



Samrat Forgings Limited
33rd ANNUAL REPORT 2013-14

SAMRAT FORGINGS LIMITED

33rd ANNUAL REPORT 2013-14

BOARD OF DIRECTORS

Mrs. Bindu Chowdhary
(Chairperson)

Mr. Rakesh M. Kumar
(Managing Director)

Mrs. Ritu Joshi
Mr. Ajay Kapoor
Mr. Ajay Kumar Arora
Mr. Ashok Lakhanpal

COMPANY SECRETARY

Mr. Sandeep Kumar

AUDITORS

M/s. Jain & Associates
Chartered Accountants
SCO : 819-820, Sector 22-A, Chandigarh

BANKERS

The Jammu & Kashmir Bank Ltd.
Sector 17, Chandigarh

REGISTERED OFFICE

406, First Floor, Sector 15-A,
Chandigarh-160 015

WORKS & ADMN. OFFICE

Village & PO Gholu Majra,
Chandigarh - Ambala Highway,
Tehsil : Derabassi,
Distt. Mohali (Punjab)

CNC MACHINING UNIT

Village Bhankerpur,
Tehsil : Derabassi,
Distt. Mohali (Punjab)

REGISTRARS AND TRANSFER AGENTS

Mas Services Ltd.
T-34, 2nd Floor,
Okhla, Industrial Area,
Phase - II, New Delhi - 110029

Particulars	CONTENTS	Page No.
Company Information.....		1
Notice.....		2
Directors' Report.....		13
Corporate Governance Report.....		20
Independent Auditors' Report.....		29
Balance Sheet.....		33
Statement of Profit & Loss.....		34
Cash Flow Statement.....		35
Notes on Financial Statements.....		36
Proxy Form.....		
Attendance Slip.....		

NOTICE

Notice is hereby given that the 33rd Annual General Meeting of the members of Samrat Forgings Limited will be held on Monday, the 29th September, 2014 at 11:00 A.M. at the Registered Office of the Company at # 406, First Floor, Sector 15-A, Chandigarh- 160 015 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and Statement of Profit and Loss for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. Bindu Chowdhary, who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint Auditors and 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 Jain & Associates, Chartered Accountants (Registration No. 001361N), the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. **Appointment of Shri Ajay Kapoor as an Independent Director**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, Shri Ajay Kapoor (DIN 01345146), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing this candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 28th September, 2019, not liable to retire by rotation."

5. **Appointment of Shri Ajay Kumar Arora as an Independent Director**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, Shri Ajay Kumar Arora (DIN 00314161), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing this candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 28th September, 2019, not liable to retire by rotation."

6. Appointment of Shri Ashok Lakhanpal as an Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

"RESOLVED THAT Mr. Ashok Lakhanpal (DIN 03617355) who was appointed as Director w.e.f. 13.08.2011 and is continuing as Director and who meets the criteria of Independence as provided under section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing this candidature for the office of Director of the Company be and is hereby appointed as an Independent Director not liable to retire by rotation in terms of Section 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including statutory modification(s) or re-enactment thereof, for the time being in force, for a term upto 28th September, 2019, not liable to retire by rotation."

7. Re-Appointment of Shri Rakesh M. Kumar as Managing Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Rakesh M. Kumar (DIN: 00066497) as Managing Director of the Company, for a period of three (3) years with effect from December 1, 2014 as per the following terms:

A) Salary: Rs. 4,00,000/- per month.

B) Perquisites:

- a. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these are either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c. Encashment of earned leave at the end of tenure subject to maximum of 10 months as per the rules of the Company.
- d. Other perquisites subject to over all ceiling on remuneration mentioned here in above, the Managing Director may be given any other allowance, benefits and perquisites as the Board of Directors may from time to time decide.

C) Amenities:

- a) The Company shall provide Chauffeur driven car facility to the Managing Director for official use.
- b) Phone and other communication facilities subject to the condition that personal long distance calls shall be recovered from the Managing Director.

In the event of loss and / or inadequacy of profits in any financial year during his tenure, the remuneration as proposed aforesaid shall be deemed to be the minimum remuneration.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. Authority for Borrowing Power to Board

To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution:

"RESOLVED that in supersession of the resolution passed by the members of the Company earlier on 30th September, 2006 and pursuant to the provisions of Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and Rules made thereunder including any amendment thereto, consent of the Company be and is hereby accorded to the Board of Directors of the Company which shall be deemed to

include any committee thereof, to borrow moneys in excess of aggregate of Paid-up Capital and Free Reserves of the Company provided that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers/Lenders in the ordinary course of business) and outstanding at any time shall not exceed the sum of Rs. 50 Crores over and above the aggregate of Paid-up Capital and Free Reserves of the Company."

9. Authority to Mortgage/Charge of Property against Borrowings

To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution:

"RESOLVED that in supersession of the resolution passed by the Members of the Company earlier at the Annual General Meeting of Shareholders held on 30th September, 2006 and pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and Rules made thereunder including any amendment thereto, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as Board) which shall be deemed to included any committee thereof, to mortgage and/or charge on all or any immovable and movable properties of the Company wheresoever situate, present and future, or to sell, lease or otherwise dispose off the whole or substantially of the whole of the undertaking(s) and where Company owns more than one undertaking, the whole or substantially whole of all or any of such undertaking(s) and to create/register mortgage and/or charge on such terms and conditions at such time(s) and in such form and manner and with such ranking as to priority as the Board may in its absolute discretion decide on the whole or substantially of the whole of any one or more of the undertakings of the Company in favour of Banks, Financial Institutions, Non-Banking Finance Companies, Bodies corporate or other Lenders whether shareholders of the Company or not for the debts of the Company together with interest, costs, charges and expenses thereon for an aggregate amount not exceeding Rs. 50 Crores over and above the aggregate of Paid-up Capital and Free Reserves of the Company.

FURTHER RESOLVED That for the purpose of giving effect to this resolution, the Board which shall be deemed to included any committee thereof be and is hereby authorised to finalize, settle and execute such documents/deeds/ writings/papers/ agreements as may be required and do through authorized Directors/Principal officers of the Company all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or proper and to settle any question, difficulty or doubt that may arise in regard to creation of mortgage/charges as aforesaid."

10. Amendment of Articles of Association

To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and is hereby amended by deleting the existing Article 150 and substituting with following new Article 150:

150. The Managing Director shall be a Whole Time Director of the Company. Unless necessitated to comply with the provisions of the Act, the Whole Time Director (including Managing Director) so appointed shall not be subject to retire by rotation, but his appointment shall be automatically terminated if he ceases to be a Director.

Provided, however, that if at any time the number of Whole-time Directors (including Managing Director) as are not subject to retirement by rotation shall exceed one-third of the total number of Directors (excluding Independent Directors) for the time being, then such Whole-time Director or Whole-time Directors as the Board of Directors shall from time to time select shall be appointed as Director(s) liable to retire by rotation to the intent that the Directors not liable to retire by rotation shall not exceed one-third of the total number of Directors (excluding Independent Directors) for the time being.

A Whole-time Director (including Managing Director), who is reappointed as a Director immediately on retirement by rotation, shall continue to hold his office of Whole-time

Director or Managing Director and such reappointment as such Director shall not be deemed to constitute a break in his appointment, as Whole-time Director or Managing Director."

11. Amendment of Articles of Association – Addition of new Article

To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and is hereby amended by adding the following new Article 150(a):

150(a).The Board may appoint or reappoint any individual as the Chairperson of the Company, as well as the Managing Director or Chief Executive Officer of the Company at the same time."

NOTES:

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
A PROXY CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS.
3. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting and the proxies shall not have any voting rights except on poll.
4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 23.09.2014 to 29.09.2014 (both days inclusive) pursuant to the provisions of Section 91 of the Companies Act, 2013
6. Members/Proxies are requested to bring their attendance slips and copy of Annual Report to the Meeting.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their question in writing to the Company at least 7 days before the date of the meeting so that information required may be made available at the meeting.
8. Members / proxy holders are requested to produce the attendance slip duly completed and signed, for admission to the meeting hall.
9. In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. Members who hold shares in de-materialized form are requested to bring their client ID and DP-ID number for the purpose of identification and attendance at the meeting.
11. Members are requested to immediately intimate the change in address and bank details, if any, to the Company's Registrar and Share Transfer Agent i.e. M/s Mas Services Ltd, at T- 34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi- 110 020 with their Folio number/DPID/Client ID.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company/Registrar & Share Transfer Agent of the Company.

