbers of Shares held	Percentage of Holding
1 Riddhi Portfolio Private Limited	60,24,913	28.56%
2 Eastern Credit Capital (P) Ltd.	29,69,000	14.07%
3 Unit Trust of India Investment Advisory Services Limited TD- A/C Ascent India Limited	22,13,000	10.49%
4 Reliance Capital Trustee Co. Ltd. - A/C Reliance Tax Saver (ELSS) Fund	14,24,444	6.75%
5 International Finance Corporation	21,48,400	10.18%

f. Share options granted under the employee share option plan (ESOP 2009) through trust route by acquisition of shares from the market.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

g. The Company has not reserved any shares for issue of option and contract/commitment for sales of shares /disinvestment.

h. The Company during the preceding 5 years -

   i. Has not allotted shares pursuant to contracts with payment being received in cash.

   ii. Has not allotted shares as fully paid up by way of bonus shares.

   iii. Has not bought back any shares.

i. There are no calls unpaid by Directors/Officers.

j. The Company has not forfeited any shares.

3. Reserves and Surplus :

Reserves and Surplus consist of the following : (₹ in Lakhs)

		As at 31/03/2013
(a)	**Capital Reserve**	
	As per last Financial Statement	2,019.81
	Add : Capital Subsidy received	738.27
		2,758.08
(b)	**Securities Premium Account**	
	As per last Financial Statement	5,810.32
	Add : On Issue of preferential shares	3,456.69
	Add : On conversion of warrants into equity shares	21.60
		9,288.61
(c)	**Employee Stock Options Outstanding**	
	Employee Stock Options Outstanding	143.61
	Less : Deferred Employee Compensation	11.12
		132.49
(d)	**General Reserve**	
	As per last Financial Statement	548.15
	Add : Transfer from Statement of Profit and Loss	100.00
		648.15
(e)	**Surplus in the Statement of Profit and Loss Account**	
	As per last Financial Statement	8,486.50
	Add : Profit for the period	877.86
		9,364.35
	Less : Proposed Dividend on Equity Shares	251.09
	Less : Tax on Proposed Equity Dividend	42.69
	Less : Transfer to General Reserve	100.00
		8,970.57
		21,797.91

Notes to the Consolidated Financial Statements as at ended 31st March, 2013

4. Long-Term Borrowings

(₹ in Lakhs)

	Non Current	Current
	As at 31/03/2013	
Secured		
From Banks		
Term Loan	12,684.03	2,011.31
Motor Car Loan	–	0.39
	12,684.03	**2,011.70**
Unsecured		
From Banks		
Term Loan	–	1,000.00
VAT Deferrement Payment Scheme	68.84	68.84
	68.84	**1,068.84**
	12,752.87	**3,080.54**
Less : Disclosed under Other Current Liabilities	–	3,080.15
	12,752.87	**–**

(a) **Securities**

(i) Term loans (except those which are having exclusive charge) are secured by way of first pari-passu charge over all immovable and moveable fixed assets of the Company excluding those assets for which there is an exclusive charge of other bankers and office property at 16 Camac Street, 6th Floor, Kolkata - 700017 and subject to charges of the Company's bankers created/to be created in their favour for working capital loans. It is further secured by the second charge on the current assets of the Company excluding hundies of Tata Motors discounted by State Bank of India.

(ii) Term Loan from Development Credit Bank is secured by the subservient charge on the current assets of the Company and collateral security of land alongwith building at 72, Shakespeare Sarani, Kolkata - 700017

(iii) Term loan from Hongkong and Shanghai Banking Corporation Limited is secured by the specific charge on the assets financed by them.

(iv) The above secured term loan include buyer credit amounting to ₹ 663.52 lakhs which is subject to rollover at their respective due dates.

(v) Motor Car loan from HDFC Bank are secured against the respective vehicle purchased.