13. For receiving all communication including Annual Report, Notices etc. from the Company electronically, members are requested to register/update their e-mail address with their respective Depository Participant, where shares are held in electronic mode. If, shares are held in physical form, members are advised to register their e-mail address with the Company's Registrar and Share Transfer Agent i.e. Mas Services Ltd.
14. All documents referred in the notice are open for inspection at the Registered Office of the Company between 11:00 A.M. to 01:00 P.M. on any working day prior to the date of the Annual General Meeting.
15. **Appointment/Re-appointment of Directors**
 Shri Ajay Kapoor, Shri Ajay Kumar Arora and Shri Ashok Lakhanpal do not hold any Equity Shares in the Company. Shri Rakesh M Kumar is holding 2,15,000 Equity Shares of Rs. 10 each of the Company.
 Pursuant the provisions of Clause 49 of the Listing Agreement, brief profile of the Directors proposed to be appointed/reappointed, nature of their expertise, name of the Companies in which they are interested is given in the Corporate Governance Report forming part of the Annual Report.
16. At the ensuing Annual General Meeting Mrs. Bindu Chowdhary, Director of the Company retires by rotation and being eligible, offers herself for re-appointment. Pursuant to clause 49 of the Listing Agreement the particulars of the said Director are given below:
 Mrs. Bindu Chowdhary is Promoter Director and associated with the Company since 1990. Her services have been very useful for the general affairs of the Company.
 Mrs. Bindu Chowdhary is holding 10 Equity Shares of the Company as on 31.03.2014.
Other Directorship:
 Mrs. Bindu Chowdhary was director in following other Companies as on 31.03.2014:
 1. Jandwani Poly Products Pvt Ltd
 2. Punjab Pre Stressed Concrete Works Pvt Ltd
17. **Voting through Electronic means**
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically on the resolutions mentioned in the notice of the 33rd Annual General Meeting of the Company.
 - II. Similarly, members opting to vote physically can do the same by remaining present at the meeting and should exercise the option for e-voting. However, in case Members cast their vote exercising both the options, i.e. physically and e-voting, then votes casted through e-voting shall be only taken into consideration and treated valid whereas votes casted physically at the meeting shall be treated as invalid.
 - III. The instructions for shareholders voting electronically are as under:
 - (i) The voting period begins on 23rd September, 2014 at 9.00 AM and ends on 25th September, 2014 at 6.00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 14th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter i.e. 25th September, 2014.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.
 - (iii) Click on "Shareholders" tab.
 - (iv) Now, select the Company name "Samrat Forgings Limited" from the drop down menu and click on "SUBMIT"
 - (v) Now Enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
 - b. Members holding shares in Physical Form should enter Folio Number registered with the Company, excluding the special characters.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to enter in capital letters the PAN field of 10 characters as First 2 Characters of the First Holder Name followed by 8 characters consisting of Folio Number prefix by "0" (or 8 characters from right of BO-ID). No special characters of space will be taken from the name and folio number and name shall be excluded of titles like Mr/Mrs/Smt./Ms/ M/s etc. Example: If your name is Raman Sharma with folio number 12 then enter RA00000012 in the PAN field.
DOB	Enter the Date of Birth as recorded in your Demat account with the depository or in the company records for your folio in dd/mm/yyyy format.
Bank Details	Enter the Bank Account Number as recorded in your Demat account with the depository or in the company records for your folio. Please enter the DOB or Bank Account Number in order to login. If the details are not recorded with the depository or company please enter in the Bank detail field the Number of Shares held by you as on Cut-Off Date (Record Date) of 14 th August, 2014.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Samrat Forgings Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- IV The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 14th August, 2014.
- V A copy of this notice has been placed on the website of the Company and will also be available on website of CDSL during voting period.
- VI Shri Kanwaljit Singh, Practicing Company Secretary (Certificate of Practice Number 5870) has been appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
- VII The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairperson.
- VIII The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.samratforgings.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Ludhiana Stock Exchange Ltd.

Regd. Office:
406, First Floor,
Sector 15-A,
Chandigarh - 160 015
Email: info@samratforgings.com
CIN: L28910CH1981PLC004522
Date: 14th August, 2014

By order of the Board of Directors
For Samrat Forgings Limited

(Sandeep Kumar)
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013
RELATING TO ITEMS OF SPECIAL BUSINESS**

Item No. 4 & 5

Shri Ajay Kapoor and Shri Ajay K Arora are Non-Executive Independent Directors retiring by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956 and in respect of whom the Company has received notices in writing from a member under Section 160 of the Companies Act, 2013, proposing their candidature for the office of Directors of the Company.

Pursuant to the provisions of Section 149 of the Act, every Listed Company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation. Further, Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an Independent Director on its Board.

The Company has received declaration from Shri Ajay Kapoor and Shri Ajay K Arora that they meet with the criteria of independence as prescribed under Section 149(6) of the Act. In the opinion of the Board, Shri Ajay Kapoor and Shri Ajay K Arora fulfills the conditions specified in the Act and the Rules framed thereunder for their appointment as Independent Directors of the Company and are independent of the management.

Shri Ajay Kapoor holds master degree in English and has sound knowledge of economic and financial matters. He is associated with the Company as an Independent Director since 2007 and his services have been very useful for the business and general affairs of the Company. And, Mr. Ajay K Arora is Bachelor of Law (LLB) from Punjab University and a Fellow Member (FCS) of the Institute of Company Secretaries of India. He is a practicing Company Secretary for the last 25 years (approx) and being the corporate consultant, has rich experience to his credit. He is on the Board of the Company as an Independent Director since 2010 and providing his consultancy/advisory services related to all secretarial, legal and financial issues.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services and therefore, recommends their appointment as Independent Directors to the Members in terms of Resolution set out in Item No. 4 & 5 of the Notice.

Copy of the draft letter for appointment of Shri Ajay Kapoor and Shri Ajay K Arora as Independent Directors setting out the terms and conditions of their appointment would be available for inspection by members at the Registered Office of the Company during normal business hours on working days.

Shri Ajay Kapoor and Shri Ajay K Arora do not hold any shares in the Company.

The Directors concerned are interested in the Resolutions relating to their respective appointments. Other than this, no Director or any of the Key Managerial Personnel of the Company or their relatives are, directly or indirectly, concerned or interested in the Resolutions as set out at Item Nos. 4 & 5.

Item No. 6

Shri Ashok Lakhanpal is Non-Executive Independent Director. Pursuant to the provisions of Section 149 of the Act, every Listed Company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation. Further, Section 149 of the Act inter-alia stipulates the criteria of independence should a company propose to appoint an Independent Director on its Board. Also, pursuant to the provisions of Clause 49 of the Listing Agreement, the Company is required to have at least one half of the Board as Independent Directors.

The Company has received a declaration from Shri Ashok Lakhanpal that he meets with the criteria of independence as prescribed under Section 149(6) of the Act. In the opinion of the Board, Shri Ashok Lakhanpal fulfills the conditions specified in the Act and the Rules framed thereunder for his appointment as an Independent Director of the Company and is independent of the management.

He is on the Board of the Company as an independent director since 2011 and providing his consultancy/advisory services on all technical and administrative issues. The Board considers that it is desirable to continue to avail the services of Shri Ashok Lakhanpal and therefore, recommends his appointment as Independent Director to the Members in terms of Resolution set out in Item No. 6 of the Notice.

Copy of the draft letter for appointment of Shri Ashok Lakhanpal as an Independent Director setting out the terms and conditions would be available for inspection by members at the Registered Office of the Company during normal business hours on working days.

Shri Ashok Lakhanpal does not hold any shares in the Company.

Except Shri Ashok Lakhanpal, none of the Directors, Key Managerial Personnel of the Company or their relatives is interested or concerned in the resolution.

Item No. 7

The Board of Directors of the Company in its meeting held on 14th August, 2014 has, subject to the approval of members, re-appointed Shri Rakesh M Kumar as Managing Director, for a period of three (3) years w.e.f. 1st December, 2014 at the remuneration recommended by the Remuneration Committee of the Board and approved by the Board, within the limit specified in Schedule V, Part II, Section II(A) of the Companies Act, 2013.

Terms of remuneration of Shri Rakesh M Kumar are set out in the Special Resolution under Item No. 7 which is within the limit specified in Schedule V, Part II, Section II(A) of the Companies Act, 2013.