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

(₹ in Lakhs)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 to 2024-2025	Total
Secured									
Term Loan & Buyer's Credit	2,011.31	2,782.03	2,134.74	2,254.74	1,293.67	942.24	681.81	2,594.80	14,695.34
Motor Car Loan	0.39	–	–	–	–	–	–	–	0.39
Unsecured									
Term Loan	1,000.00	–	–	–	–	–	–	–	1,000.00
VAT Deferrement Scheme	68.84	68.84	–	–	–	–	–	–	137.68
Total									**15,833.41**

Notes to the Consolidated Financial Statements as at ended 31st March, 2013

(c) **Interest Rate**

Term loan from financial institutions carries interest @ 1.67% to 13% p.a.

Repayment in quarterly/half yearly instalments. The term loan of Hongkong and Shanghai Banking Corporation Limited will be repaid at a time at the end of the period of buyer credit.

VAT Deferrement Payment Scheme is interest free and payable in half yearly instalments of ₹ 34.42 lakhs each till 31st March, 2015.

5. Deferred Tax

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

(₹ in Lakhs)

	As at 31/03/2013
(a) **Deferred Tax Liabilities**	
Depreciation and Amortization Expenses	3,216.42
	3,216.42
(b) **Deferred Tax Assets**	
On Retirement benefits expenses as per AS - 15	28.74
Carry Forward of Business Losses	159.63
Carry Forward of Unabsorbed Depreciation	30.96
	219.33
Deferred Tax Liabilities (Net)	**2,997.09**

6. Long-Term Provisions

Long-Term Provisions consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Provision for Employee Benefits	21.07
	21.07

7. Short-Term Borrowings (₹ in Lakhs)

	As at 31/03/2013
Secured	
Loans repayable on demand	
From Bank - Working Capital Loan	9,757.57
	9,757.57
Unsecured	
Loans repayable on demand :	
From Bank	603.41
From Other Parties	118.37
Loans and Advances from Related Parties	–
	721.78
	10,479.35

Notes to the Consolidated Financial Statements as at 31st March, 2013

(a) **Securities**

(i) Working capital loans from banks are secured by first pari-passu charge on current assets of the Company, excluding hundies of Tata Motors discounted by State Bank of India and second pari-passu charge on the entire fixed assets of the Company, excluding assets which are exclusively charged to other lenders and office property at 16 Camac Street, 6th Floor, Kolkata - 700017 subject to prior charges in favour of banks created/to be created in respect of any existing/future financial assistance/accommodation which has been/may be obtained by the Company. State Bank of India has exclusive charge on the Hundies of Tata Motors discounted by them.

8. Trade Payables

Trade Payables consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Micro, Small and Medium Enterprises	14.68
Others	5,778.86
	5,793.54

9. Other Current Liabilities

Other Current Liabilities consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Current maturities of long-term debt (Refer Note 4)	3,080.54
Share Application Money Pending Refund	101.25
Interest accrued but not due on borrowings	63.56
Amount shall be credited to Investor's Education and Protection Fund (as and when due)	
Unpaid Dividends	1.44
Amount payable for Capital Goods	999.22
Advance from Customers	59.70
Advance from Other Parties	10.00
Payable to Employees	454.24
Statutory dues	149.93
Other Payables #	702.95
	5,622.83

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

10. Short-Term Provisions

Short-Term Provisions consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Employee Benefits	
- Gratuity	60.22
- Leave Encashment	3.23
Proposed Dividends	251.09
Tax on Proposed Dividends	42.69
	357.23

Notes to the Consolidated Financial Statements as at 31st March, 2013

(₹ in Lakhs)

11. Fixed Assets

Description	Gross Block				Depreciation				Net Block
	As at 01-04-2012	Additions/ Adjustment	Depreciations/ Adjustments	As at 01-04-2013	As at 01-04-2012	For the Year	Deductions/ Adjustment	As at 01-04-2013	As at 01-04-2013
A. Tangible Assets									
Land and Land Development									
Lease Hold Land	138.34	–	–	138.34	35.78	4.54	–	40.32	98.02
Free Hold Land	638.88	158.98	329.29	468.57	–	–	–	–	468.57
Total	**777.22**	**158.98**	**329.29**	**606.91**	**35.78**	**4.54**	**–**	**40.32**	**566.59**
Factory Shed & Building	2,566.59	10.03	55.22	2,521.40	399.53	74.90	–	474.43	2,046.97
Office Building	3,120.25	239.99	–	3,360.24	69.07	56.84	–	125.91	3,234.33
Plant & Machinery	24,745.93	2,101.52	690.54	26,156.91	7,829.87	1,913.08	161.29	9,581.66	16,575.25
Vehicles	193.83	131.41	61.94	263.29	63.40	50.24	29.05	84.59	178.70
Furnitures & Fixtures	1,092.84	117.79	0.46	1,210.17	111.58	93.70	–	205.28	1,004.89
Computer	425.97	142.42	–	568.39	251.40	91.82	–	343.22	225.17
Office Equipments	141.98	57.25	2.53	196.70	17.49	21.71	0.34	38.86	157.84
Air Condition Machine	182.15	90.42	–	272.57	21.35	15.33	–	36.68	235.89
Total (A)	**33,246.76**	**3,049.81**	**1,139.98**	**35,156.58**	**8,799.47**	**2,322.16**	**190.68**	**10,930.95**	**24,225.63**
B. Intangible Assets									
Goodwill on Consolidation	–	419.33	–	419.33	–	–	–	–	419.33
Computer Software	247.69	129.46	–	377.14	58.43	62.64	–	121.07	256.08
Total (B)	**247.69**	**548.79**	**–**	**796.47**	**58.43**	**62.64**	**–**	**121.07**	**675.41**
Total (A+B)	**33,494.45**	**3,598.60**	**1,139.98**	**35,953.05**	**8,857.90**	**2,384.80**	**190.68**	**11,052.02**	**24,901.04**

*Addition and depreciation during the year includes ₹ 380.62 lacs & ₹ 118.96 lacs on account of acquisition of subsidiary during the year.

12. Long-Term Loans and Advances

Long-Term Loans and Advances consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Capital Advance #	
- Unsecured, Considered Good	6,014.52
Security Deposits #	
- Unsecured, Considered Good	665.27
Other Loans and Advances - Advances Recoverable from Unsecured, Considered Good	
- Prepaid Expenses	42.65
- Employees	60.71
	6,783.15

Doubtful ₹ Nil

13. Other Non-Current Assets

Other non-current Assets consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Accrued Interest	15.39
Claims and Other Receivables	51.81
	67.20

Notes to the Consolidated Financial Statements as at 31st March, 2013

14. Inventories (Valued at lower of cost and net realisable value) :

Inventories consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Work-in-Progress	8,388.90
Raw Materials	1,881.37
Fuel & Gas	93.96
Stores and Spares	4,126.07
Forgings Scrap	428.43
	14,918.73

15. Trade Receivables :

Trade Receivables consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Outstanding for a period exceeding six months (from the due date) :	
- Unsecured, Considered Good	90.29
Outstanding for a period less than six months :	
- Unsecured, Considered Good	8,660.04
	8,750.33

16. Cash and Bank Balances :

(₹ in Lakhs)

	As at 31/03/2013
Cash and Cash Equivalents	
Balance with Banks :	
- Current Accounts	78.50
- Cash in hand	50.40
Other Balances with Bank	
- Deposits with less than 12 months maturity	254.75
	383.65

Notes to the Consolidated Financial Statements as at 31st March, 2013

17. Short-Term Loans and Advances

Short-Term Loans and Advances consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Security and Other Deposits #	
Unsecured, Considered Good	3.07
Other - Advances Recoverable from	
Unsecured, Considered Good	
- Advance Tax (Net of Provision for Tax)	148.81
- Income Tax Refundable (AY 12-13)	64.60
- Ramkrishna Forgings Ltd Employee Welfare Trust	1,200.15
- Advances with Airlines (LCC)	28.05
- Employees	80.28
- Suppliers of Goods & Services	254.17
- Prepaid Expenses	144.30
	1,923.43

Doubtful ₹ Nil

18. Other Current Assets

Other Current Assets consist of the following : (₹ in Lakhs)

	As at 31/03/2013
Accrued Interest	53.18
Accrued Export and Other Incentives	334.33
MAT Entitlement Receivable	265.62
Refund Receivable from Airlines	13.69
Balance with Customs, Port Trusts, Excise etc.	637.59
Others #	172.96
	1,477.68