Shri Rakesh M Kumar is associated with the Company since 1994 as a Whole Time Director and he has rich business experience of twenty years in Forging Industry to his credit. He is managing the affairs of the Company for the last twenty years and given his strong dedication and devotion for the overall growth of the Company to a very sound state.

The Board recommends this resolution as a Special Resolution for the approval of the members in terms of Resolution set out in Item No. 7 of the Notice.

None of the Directors or Key Managerial Person of the Company is interested in the resolution except Shri Rakesh M Kumar being the beneficiary, Mrs. Ritu Joshi and Mrs. Bindu Chowdhary, being the relatives of Shri Rakesh M Kumar.

The following additional information as per the requirement of Schedule V of the Companies Act, 2013 is given below:

I. General Information:

1. Nature of Industry
The Company comes under Forgings Industry and is in the business of manufacturing of closed die steel forgings.
2. Date or expected date of commencement of commercial production
The Commercial production started in the year 1985.
3. In case new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus
Not applicable
4. Financial performance of the Company
The financial performance of the Company has improved during the last 7-8 years with the consistent increase in sales turnover. During last year, the Company has achieved a sales turnover of Rs. 8630.42 lacs (including excise) and profit of Rs. 135.44 lacs (before tax) as against sales turnover of Rs. 7544.01 lacs (including excise) and profit of Rs. 98.29 lacs (before tax) during previous year. The turnover of the Company has increased by 14.40% and the profit has increased by 37.80% as compared to previous year's turnover and profit.
5. Foreign investments or collaborations, if any
The Company has not made any investment in foreign market.

II. Information about the appointee

1. Background detail
Shri Rakesh M. Kumar is B.E., MBA by qualification having twenty years of business experience in Forging Industry to his credit. He has joined Samrat Forgings Limited in 1994 and looking after all business operations of the Company for the last twenty years.

2. Past remuneration

Shri Rakesh M. Kumar was drawing Remuneration of Rs. 2,50,000/- p.m. with other benefits and perquisites as approved by the shareholders in the general meeting on 30th September, 2011 as per provisions of section 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions of the Companies Act, 1956.

3. Recognition or awards

Career profile already covered in the section Background detail.

4. Job profile and his suitability

Shri Rakesh M. Kumar is managing the affairs of the Company for the last twenty years and has given his strong dedication and devotion for the overall growth of the Company to a very sound state. He is very well suited to handle the responsibility of his designation/position and the responsibilities assigned to him by the Board of Directors of the Company.

5. Remuneration proposed

The Proposed Remuneration is: Salary amounting Rs. 4,00,000/- per month and other benefits and perquisites as mentioned in the Notice subject to maximum ceiling as allowed in Schedule V of the Companies Act, 2013.

6. Comparative remuneration profile with respect to industry, size of Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

In the present scenario the remuneration being paid to the managerial personnel by companies in Forging Industry is very high. Shri Rakesh M. Kumar has business experience of approximately twenty years and taking into account the responsibilities assigned, the remuneration proposed to be paid to him is very reasonable in comparison of remuneration packages paid to similar senior level appointee(s) in other Companies in the industry.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Shri Rakesh M. Kumar is Managing Director of the Company and except for drawing remuneration as approved by shareholders; has no other pecuniary relations with the Company. He is related to Mrs. Ritu Joshi and Mrs. Bindu Chowdhary, Directors of the Company.

III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits

In view of the highly competitive market scenario in Forging Industry, the Company has posted profits before tax of Rs. 135.44 Lacs and net profit after tax of Rs. 105.02 for the year ended 31st March, 2014.

2. Steps taken or proposed to be taken for improvement

The Company is constantly looking forward to improve its productivity, sales and consequently its profits and therefore steps have been taken for addition of new machinery equipped with latest technology, cost cutting, optimum utilization of resources to cater the needs of customers.

3. Expected increase in productivity and profits in measurable terms

Considering the present market conditions and the steps taken by the Company, the production, sales and profitability of the Company is expected to increase substantially in the ensuing years. The Company posted net profit (after tax) of Rs. 105.02 lakhs for the year ended 31st March, 2014 and is focusing on widening its product portfolio to improve the profits going forward.

Item No. 8 & 9

The members of the Company at their Meeting held on 30th September, 2006 had given consent by Ordinary Resolutions to the Board;

- (i) to borrow in excess of aggregate of Paid-up Capital and Free Reserves up to a limit of Rs. 50 Crores under section 293(1)(d) of the Companies Act, 1956 and
- (ii) to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company for creation of mortgage/charge over its immovable and movable properties in favour of lenders in terms of section 293(1)(a) of the Companies Act, 1956.

The authority for item (i) and (ii) above can now be exercised by the Board only by consent of members given by a Special Resolution (in place of earlier Ordinary Resolution) as per Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 respectively. Hence, the Board recommends the above for approval by Special Resolution of Shareholders as set-out in item No. 8 and 9 of the Notice of Annual General Meeting.

None of the Directors or their relatives or Key Managerial Personnel of the Company are financially or otherwise concerned or interested in the above resolutions.

Item No. 10

Currently Article 150 of the Articles of Association of the Company provides that The Managing Director so appointed shall not while holding that office be subject to treatment by rotation but he shall be taken into account in determining the number of Directors to retire by rotation.

As Independent Directors are not liable to retire by rotation, under the provisions of the Companies Act 2013. To meet the requirement of at least 2/3rd of the total number of Directors liable to retire by rotation, the Board of Directors recommends amendment in the AOA to enable appointment of Whole-time Director(s) (including Managing Director), on rotation basis, whenever necessary.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday, upto and including the date of the Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financial or otherwise, in the resolution.

The Board recommends the special resolution as set out at Item No. 10 of the Notice for approval by the members.

Item No. 11

Section 203 of the Companies Act, 2013 restricts appointment of an individual as a Chairperson of the Company as well as Managing Director or Chief Executive Officer of the Company at the same time unless contrary provided in the articles of association of the Company.

Therefore, the Board of Directors recommends amendment to the Articles of Association of the Company by adding the new Article 150(a).

The Resolution at Item No. 11 of the Notice is set out as a Special Resolution for approval by the members in terms of Section 14 of the Companies Act, 2013.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday, up to and including the date of the Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 11.

Regd. Office:
406, First Floor,
Sector 15-A,
Chandigarh - 160 015
Email: info@samratforgings.com
CIN: L28910CH1981PLC004522
Date: 14th August, 2014

By order of the Board of Directors
For Samrat Forgings Limited

(Sandeep Kumar)
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 33rd Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended on 31st March, 2014. The financial highlights for the year under review are given below:

	(Rs. in lacs)	
FINANCIAL RESULTS	For the year ended 31.03.2014 (Current Year)	For the year ended 31.03.2013 (Previous Year)
Gross Sales including Job Work	8630.42	7544.01
Less: Excise Duty/Service Tax	888.29	760.15
Net Sales	7742.13	6783.86
Other Income	181.52	31.76
Profit before Interest, Depreciation & Tax	711.24	571.38
Interest	409.16	350.08
Depreciation	166.64	123.01
Net Profit before tax	135.44	98.29
Provision for Tax	26.76	15.68
Provision for deferred Tax	3.66	10.77
Profit after tax available for appropriation	105.02	71.84
Transfer to General Reserve	0.00	0.00

OPERATIONS

Your Directors feels satisfied about the financial and operational performance of the Company as it has continued to surpass all its previous records and has achieved a positive sales growth. Through the constant efforts put by the directors and employees, the Company has achieved a gross sales turnover of Rs. 8630.42 Lacs (including excise) during the year ended on March 31, 2014 as against gross sales turnover of Rs. 7544.01 Lacs (including excise) during the corresponding previous financial year ended on 31st March, 2013. The company has earned profit of Rs. 105.02 Lacs (after tax) as compared to the previous year's figure of Rs. 71.84 Lacs. Your directors are expecting and putting constant efforts to further improve / increase the production, sales and profitability and post much improved results during the year 2014-15.

FUTURE OUTLOOK / EXPANSION

With a view to meet the demand of its products by the existing and new customers, the Company has installed some new machinery and further expansion is in progress. Production capacity at forging unit as well as machining unit is being increased with the installation of new machines. The company has added new customers in export market and export sales are increasing.

The company is regularly conversing with its bankers and other financial institutions to provide financial assistance for the expansion in production facilities and it is expected that with the installation of new machinery and by up gradation of technology, the production level and sales would be further improved in the coming years.