Includes Capital subsidy receivable, Insurance claims etc.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

19. Revenue from Operations :

Revenue from Operations consist of the following : (₹ in Lakhs)

	Year ended 31/03/2012
Sale of Products	
- Steel Forgings	40,545.30
Job Work Sales	1,003.02
Sale of Services	
- Sale of Air Tickets and Other Receipts	1,630.49
- Commission & Incentive	111.67
Other Operating Revenues	2,981.35
	46,271.83
Less : Excise Duty Paid	4,139.97
	42,131.86

20. Other Income :

Other Income consist of the following : (₹ in Lakhs)

	Year ended 31/03/2012
Interest Income	
- On Current Investments	9.21
- On Others	76.23
Dividend Income	
- On Current Investments	20.31
Liabilities no longer required to be written back #	231.61
Other Non-Operating Income (Net)	29.86
	367.22

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

21. Cost of Raw Materials Consumed :

Cost of Raw Materials consumed consist of the following : (₹ in Lakhs)

	Year ended 31/03/2012
Round	13,983.79
Billets	9,182.49
	23,166.28
Less : Trial run production	511.58
	22,654.70

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

22. Changes in Inventories :

Changes in Inventories consist of the following :

(₹ in Lakhs)

	Year ended 31/03/2012
Opening Stock	
Vendor Managed Inventory	90.49
Work-in-Progress	6,632.55
Forging Scrap	63.11
	6,786.15
Less : Closing Stock	
Vendor Managed Inventory	–
Work-in-Progress	8,388.90
Forging Scrap	428.43
	8,817.33
(Increase)/Decrease in Stock	(2,031.18)
Add : Excise Duty on (Increase)/Decrease in Stock	40.19
	(1,990.99)
Add : Stock of Trial run production	190.99
	(1,800.00)

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

	Year ended 31/03/2013	
	Opening	Closing
Steel Forging	6,632.55	8,388.90
	6,632.55	**8,388.90**
(b) Details of Vendor Managed Inventory under broad heads are given below :		
Steel Forging	90.49	–
	90.49	**–**

23. Purchases

	Year ended 31/03/2013
Air Tickets and Other Purchases	1,634.64
	1,634.64

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

24. Employee Benefits Expenses :

Employee Benefits Expenses consist of the following :

	(₹ in Lakhs) **Year ended 31/03/2013**
(a) Salaries, Wages, Bonus, Exgratia, Incentive etc.	2,997.67
(b) Gratuity Fund contributions	57.07
(c) Provident Fund/Employees Pension Fund & E. S. I. Contribution	170.01
(d) Expense on Employee Stock Option Scheme (ESOP)	30.20
(e) Staff Welfare Expenses	116.73
	3,371.68
Less : Transferred to Capital Work-in-Progress	498.80
	2,872.88

25. Finance Costs :

Finance Costs consist of the following :

	(₹ in Lakhs) **Year ended 31/03/2013**
Interests Expenses	2,371.95
Other Borrowing Costs	46.77
	2,418.72
Less : Transfer to Capital Work-in-Progress	393.34
	2,025.38

26. Depreciation and Amortization Expenses :

	(₹ in Lakhs) **Year ended 31/03/2013**
Depreciation and Amortization Expenses	2,265.84
Less : Depreciation Capitalised to CWIP (Project)	0.27
	2,265.57

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

27. Other Expenses :

Other Expenses consist of the following :