CAPITAL STRUCTURE

There is no change in the Capital Structure of the Company during the year under review.

DIVIDEND

The Directors regret their inability to recommend any dividend for the year under review and rather prefer to conserve the resources and plough back the accrued profits into the Company.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public or its employees during the year under review, nor there were any fixed deposits to be repaid during the financial year under review.

DIRECTORS

Mrs. Bindu Chowdhary, Director is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment. The brief profile of Mrs. Bindu Chowdhary, names of the Companies in which she has held directorship etc is furnished in the notes forming part of the notice of the ensuing Annual General Meeting.

Mr. Puneet Varma, Nominee Director (Nominee of Punjab State Industrial Development Corporation (PSIDC)) has informed, vide his letter dated 15.05.2014 that his nomination has been withdrawn by PSIDC. His cessation from the directorship of the company has been taken on record by Board.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of annual accounts for the year ended March 31, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956 have been followed alongwith proper explanation relating to material departures.
- (ii) That we have selected such accounting policies and applied them consistently and made judgments 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 financial year and of the profit & loss of the Company for that period.
- (iii) That we have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That accounts have been prepared on going concern basis.

AUDITORS

M/s Jain & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from disqualification specified under Section 141(3) of the Companies Act, 2013. The members are requested to appoint Auditors and fix their remuneration.

ISO / TS CERTIFICATION

Your Directors are pleased to inform you that the Company continues to be holder of ISO / TS - 16949 : 2002-Markblatt WO Certification from TUV Rheinland. Regular audits are conducted under this Certification.

INTERNAL CONTROL SYSTEM AND ADEQUACY

An optimum internal control system is implemented by the Company which is well commensurate with the size and nature of business of the Company and ensure control over its various functions in its business operations. The effectiveness of the internal control system has been reviewed by the internal audits of all operational department and all major corporate functions under the directions of the Internal Audit department. The main focus of these reviews are to identify weakness and areas of improvement, compliance with defined policies, safeguarding the tangible and intangible assets, to protect these against loss from unauthorized use, recording and reporting of all financial transactions to assure reliability & promptness and compliance with all applicable statutes etc.

BANKERS

The Company is banking with The Jammu & Kashmir Bank Ltd, which has been providing financial assistance for various purposes. Your directors wish to place on record their heartiest gratitude for their support and co-operation in all aspects.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to corporate governance requirements set out by SEBI. The report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite certificate regarding compliance of conditions of corporate governance from Ms. Parul Arora, Practicing Company Secretary is annexed to the report on corporate governance.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report of Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement is annexed.

STATUTORY DUES

The Company is regular in paying its statutory dues on time like Sales Tax, VAT, Excise Duty, Income Tax, P.F. & E.S.I.

SAFETY, POLLUTION & QUALITY CONTROL

Considering the risk involved in the manufacturing process, optimum safety provisions have been made in all segments of the Company and the same are checked periodically. There were no major accidents in the plant during the year. Further, there are no effluents, which require treatment. Stringent quality control for all products and raw materials has been incorporated and the Company has well equipped laboratory to ensure quality control.

INDUSTRIAL RELATIONS

Your Directors wish to place their sincere gratitude to the employees at all levels for their hard work, dedication and commitment and with their efforts, the Company is continuously maintaining healthy, cordial and harmonious industrial relations.

There was no conflict between workmen and the management during the year under review.

INVESTORS' RELATIONS

Your Company always endeavors to give response to shareholders' requests / grievances at the minimum. Priority is accorded to address all the issues raised by the shareholders and provide them a satisfactory reply. Your Company has not received any grievance from any of the shareholder during the year 2013-14.

PARTICULARS OF EMPLOYEES U/S 217(2A)

During the year under review, none of the employees of the Company has drawn remuneration over and above the limits specified under Section 217(2A) of the Companies Act, 1956 and the rules made there under.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

Particulars relating to energy conservation, technology absorption and foreign exchange outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars of the Report of Board of Directors), Rules, 1988 are provided in the Annexure to this report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere thanks to the Banks, financial institutions, various departments of the Central and State Governments and investors for their continuous support, assistance and invaluable guidance. The Directors also wish to place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the management of the Company. Last but not the least, the Directors wish to place on record their deep sense of appreciation for the devoted service of the Executives, Staff and Workers of the Company at all levels that has contributed to the growth and success of the Company.

By order and on behalf of the Board
For **Samrat Forgings Limited**

Place: Chandigarh
Dated: 14th August, 2014

(Rakesh M. Kumar)
Managing Director
[DIN:00066497]

(Bindu Chowdhary)
Director
[01154263]

INFORMATION AS REQUIRED UNDER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988.

A. CONSERVATION OF ENERGY

a) Energy Conservation Measures:

The Company has always accorded high priority to energy conservation. Efforts for reduction of energy consumption taken up in the previous year have been continued during the year under review. Energy generating and energy consuming equipments are closely monitored for optimum performance.

b) Total energy consumption and energy consumption per unit of production.

As per Form 'A' given hereunder:

FORM 'A'

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSUMPTION
(TO THE EXTENT APPLICABLE)**

			Current Year	Previous Year
1	Electricity			
	Power & Fuel consumption			
	a. Purchase	Unit Lacs	54.28	45.22
	Total Amount	Rs. in lacs	421.11	310.77
	Average Cost per unit	Rs.	7.76	6.87
	b. Own Generation	Unit Lacs	4.72	6.48
	(Through diesel generation)			
	Unit per Ltr. of Diesel	Units	3.30	3.34
	Cost per Unit	Rs.	15.20	13.26
2	Furnace Oil / R.F.O. / L.D.O.			
	Quantity	KL	1402	1387
	Amount	Rs. in lacs	603.48	593.44
	Average Rates per Ltr.	Rs.	43.04	42.77
3	Consumption per unit of prod.			
	1. Electricity Purchased	Units	768.73	664.65
	2. Electricity Generated	Units	66.78	95.25
	3. Furnace Oil/ R.F.O./L.D.O.	Ltrs.	198.57	203.93
	4. Production	MT	6,993	6,550
B.	Technology Absorption	Nil	Nil	Nil
	FORM-B			
C.	Foreign Exchange Earnings & outgo			
	(i) Earnings	Rs. in lacs	350.30	130.19
	(ii) Outgo -Foreign Travel	Rs. in lacs	-	-
	-Imported Machinery	Rs. in lacs	-	181.09
	-Stores & Spares	Rs. in lacs	-	-

MANAGEMENT DISCUSSION & ANALYSIS

INDIAN FORGING INDUSTRY – AN OVERVIEW

The Indian Forging Industry is a major contributor and an integral part of manufacturing sector of Indian Economy. The Forging Industry is correlated with Automotive, Agricultural, Infrastructure and Railway Sector. Due to the economic slowdown, the growth of forging industry has also impacted adversely. However, the industry's continuous efforts in upgrading technologies and diversifying product range have enabled it to expand its base of domestic as well as overseas customers. The industry is increasingly addressing the opportunities arising out of the growing trend among global OEMs and with these positive factors Indian Forging Industry is quite hopeful for exertive growth.

A. COMPANY UPDATE

Samrat Forgings Limited (SFL) is engaged in manufacturing of Closed Die Forgings and Machined Components for well diversified sectors like Tractors & Commercial Vehicles, Earth Moving & Construction Equipments and Railways etc. In spite of difficult market condition in forging industry, the company's performance is quite satisfactory as the company has reported its record sales during the year under review. The overseas sale of the Company is increasing constantly.

B. FINANCIAL AND OPERATIONAL PERFORMANCE

With the constant efforts and devotion of its management, employees and workers, the Company has achieved sales turnover of Rs. 8630.42 Lacs (including excise) as compared to last year's figure of Rs. 7544.01 Lacs (including excise), recording a growth of 14.40% over the previous financial year. The net profit of the Company after tax is Rs. 105.02 Lacs in comparison to Rs. 71.84 Lacs during the last year's net profit, recording a growth of 46.19% over the previous financial year. Your directors are expecting and putting constant efforts to further improve / increase the production and sales and achieve higher profitability in the coming years.

C. INTERNAL CONTROL SYSTEM & ADEQUACY

All departments of the Company are adequately staffed with professionally qualified and experienced personnel. There are established internal control systems and procedures in place commensurate to the size and nature of business of the Company, which ensure efficient use and protection of business resources and compliance with the policies, procedures and statutes. The financial information is compiled periodically and reviewed by the management time to time. The reporting and monitoring system is elaborate and the same is reviewed by the management on regular basis. The internal control is supplemented by programme of internal audits, review by the management and documented policies, guidelines and procedures. The focus of these reviews is to identify the weaknesses and the areas of improvement, compliance with defined policies and processes, safeguarding the tangible and intangible assets and compliance with applicable statutes.

D. HUMAN RESOURCES

The Company believes that its human assets are the most valuable assets, which convert planning in to execution and generate results. Hence, the Company always endeavor and attentive on having qualified and talented employees in all divisions.

The management always keep its focus to evaluate the performance of all employees and necessary steps are taken to strengthen the areas that need improvement. More experienced technical manpower is being taken at the senior level to streamline the whole business process and adequate facilities and opportunities are also being provided to the technical and professional staff to update themselves with the latest technologies and different other activities.

E. INDUSTRY FUTURE & COMPANY RESPONSE

While the automotive industry is the main customer for forgings, therefore, Forging Industry is correlated with the growth in automobile industry. The liberalization of automobile industry has resulted in greater opportunities and greater demand potential for the future of Forging Industry. Moreover, in order to diversify and reduce dependence on the automotive sector, the forging industry consciously look to some other sectors including tractors, railways, construction equipment and export etc and taking it as a positive indicator, the Company is working on to broad base its product portfolio with the addition of latest machinery in its manufacturing range and further machinery is proposed & planned to be installed in the forging as well as machining unit of the Company.

F. BUSINESS THREATS, RISK & CONCERNS

Forging Industry is reliant with the development of automobile industry. Considering the slowdown in automotive industry and high competition in the market and due to uncertainties in prices of steel, being the raw material for production, delay in increase from customers, it's very difficult and challenging to make accurate projections and sustain the operating results. Companies in forging industry are operating under highly competitive market scenario, forcing to offer better quality products at lower prices. Considering these factors, the Company constantly evaluates cost factors; marketing and environmental trends for evolving appropriate strategies and implementing effective and timely counter measures. Necessary initiatives and steps towards value engineering, products up gradation are taken by the Company.

G. CAUTIONARY STATEMENT

This report may contain statements particularly which relate to Management Discussion and Analysis describing Company's objectives, projections, estimates and expectations etc, which the Company believes are or may be considered to be "forward looking statements" within the meaning of applicable laws and regulations, which are subject to certain risks and uncertainties and may be amended or modified in future, on the basis of subsequent developments, information or events. The actual results might differ materially from those expressed or implied in the statements depending on the circumstances that are beyond the control of the Company. The Company assumes no responsibility in respect of forward looking statements which may be amended or modified in future on the basis of subsequent developments, information or events.

Regd. Office:
#406, First Floor, Sector 15-A,
Chandigarh - 160 015
Email: info@samratforgings.com
CIN: L28910CH1981PLC004522
Date: 14th August, 2014
Place: Chandigarh

On behalf of the Board of Directors
For Samrat Forgings Limited

(Rakesh M Kumar)
Managing Director
[DIN: 00066497]

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is the combination of voluntary practice and compliance with laws and regulations leading to effective control and management of the Company. The Company believes that good corporate governance contemplates that corporate actions balance the interest of all stakeholders and satisfy the tests of accountability, transparency and fair play. The Company believes that all its operations and actions must be directed towards overall shareholders value.

The best Corporate Governance practices has been adopted by Samrat Forgings Limited to protect the interest of its stakeholders, customers and employees and the same is being continuously reviewed to ensure that they adhere to the latest corporate developments and conform to the best Corporate Governance ethics.

In accordance with clause 49 of the Listing Agreement with the Stock Exchange, the details of compliance by the Company are as under:

BOARD OF DIRECTORS

(a) Composition of the Board

The Board is having an appropriate composition of Executive and Non- Executive Directors conforming to the specifications provided in the Listing Agreement. There are six Directors on the Board out of which three are Independent Directors. The Chairperson of the Company is a Non Executive Promoter Director and including her there are three Promoter Directors, one of whom is a Whole Time Director of the Company. All Directors possess variety of skills and professional expertise to ensure effectiveness of the Board facilitating efficient discharge of duties and adding value in the overall growth of the Company.

Shri Puneet Varma, Nominee Director (Nominee of Punjab State Industrial Development Corporation (PSIDC)) has left the Board w.e.f. 15.05.2014 by submitting the Company that his nomination has been withdrawn by the said PSIDC.

None of the Directors on the Board hold Directorship in more than twenty Companies and no Director is a Member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he/she is a Director.

(b) Board Meetings

Seven Board meetings of the Company were held during the year 2013-14 on following dates:

I. 15.05.2013, II. 30.05.2013, III. 14.08.2013, IV. 28.10.2013, V. 14.11.2013, VI. 19.12.2013 and VII. 14.02.2014

The meetings of the Board have been held on regular intervals which were also attended by the core management team as a matter of practice and to receive valuable advice, guidance and direction from the Non-Executive Directors present in the meetings. Different corporate operations are elaborately reviewed in the context of Board's approved business plans.

(c) Attendance and other Directorships

The details of attendance of the Directors at the Board Meetings during the year and the last Annual General Meeting held on 30th September, 2013 and also the number of other Directorship and Committee Membership / Chairmanship is as follows:

Name of the Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	No. of Board Committees*		Date of Appointment /Resignation
					Chairman	Member	
Mr. Rakesh M. Kumar	Managing Director (Promoter & Executive)	7	Yes	7	Nil	2	01.06.1994
Mrs. Bindu Chowdhary	Promoter Director and Chairperson (Non Executive)	7	Yes	2	Nil	Nil	25.04.1990
Mr. Ajay Kapoor	Independent Director (Non Executive)	6	Yes	1	2	2	30.01.2007
Mr. Puneet Verma	Independent Director (Non Executive Nominee Director)	Nil	No	-	-	-	15.05.2014 (Cessation, as nomination withdrawn by PSIDC)
Mr. Ajay Kumar Arora	Independent Director (Non Executive)	7	Yes	3	Nil	3	13.11.2010
Mrs. Ritu Joshi	Promoter Director (Non Executive)	5	Yes	6	Nil	Nil	25.05.2011
Mr. Ashok Lakhanpal	Independent Director (Non Executive)	Nil	No	Nil	Nil	Nil	13.08.2011

* In accordance with Clause 49 of the Listing Agreement, Membership/Chairmanship of only Audit Committee and Shareholders'/Investors' Grievance Committee in all public limited companies have been considered.

No extra ordinary general meeting has been held during the year ended 31st March, 2014.

DIRECTORS PROFILE

Profile of Directors seeking appointment/reappointment is given below:

1. Mrs. Bindu Chowdhary

Mrs. Bindu Chowdhary (Date of Birth: 13.04.1940) aged about 74 years is B.A. by qualification and associated with the Company as Promoter Director since 1990. She is Chairperson of the Board and her services are very useful for general and administrative affairs of the Company. She is interested as director in (1) Jandwani Poly Products Pvt Ltd, and (2) Punjab Pre Stressed Concrete Works Pvt Ltd.

2. Mr. Ajay Kapoor

Mr. Ajay Kapoor (Date of Birth: 07.11.1964) aged about 50 years holds master degree in English and has sound knowledge of economic and financial matters. He is associated with the Company as an Independent Director since 2007 and his services have been very useful for the business and general affairs of the Company. He is Chairman of the Audit Committee, Remuneration Committee and Investor Relations & Share Transfer Committee of the Company. He is interested as Director in Chandigarh Realtors Pvt Ltd.

3. Mr. Ajay K. Arora

Mr. Ajay Kumar Arora (Date of Birth: 27.07.1960) aged about 54 years is Bachelor of Law (LLB) from Punjab University and a Fellow Member (FCS) of the Institute of Company Secretaries of India. He is a practicing Company Secretary for the last 25 years (approx) and being the corporate consultant, has rich experience to his credit. He is on the Board of the Company as an independent director since 2010. He is also a member of Audit Committee and Remuneration Committee of the Company. He is also interested as Director in (1) Agro Dutch Industries Ltd, (2) Vishal Papertech (India) Ltd, and (3) Paul Merchants Ltd.