	(₹ in Lakhs) Year ended 31/03/2013
Carriage Inward Expenses	226.12
Stores, Spares & Die Blocks Consumed (Including Packing Material)	2,122.93
Processing Charges	1,376.61
Repairs to :	
- Plant & Machinery	133.72
- Factory Shed & Building	35.57
- Other Assets	135.27
Franchise Fees	5.01
Business Promotion Expenses	2.91
Rent	31.46
Rates & Taxes	9.59
Insurance Charges (Including Keyman Insurance)	104.07
Miscellaneous Expenses	429.72
Bank Charges & Commission	854.97
Postage, Telegraph & Telephone	48.43
Legal & Professional Expenses	260.24
Travelling & Conveyance Expenses	235.05
(Including Directors Travelsling ₹ 80.06 lakhs)	
Advertisement Expenses	14.70
Payment to Auditor	22.21
Brokerage & Commission Expenses	81.31
Vehicle Running Expenses	36.58
Carriage Outward Expenses	549.08
Export Expenses	613.47
Discount & Rebate (Net)	22.92
Exchange Rate Difference	(36.84)
Sundry Balances Written Off (Net)	(31.70)
Bad Debt Written Off	525.66
Investment Written Off	10.40
Loss on Sale of Fixed Assets	2.13
Discarded Assets	21.25
	7,842.84
Less : Transfer to Capital Work-in-Progress	1,040.11
	6,802.73

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

28. M/s Globe Forex & Travels Ltd has become a subsdiary of the Company w.e.f. 10th January, 2013 and accordingly Consolidated Financial Results of the group includes the results of the subsidiary from 10th January, 2013 to 31st March, 2013. As this is the first occasion that the consolidated financial results are presented, comparative figures for the previous period are not presented.

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

Name of the Company	Relationship	Country of Incorporation	Group's Proportion of Ownership Interest as on 31/03/13
Globe Forex & Travels Ltd.	Subsidiary	India	72.82%

M/s Globe Forex & Travels Ltd has become subsdiary of the Company w.e.f. 10th January, 2013. The CFS of the group for the year ended 31st March 2013 includes ₹ 1,766.28 lacs in Revenue from Operations, ₹ 225.03 lacs of loss in Net Profit and ₹ 1,308.34 lacs in Total Assets being the effect of such aquisition.

30. M/s Globe Forex & Travels Ltd, the subsidiary, has changed the method of charging depreciation from Written Down Value (WDV) method to Straight Line Method (SLM) at the rates and in the manner prescribed in the Schedule XIV of the Companies Act, 1956 to bring in line with the accounting policy of the holding company. Accordingly, depreciation has been recomputed on Straight Line Method (SLM) basis from the inception of the respective assets resulting in write back of differential depreciation up to 31st March 2012 amounting to ₹ 41.51 Lakhs. The said excess depreciation has been adjusted with the parent's portion of equity for calculation of goodwill/apital reserve at the date of acquisition.

31. The Company had opted, in FY 2011-12, to apply para 46A of Accounting Standard AS-11 with effect from 01.04.2011 in accordance with notification dated 29.12.2011 issued by the Ministry of Corporate Affairs(MCA). Subsequently vide notification No. 25/2012 dated 09.08.2012 MCA has clarified that para 6 of AS-11 and para 4(e) of AS-16 shall not apply to Company which is applying 46A of AS-11. Accordingly foreign exchange rate difference on long term foreign currency borrowing to the extent regarded as adjustment to interest cost which was hitherto charged to Statement of Profit and Loss has been adjusted to carrying cost of the related assets with effect from 01.04.2011. The change has resulted in increase in profit before tax for the year ₹ 63.52 lakhs.

32. The Company has paid managerial remuneration of ₹ 338.29 Lakhs during the financial year 2012-13 out of which ₹ 120.48 lakhs is in excess of the limits as laid down in the section 309(3) read with schedule XIII of the Companies Act, 1956. Since the payment of the remuneration in excess of the limits requires approval of the Central Government the Company has made an application to the Central Government and the approval is awaited.

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

(₹ in Lakhs)

	As at 31/03/2013
A. ***Contingent Liabilities***	
a) Claims against the company not acknowledged as debt	
(i) Electricity charges demand of Jharkhand State Electricity Board. *(Appeal pending before High Court, Jharkhand)*	45.24
(ii) Demand for Income Tax for the AY 2007-08 *(Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata)*	8.03
(iii) Demand for Income Tax for the AY 2008-09 *(Appeal pending before the Commissioner of Income Tax (Appeals), Kolkata)*	3.96