4. Mr. Ashok Lakhanpal

Mr. Ashok Lakhanpal (Date of Birth: 05.09.1950) aged about 64 years is Bachelor of Science & Engineering (B.Sc Engg) and Life Fellow of Institution of Electronics & Telecommunication Engineers and Member of Engineering Council of India, having 38 years of Technical and Administrative experience to his credit. He retired as Chief Engineer, A.I.R. & Doordarshan and also worked as Director and Commissioner for Departmental Inquiries in Central Vigilance Commission, Govt. of India from 1999 to 2005. He is presently functioning as Adviser (Vigilance & Technology) of NSIC (National Small Industries Corporation). He is not holding directorship of any other Company.

5. Mr. Rakesh M Kumar

Mr. Rakesh M Kumar (Date of Birth: 22.02.1966) aged about 48 years is professionally qualified having B Tech degree and done MBA from University of California and have rich business experience of 20 years to his credit in Forging Industry. He joined the Company in the year 1994 as a Whole Time Director of the Company and now working as Managing Director of the Company. He is looking after marketing, sales, technical, financial and all administrative and day to day affairs of the Company. He is interested as Director in (1) Jandwani Poly Products Pvt Ltd, (2) Natrajan Investments & Finance Pvt Ltd, (3) Jay Dee Holdings Pvt Ltd, (4) Punjab Pre Stressed Concrete Works Pvt Ltd, (5) Gee Cee Investments & Finance Pvt Ltd, (6) Alacrity Holdings Pvt Ltd, and (7) R Kumar Investments & Finance Pvt Ltd.

COMMITTEES OF THE BOARD

(A) AUDIT COMMITTEE

The Company has an Audit Committee comprising of 1 (one) Executive and 2 (two) Non-Executive Independent Directors. The role and powers of the Audit Committee as stipulated by the Board are in accordance with the items listed in Clause 49(II)(C) & (D) of the Listing Agreement and as per section 177 of the Companies Act, 2013.

During the financial year 2013-14 under review, five Audit Committee meetings were held on the following dates:

- I. 15.05.2013, II. 30.05.2013, III. 14.08.2013, IV. 14.11.2013 and V. 14.02.2014

There was no change in composition of the Audit Committee during financial year 2013-14 under review and the composition and other details of the Audit Committee as on 31.03.2014 are as under:

Name of the Member Director	Designation	Nature of Directorship	No. of Meetings Attended
Mr. Ajay Kapoor	Chairman	Independent Director	5
Mr. Rakesh M. Kumar	Member	Managing Director (WTD)	5
Mr. Ajay Kumar Arora	Member	Independent Director	5

(B) REMUNERATION COMMITTEE

The Board has set up a Remuneration Committee to review, assess and recommend to the Board compensation package for the Whole Time Director(s) from time to time.

There was no change in composition of the Remuneration Committee during financial year 2013-14 under review and the composition and other details of the Remuneration Committee as on 31.03.2014 are as under:

Name of the Member Director	Designation	Nature of Directorship
Mr. Ajay Kapoor	Chairman	Independent Director
Mr. Ajay Kumar Arora	Member	Independent Director
Mr. Ashok Lakhanpal	Member	Independent Director

As there was no proposal to increase or amend the remuneration of Directors, no Committee meeting was held during the year under review.

Detail of remuneration to Executive Directors and sitting fees paid to Non-Executive Directors during the year ended 31st March, 2014 is given below:

Name of the Director	Salary	Perquisites	Sitting Fee	(Rs. In lacs) Total
Mr. Rakesh M Kumar	30.00	0.09	-	30.09
Mrs. Bindu Chowdhary	-	-	0.58	0.58
Mr. Ajay Kapoor	-	-	0.63	0.63
Mr. Ajay K Arora	-	-	0.65	0.65
Mrs. Ritu Joshi	-	-	0.38	0.38
Mr. Ashok Lakhanpal	-	-	0.00	0.00

(C) INVESTORS' RELATIONS AND SHARE TRANSFER COMMITTEE

The Company has an Investors' Relation and Share Transfer Committee, to consider share transfer and investor grievances matters. The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

Two meetings of the Committee were held during the year under review on 03.06.2013 and 02.11.2013 respectively.

There was no change in composition of the Investors Relation and Share Transfer Committee during the year 2013-14. The composition and other detail of the Share Transfer Committee as on 31.03.2014 is as under:

Name of the Member Director	Designation	Nature of Directorship	No. of meetings attended
Mr. Ajay Kapoor	Chairman	Independent Director	2
Mr. Rakesh M. Kumar	Member	Managing Director (WTD)	2
Mrs. Bindu Chowdhary	Member	Non Executive Promoter Director	2

No shareholder complaint has been received during the year 2013-14 under review. No complaint was pending as on 31.03.2014

Reconciliation of Share Capital Audit

Ms Parul Arora, Practicing Company Secretary has been appointed by the Company to conduct the Reconciliation of Share Capital Audit as per the requirements of SEBI regulations / guidelines. The auditor conducts audit on quarterly basis. The Reconciliation of Share Capital Audit Reports received from the Secretarial Auditor have been submitted to the Stock Exchange within the stipulated period, interalia certifies that the equity shares of the Company conform with the issued and paid up equity share capital of the Company.

Details of General Meetings

Details of the General Body Meetings of the Company during last three years are given below:

Financial Year	Category	Date	Time	Venue	No. of special Resolutions passed
2011-12	30 th AGM	30 th Sept., 2011	11.00 AM	#245, Sector 15-A, Chandigarh	1
2012-13	31 st AGM	29 th Sept., 2012	11.00 AM	#245, Sector 15-A, Chandigarh	Nil
2013-14	32 nd AGM	30 th Sept., 2013	11.00 AM	#406, First Floor, Sector 15-A, Chandigarh	Nil

Pursuant to the provisions of Section 192A of the Companies Act, 1956 there was no matter required to be dealt with by the Company to be passed through postal Ballot.

DISCLOSURES

- a) **Disclosure on materially significant related party transactions i.e. transaction of the Company of material nature with the Promoters, the Directors or the Manager, their subsidiaries or relatives etc. which may have potential conflict with the interest of the Company:**

There are no materially significant related party transactions during the period under review that may have potential conflict with the interest of the Company.

- b) **Details of non-compliance by the Company, penalties imposed and strictures passed on the Company by Stock Exchange or SEBI, or any other statutory authority, on any matter related to capital markets, during the last three years.**

No such action has been taken against the Company by any regulatory authorities relating to capital markets during the last three years.

Means of Communication

The Company regularly intimates its quarterly, half yearly and annual financial results to the Stock Exchange immediately after these are taken on record by the Board and published in the leading newspapers in accordance with the requirement of the listing agreement.

Management Discussion and Analysis Reports

Pursuant to the requirement of Clause 49 of the Listing Agreement, a detailed Management Discussion and Analysis Report forms part of the Directors report.

GENERAL SHAREHOLDER INFORMATION

- 33rd Annual General Meeting Date : 29th September, 2014
 Venue : # 406, First Floor, Sector 15-A, Chandigarh-160015
 Time : 11:00 AM
- Financial Calendar (tentative)
 Financial Reporting for
 Quarter ended on 30th June, 2014 : 2nd week of August, 2014
 Quarter ended on 30th Sept, 2014 : 1st / 2nd week of Nov, 2014
 Quarter ended on 31st Dec, 2014 : 1st / 2nd week of Feb, 2015
 Year ended on 31st March, 2015 : May, 2015

3. Book Closure : 23rd Sept., 2014 to 29th Sept., 2014
(Both days inclusive)
4. Dividend Payment : Not declared
5. Listing on Stock Exchanges : Ludhiana Stock Exchange (LSE)
Listing fee for the year 2014-15 is to be paid
6. Stock Market Data : Not available, as the shares were not quoted.
7. Corporate Identification Number : L28910CH1981PLC004522
8. Registrars and Transfer Agents : M/s MAS Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area,
Phase – II, New Delhi-110 020
Tel.: 011-26387281, 282, 283
E-Mail: mas_serv@yahoo.com

9. Dematerialization of Shares

The shares of the Company can be dematerialised with Central Depository Services (India) Ltd (CDSL) and the Company has also applied to National Securities Depository Limited (NSDL) for availing Demat facility, which is in process. 57.74% of the Company's paid-up equity share capital has been dematerialised as on 31st March, 2014. The ISIN No. for the Company's shares in Demat mode is – INE412J01010.

For shares held in electronic form, all instructions regarding change of address, nomination, power of attorney should be given directly to their Depository Participants and the Company will not entertain any such requests directly from Shareholders.