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

	(₹ in Lakhs) Year ended 31/03/2013
(iv) Demand for Service Tax for the FY 2004-05, 2005-06, 2006-07 (upto July, 2006) *(Appeal pending before the Excise & Service Tax Appellate Tribunal, Kolkata)*	35.98
(v) Demand from Jharkhand State Electricity Board on account of disconnection of line at Plant I *(Appeal pending before Dy. Commissioner, Sariekela)*	2.29
(vi) Demand for Sales Tax for the FY 2009-10 *(Appeal pending before the The Joint Commissioner of Sales Tax, Kolkata)*	7.36
(vii) *Demand for Sales Tax for November 2012 for wrong availment of Input tax credit (Appeal pending before Joint Commissioner of Commercial Taxes (Appeals), Jamshedpur)*	7.41
b) Bills discounted with Banks	108.00
c) Bank Guarantee	567.63
d) Custom duty on Capital goods imported under EPCG Scheme/Advance Licence, against which export obligation of ₹ 12,520.47 Lakhs is to be fulfiled	1,666.41
B. *Commitments*	
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	26,481.32

34. Employee Benefits

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

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

	(₹ in Lakhs) As at 31/03/2013
a) Expenses recognized during the year	
Current Service Cost	50.07
Interest Cost	21.18
Expected return on plan assets	(16.24)
Actuarial (Gain)/Loss	2.24
Net Cost	57.25
b) Net Assets/Liability recognized in the Balance Sheet at the year end	
Present Value of Fair value of plan assets at the end of the year	239.69
Present value of obligation	299.91
Amount recognized in Balance Sheet	60.22
c) Reconciliation of opening and closing balances of Defined Benefit obligation	
Present Value of Defined Benefit obligation at the beginning of the year	229.72
Current Service Cost	50.07
Interest Cost	21.18
Actuarial (Gain) / Loss on obligation	3.96
Benefit paid	(5.02)
Present Value of Defined benefit obligation at the year end	299.91

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

	Year ended 31/03/2013
d) Reconciliation of opening and closing balances of fair value of Plan Assets	
Fair value of plan assets at beginning of the year	184.19
Actual return on plan assets	16.24
Actuarial Gain/(Loss)	1.72
Employer contribution	42.56
Benefit Paid	(5.02)
Fair value of plan assets at the end of the year	239.69
e) Investment details	
Insurer Managed Funds 100%	239.69
f) Actuarial Assumptions	
Mortality Table (LIC)	L.I.C. (1994 - 96), Ultimate Table
Discount Rate (Per Annum)	8% p.a.
Rate of escalation in salary (per annum)	6%

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

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

(iii) In respect of Defined contribution Scheme : The Company contributes 12% of salary for all eligible employees towards provident fund managed by the Central Government. Total expenses recognized towards employer's contribution to provident fund ₹ 126.69 Lakhs.

35. Related Parties

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

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

(b) Transaction with related parties :

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

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

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

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

(₹ in Lakhs)

Particulars	As at 31/03/2013
Salaries, Wages & Allowances	498.80
Electricity Charges	20.85
Stores, Spares & Die Blocks Consumed	61.85
Raw materials	511.58
Interest / Bank Charges	1,089.43
Travelling Expenses (Foreign)	131.44
Professional Fees/Consultancy	150.73
Total	**2,464.67**
Less : Preoperative Income (Including Stock of Scrap)	190.99
	2,273.68
Add : Balance brought forward from previous year	133.61
	2,407.29
Less : Allocated to Fixed Assets	385.95
Balance Carried forward	**2,021.34**

37. Exchange Rate Difference

Foreign currency exchange difference Loss of ₹ 56.85 Lakhs on long term borrowing for acquisition of Fixed Assets, has been adjusted to carrying cost of fixed assets which is in compliance with the treatment prescribed under AS 11 notification – Companies (Accounting Standards) Amendment Rules, 2009 (G.S.R. 913 (E) dt. 29.12.2011) issued by Ministry of Corporate Affairs.

38. Operating Lease

The Company's significant leasing agreements are in respect of lease for lands. These leasing agreements range between 30 to 99 years. The aggregate lease rental payables are charged as rent in Statement of Profit & Loss.

39. Segment information

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

Information about Secondary Segments : Geographical

(₹ in Lakhs)

	Year ended 31/03/2013
Revenue by Geographical Market	
India	36,692.70
Outside India	5,439.16
	42,131.86
Carrying Amount of Segment Assets	
Outside India	3,417.47

Note : All the plants of the Company are located in India and accordingly debtors and Stock lying outside India have been considered segment assets outside India.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

40. Foreign Currency exposures that are not hedged by derivative instrument or otherwise as on 31st March, 2013 are as under :

(in Lakhs)

			As at 31/03/2013
i.	Sundry Debtors	In USD *	11.81
		In EUR	13.85
ii.	Buyer's Credit	In USD	3.77
		In JPY	1,050.00
		In EUR	0.72
iiii.	Sundry Creditor	In JPY	240.00

* PCFC / PSFC loan in USD has not been considered to the extent outstanding foreign debtors in USD as on 31.03.2013

41. Earning per share (EPS)

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

(₹ in Lakhs)

	Year ended 31/03/2013
Weighted average number of Equity shares outstanding	18,726,493
Profit after Taxation & Minority Interest and before Extra-Ordinary Items	877.86
Profit after Taxation & Minority Interest and after Extra-Ordinary Items	877.86
Basic & Diluted EPS before Extra-Ordinary Item (In ₹)	4.69
Basic & Diluted EPS after Extra-Ordinary Item (In ₹)	4.69

42. During the year the Company has received the capital investment subsidy under Jharkhand Industrial Policy, 2001 of ₹ 567.63 lakhs which has been adjusted with cost of respective fixed assets and depreciation has been recalculated retrospectively resulting in reversal of excess depreciation of earlier year ₹ 200.43 lakhs.

Further the Company has recognised a capital subsidy (in the form of sales tax refund) of ₹ 738.27 lakhs under Jharkhand Industrial Policy, 2001 which has been credited to Capital Reserve.

As per our attached report of even date

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

Dated : 18th day of May, 2013
1B, Old Post Office Street, Kolkata - 700 001

For and on behalf of the Board

Mahabir Prasad Jalan *(Chairman)*

Naresh Jalan *(Managing Director)*

Pawan Kumar Kedia *(Finance Director)*

Alok Kumar Sharda *(Chief Financial Officer)*

Rajesh Mundhra *(Company Secretary)*

Ramkrishna Forgings Limited

Registered Office : Ramkrishna Chambers, 72 Shakespeare Sarani, Kolkata - 700 017

ATTENDANCE SLIP

NAME OF THE MEMBER ______________________________

MEMBER FOLIO NUMBER/CLIENT ID NO. ______________________________

NUMBER OF SHARES HELD ______________________________

NAME OF PROXY (IN BLOCK LETTER) ______________________________
(To be filled in if the Proxy attends instead of the Member)

I hereby record my presence at the 31st Annual General Meeting of the Company to be held at Gyan Manch, 11, Pretoria Street, Kolkata - 700 071 on Saturday, the 20th day of July, 2013 at 11.45 A.M.

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

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

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

— — — — — — — — — — — — — — — — — — — Tear here - — — — — — — — — — — — — — — — — — —

Ramkrishna Forgings Limited

Registered Office : Ramkrishna Chambers, 72 Shakespeare Sarani, Kolkata - 700 017

Reg. Folio No./Client ID No	

No. of Shares held	

PROXY FORM

I/We______________________________of ______________________________

______________________________being a member/members of the above named Company

hereby appoint ______________________________

of ______________________________ or

failing him ______________________________ of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held at Gyan Manch, 11, Pretoria Street, Kolkata - 700 071 on Saturday, the 20th day of July, 2013 at 11.45 A.M.

Signed this__________day of___________2013

Affix Revenue
Stamp of
Re. 1/-

(Signature of the shareholder)______________________________

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

Ramkrishna Forgings Limited

Registered Office : Ramkrishna Chambers, 72, Shakespeare Sarani, Kolkata - 700 017

Dear Members,

Sub : Green Initiative in Corporate Governance

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

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

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

— Cut from here — — — — — — — — — — — — — — — — — —

E-MAIL ADDRESS UPDATE FORM

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

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

E-mail address : ____

____
Signature of the Shareholder(s)

BOOK POST

If undelivered, please return to :

RAMKRISHNA FORGINGS LIMITED

Ramkrishna Chambers, 72 Shakespeare Sarani, Kolkata - 700 017

Phone : (033) 3984 0900/3984 0999 Fax : (033) 3984 0998

Website : www.ramkrishnaforgings.com

print@manjari.net

RAMKRISHNA FORGINGS LIMITED

REGD. & CORPORATE OFFICE :
"RAMKRISHNA CHAMBERS"
72. SHAKESPEARE SARANI
KOLKATA - 700 017
WEST BENGAL, INDIA
PHONE : (+91 33) 3984 0900/0999
FAX : (+91 33) 3984 0998
E-mail : info@ramkrishnaforgings.com
Website : www.ramkrishnaforgings.com

FORM-A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILLED WITH THE STOCK EXCHANGES

1.	Name of the Company	Ramkrishna Forgings Limited
2.	Annual Financial Result for the year ended	31st March ,2013
3.	Type of observation	Matter of Emphasis
4.	Frequency of observation	The Observation of similar nature was observed in 2009-2010. The company has received the excess remuneration as observed by the Auditor in 2009-10.
	To be signed by CEO/Managing Director CFO Auditor of the company Audit Committee Chairman	

WORKS :

(PLANT-I) : PLOT NO M-6, PHASE-VI, GAMARIA, JAMSHEDPUR - 832108, JHARKHAND (INDIA)
PH (+91 657) 3040700, 3204242, 3204249, FAX : (+91 657) 2202814
E-mail : forgings-division@ramkrishnaforgings.com
&
(PLANT-III & IV) : PLOT NO. M-15, 16 & NS-26, PHASE-VII, INDUSTRIAL AREA, ADITYAPUR, JAMSHEDPUR - 832109
JHARKHAND (INDIA), PH. : (+91 657) 3984999, FAX : (+91 657) 3984998
E-mail : cnc-division@ramkrishnaforgings.com

(PLANT-II) : 7/40, DUFFER STREET, LILUAH, HOWRAH - 711204, W.B. (INDIA)
PH (+91 33) 30932004, FAX (+91 33) 30932009

RAMKRISHNA FORGINGS LIMITED

REGD. & CORPORATE OFFICE :
"RAMKRISHNA CHAMBERS"
72, SHAKESPEARE SARANI
KOLKATA - 700 017
WEST BENGAL, INDIA
PHONE : (+91 33) 3984 0900/0999
FAX : (+91 33) 3984 0998
E-mail : info@ramkrishnaforgings.com
Website : www.ramkrishnaforgings.com

FORM A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILLED WITH THE STOCH EXCHANGES

1.	Name of the Company	Ramkrishna Forgings Ltd
2.	Annual Financial Results for the year ended	31st March, 2013
3.	Type of observation	Matter of Emphasis
4.	Frequency of observation	The Observation of similar nature was observed in 2009-10. The Company has received the excess remuneration as observed by the Auditor in 2009-10.
	To be signed by CEO/Managing Director	RAMKRISHNA FORGINGS LTD. MANAGING DIRECTOR
	CFO	Ramkrishna Forgings Limited CFO
	Auditor of the company	For SINGHI & CO. Rajiv Singh Partner
	Audit Committee Chairman	

WORKS :

(PLANT-I) : PLOT NO. M-6, PHASE-VI, GAMARIA, JAMSHEDPUR - 832108, JHARKHAND (INDIA)
PH. : (+91 657) 3040700, 3204242, 3204249, FAX : (+91 657) 2202814
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&
(PLANT-III & IV) : PLOT NO. M-15, 16 & NS-26, PHASE-VII, INDUSTRIAL AREA, ADITYAPUR, JAMSHEDPUR - 832109
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(PLANT-II) : 7/40, DUFFER STREET. LILUAH. HOWRAH - 711204. W.B. (INDIA)
PH. : (+91 33) 30932004. FAX : (+91 33) 30932009