10. Transfer System for physical shares

The Share Transfer and Investors Relation Committee approve the transfer and transmission, issue of duplicate share certificates and related matters. Share Transfer requests received are processed within 15 days from the date of receipt, subject to the documents being valid and complete in all respects. No shares were pending for transfer as on 31st March, 2014.

11. M/s Mas Services Ltd, Registrar and Transfer Agents of the Company have adequate infrastructure to carry out the share transfer, transmission or other related work. The Share Transfer request & other communication regarding Share Certificates, change of Address etc. may please be addressed to Registrar and Transfer Agents of the Company.

12. Shareholding Pattern of the Company as on 31st March, 2014 is as under:

Category	Number of shares held	Face value of share (Rs.)	% age of holding
Promoters / Associates	2783961	10.00	55.68
Financial Institutions / Banks	165000	10.00	3.30
Public -Bodies Corporate	1677250	10.00	33.54
Public –Others	373789	10.00	7.48
Total	5000000		100.00

13. Distribution of Shareholding as on 31st March, 2014 is as under:

Shareholding of nominal value of Rs.	Number of shareholders	% age of total	Number of shares	Amount in Rs.	% age to total
Upto --- 5,000	731	96.18	82470	824700	1.65
5,001 --- 10,000	9	1.18	7100	71000	0.14
10,001 --- 20,000	5	0.66	7000	70000	0.14
20,001 --- 30,000	0	0.00	0	0	0.00
30,001 --- 40,000	3	0.40	11700	117000	0.24
40,001 --- 50,000	0	0.00	0	0	0.00
50,001 --- 1,00,000	0	0.00	0	0	0.00
1,00,001 & above	12	1.58	4891730	48917300	97.83
Total	760	100.00	5000000	50000000	100.00

14. The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments during the year under review.
15. **Plant Location:** Forgings Division: Village Gholli Majra, Tehsil Derabassi, Distt. Mohali (Punjab).
CNC Machining Division: Village Bhankepur, Tehsil Derabassi, Distt. Mohali (Punjab).
16. Investor queries etc. with respect to the financial statements and secretarial matters may be addressed to the registered office address of the Company at # 406, First Floor, Sector 15-A, Chandigarh - 160015.
17. Website Address: www.samratforgings.com
Email: info@samratforgings.com

Registered Office:

#406, First Floor, Sector 15-A,
Chandigarh - 160015
Email: info@samratforgings.com
CIN: L28910CH1981PLC004522
Place: Chandigarh
Dated: 14.08.2014

On behalf of Board of Directors

For **Samrat Forgings Limited**

(Rakesh M. Kumar)
Managing Director
[DIN:00066497]

(Bindu Chowdhary)
Director
[01154263]



Declaration under Clause 49- I(D) of the Listing Agreement

To

The Members of Samrat Forgings Limited

I hereby declare that all the Board Members and the Senior Management Personnel of the Company have affirmed the compliance with the provisions of the Code of Conduct for the period ended 31st March, 2014.

Regd. Office:

#406, First Floor, Sector 15-A,
Chandigarh – 160 015

Email: info@samratforgings.com

CIN: L28910CH1981PLC004522

Date: 14th August, 2014

Place: Chandigarh

For Samrat Forgings Limited

(Rakesh M Kumar)

Managing Director

[DIN: 00066497]

CEO / CFO CERTIFICATION

To

The Board of Directors

Samrat Forgings Limited

We do hereby confirm and certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2014 and to the best of our knowledge and belief:
 - I. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - II. These statements together, present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2014 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - I. There has not been any significant change in internal control over financial reporting during the year under reference;
 - II. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - III. We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Chandigarh

Date: 14th August, 2014

Rakesh M Kumar

Managing Director

[DIN: 00066497]

CERTIFICATE ON CORPORATE GOVERNANCE

The Board of Directors
M/s Samrat Forgings Limited
Chandigarh

We have examined the compliance of conditions of Corporate Governance by M/s Samrat Forgings Limited for the year ended 31st March, 2014 as stipulated in clause 49 of Listing Agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information and explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned clause 49 of the Listing Agreement.

Based on records maintained and certified by the Company, there are no investor's grievances pending against the Company for the period exceeding one month as at 31st March, 2014.

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

Place: Chandigarh
Date: 14.08.2014

Parul Arora
Company Secretary
FCS 6902

INDEPENDENT AUDITORS' REPORT

The Members,
Samrat Forgings Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s Samrat Forgings Limited**, which comprise the Balance Sheet as at March 31, 2014, and the statement of Profit and Loss and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's 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 flow of the Company in accordance with the Accounting Standards notified under the Companies Act 1956(the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the 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 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:

- (i) In the case the Balance Sheet, of the state of affairs of the Company as at 31st March 2014.

- (ii) In the case of Statement of Profit and Loss, of the profit for the year ended on that date, and
- (iii) In the case of Cash Flow Statement, the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, we annex hereto a statement on the matters specified in paragraph 4 & 5 of the said order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by 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 notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
(Regd No.:001361N)

(KRISHAN MANGAWA)
PARTNER

Membership No. 513236

PLACE : CHANDIGARH
DATED : 30.05.2014

Annexure referred to our report to members of Samrat Forgings Limited for year ended 31st March, 2014. We report that:

- I. In respect of its fixed assets:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) According to the information and explanations given to us, the company has a system of physical verification of all its fixed assets during the year. In our opinion having regard to the size of the company and the nature of its assets, the program of verification is reasonable. No material discrepancies have been noticed in respect of assets physically verified.
 - c) During the year, Company has not disposed of any substantial / major part of fixed assets.
- II. In respect of its inventories:
 - a) The inventory was physically verified during the year by the management. In our opinion, frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of its inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- III.
 - a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.

Accordingly clause III (b), (c) & (d) of the order are not applicable to the company.

 - e) According to the information and explanations given to us, the company has taken unsecured loans from two parties amounting to Rs. 67.31 lacs during the year from Companies and other parties covered in the register maintained under section 301 of the Companies Act 1956 and at the year end balance of loans taken from such party was Rs. 96.21 lacs.
 - f) According to the information and explanations given to us, the loan taken is unsecured, interest free and in our opinion, the terms and conditions of loans taken, are not prima facie prejudicial to the interests of the company.
 - g) As per the information and explanation given to us, regarding repayment of principal amount is regular in accordance with the terms and conditions of the loans.
- 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 the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- V. In respect of particulars of contracts or arrangements and transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956.

To the best of our knowledge and belief and according to the information and explanation given to us, the Company has not entered into any transaction that needed to be entered into the register maintained u/s 301 of the Companies Act, 1956.

- VI. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- VII. In our opinion, the Company has internal audit system which commensurate with the size and nature of its business.
- VIII. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- IX. According to the information and explanations given to us in respect of Statutory and other dues:
 - a) The company is depositing undisputed statutory dues, including Provident Fund, Investors Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.
 - b) As per the information and explanations given to us, no disputed amounts payable in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, were outstanding as on 31-03-2014 except Rs. 6.91 lacs of Excise Duty demand against which appeal is pending before Central Excise Appellate Tribunal and Rs. 0.56 lacs against sales tax demand for which appeal is lying pending before VAT Appellate Tribunal.
- X. The company has no accumulated losses as at the end of the year and the company has not incurred cash losses during the current financial year and immediately preceding financial year.
- XI. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to the financial institutions and banks.
- XII. According to the information and explanations, given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. According to the information and explanations, the company does not fall within the category of Chit fund/Nidhi/Mutual Benefit fund/Society and hence the related reporting requirements are not applicable.
- XIV. The company is not dealing or trading in shares, securities, debentures and other investments.
- XV. According to the information and explanations, given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.

FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
(Regd No.:001361N)

(KRISHAN MANGAWA)
PARTNER
Membership No. 513236

PLACE : CHANDIGARH
DATED : 30.05.2014

BALANCE SHEET AS AT 31st MARCH, 2014

S.No.	Particulars	NOTES	CURRENT YEAR Amount in Rs.	PREVIOUS YEAR Amount in Rs.
I. EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(a)	Share Capital	2	50066125	50066125
(b)	Reserves and Surplus	3	88289744	77787064
2. Non-current Liabilities				
(a)	Long term borrowings	4	75387208	100032232
(b)	Deferred tax liabilities (Net)	5	16172953	15807084
(c)	Other long term liabilities	6	0	25934596
3. Current Liability				
(a)	Short term borrowings	7	165198978	144000860
(b)	Trade Payables	8	193176518	151161218
(c)	Other current liabilities	9	67567203	61965467
(d)	Short term provisions	10	9922334	5418575
TOTAL			665781063	632173221
II. ASSETS				
1. Non-Current Assets				
(a)	Fixed Assets	11		
(i)	Tangible Assets		196719795	192590204
(ii)	Capital Work in Progress		30943184	32816918
(b)	Long Term Loans & Advances	12	19930331	7713370
2. Current assets				
(a)	Inventories	13	280394301	242648097
(b)	Trade Receivables	14	118457586	129137623
(c)	Cash & Cash equivalents	15	4721981	4834701
(d)	Short Term Loans & Advances	16	4540291	12784218
(e)	Other Current Assets	17	10073594	9648090
TOTAL			665781063	632173221
Summary of Significant Accounting Policies		1		

The accompanying notes from 1 to 36 form an integral part of the financial statements.

(A P S GROVER)
GM-Finance

(SANDEEP KUMAR)
Company Secretary

(RAKESH M. KUMAR)
Managing Director
DIN 00066497

(BINDU CHOWDHARY)
Director
DIN 01154263

AUDITORS' REPORT

As per our separate report of even date
FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
(Regd No.:001361N)

PLACE : CHANDIGARH
DATED : 30-05-2014

(KRISHAN MANGAWA)
PARTNER
Membership No. 513236

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

S.No.	Particulars	NOTES	CURRENT YEAR Amount in Rs.	PREVIOUS YEAR Amount in Rs.
I.	Revenue from operations (Gross)	18	863041786	754400811
	Less : Excise Duty / Service Tax		88829136	76015150
	Revenue from operations (Net)		774212650	678385661
II.	Other Income	19	18152057	3176361
III.	Total Revenue (I + II)	TOTAL	792364707	681562022
IV.	Expenses:			
	Cost of materials consumed	20	443698685	414133641
	Change in Finished & Semi Finished Stock	21	-17550410	-37862141
	Employee benefit expenses	22	90084848	72609373
	Finance costs	23	40915745	35007814
	Depreciation and amortization expenses	11	16663967	12300642
	Other expenses	24	205007381	175543333
	Total expenses	TOTAL	778820216	671732562
V.	Profit before Tax (III-IV)		13544491	9829360
VI.	Tax expense:			
	(1) Current tax		2739072	848861
	(2) Deferred tax		365869	1077242
	Income tax of last years		-63130	719467
VII.	Profit for the Year from continuing operations (V-VI)		10502680	7183790
VIII.	Earnings per equity share:			
	Basic & Diluted	28	2.10	1.44
	Nominal Value of each share		10.00	10.00

Summary of Significant Accounting Policies 1

The accompanying notes from 1 to 36 form an integral part of the financial statements.

(A P S GROVER)
GM-Finance

(SANDEEP KUMAR)
Company Secretary

(RAKESH M. KUMAR)
Managing Director
DIN 00066497

(BINDU CHOWDHARY)
Director
DIN 01154263

AUDITORS' REPORT

As per our separate report of even date
FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
(Regd No.:001361N)

PLACE : CHANDIGARH
DATED : 30-05-2014

(KRISHAN MANGAWA)
PARTNER
Membership No. 513236

CASH FLOW STATEMENT FOR THE YEAR ENDING 31ST MARCH, 2014

PARTICULARS	2013-14		2012-13	
	(Amount in Rs.)		(Amount in Rs.)	
A Cash Flow from operating Activities				
Net profit before taxation	13544492		9829360	
Adjustment for:				
Depreciation	16663967		12300642	
Interest paid on Term Loans	16280592		11707031	
Interest Received	-8892127		-1439489	
Provision for Gratuity & Leave Encashment	4491447		1788012	
Operating profit before working capital changes	42088371		34185556	
Adjustment for:				
Trade and other receivables	18498460		-26350779	
Inventories	-37746204		-1800469	
Sundry Creditors & Other payables	47617036		9756727	
Short term borrowings	21198118		21184864	
Cash generated from operations	91655781		36975899	
Direct Taxes	-785731		-4565310	
Gratuity / Leave Encashment	-1877899		-1172029	
Net cash operating activities	88992151	88992151	31238559	31238559
B Cash flow from investing activities				
Purchase of fixed assets	-18919825		-62623512	
Loans & Advances	-12216961		10066161	
Net Cash Flow from Investing Activities	-31136786	-31136786	-52557351	-52557351
C Cash flow from financing activities				
Net receipt of long term borrowings	-39956413		23215167	
Proceeds from unsecured loans	-10623207		5977436	
Interest on Term Loans	-16280592		-11153648	
Interest Received	8892127		1439489	
Net cash from financing activities	-57968085	-57968085	19478444	19478444
Net increase in cash & cash equivalents		-112720		-1840348
Cash & cash Equivalents as at 31.03.2013	4834701		6675049	
Cash & cash Equivalents as at 31.03.2014	4721981	-112720	4834701	-1840348

(A P S GROVER)
GM-Finance

(SANDEEP KUMAR)
Company Secretary

(RAKESH M. KUMAR)
Managing Director
DIN 00066497

(BINDU CHOWDHARY)
Director
DIN 01154263

AUDITORS' REPORT

We have checked the above cash flow statement of Samrat Forgings Limited derived from audited financial statements for the year ended 31st March, 2014, with the books and records maintained in the ordinary course of business and found the same in accordance therewith.

FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
(Regd No.:001361N)

PLACE : CHANDIGARH
DATED : 30-05-2014

(KRISHAN MANGAWA)
PARTNER
Membership No. 513236

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1 Basis for preparation of Financial Statements:

The financial statements are prepared under the historical cost convention and on accrual basis, except otherwise stated, in accordance with the normally accepted accounting policies and relevant provisions of Companies Act, 1956.

2 Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialize.

3 Fixed Assets & Depreciation:

Fixed Assets are valued at cost less Depreciation. Depreciation on Fixed assets has been provided on Straight Line Method at the rates prescribed in schedule-XIV of the companies Act 1956.

4 Inventories:

- A) Inventories of Raw Material, Stores and Spares are valued at lower of cost or Net realizable value. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.
- B) Finished Goods are valued at weighted average cost / Net realizable value whichever is less including Excise Duty and all expenses attributable to production.
- C) Work in Progress is valued at estimated cost including expenses attributable to production/ Net realizable value whichever is less.
- D) Tools, Dies and Die Blocks are valued at cost less Depreciation at straight Line Method.
- E) Scrap is valued at realizable value including excise duty.

5 Revenue recognition

Revenue from sale of goods is recognised, when all the significant risks and rewards of ownership are transferred to the buyer, as per the terms of contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from sale of the goods. It also includes excise duty and price variation (if any) and excludes value added tax/ sales tax, brokerage and commission.

6 Retirement Benefits:

The retirement benefits of the employees include gratuity, earned leave encashment and provident fund. The Gratuity is funded through the group gratuity insurance policy of Life Insurance Corporation of India and the liability is provided on actuarial valuation basis. Earned Leave encashment Liability is provided for on actuarial valuation based on employees' entitlement in accordance with the company's rules. Contribution to PF and Pension Scheme is made in accordance with the Employees Provident Fund and Misc. Provisions Act, 1952.

7 Contingent Liabilities:

Contingent Liabilities, barring frivolous claims, are disclosed and those liabilities, which are possible of maturing, are provided for.

8 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. Foreign currency denominated current assets & current liabilities are translated at year end exchange rates. The resulting gain or loss is recognized in the statement of Profit & Loss. Foreign currency denominated fixed assets are also translated at year end exchange rates and resulting difference is debited/credited to fixed assets. In respect of fixed assets purchased in foreign currency the difference in exchange rate at year end is adjusted in carrying amount of fixed assets.

9 Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying assets are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

10 Current and Deferred Tax:

The provision for current tax is made at the actual rate applicable for the income of the year as given under the Income Tax Act, 1961. However provision for deferred tax is made at the rate applicable to the subsequent financial year.

11 Other Accounting Policies:

Accounting Policies not specifically referred to are consistent with generally accepted accounting policies.

(A P S GROVER)
GM-Finance

(SANDEEP KUMAR)
Company Secretary

(RAKESH M. KUMAR)
Managing Director
DIN 00066497

(BINDU CHOWDHARY)
Director
DIN 01154263

FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
(Regd No.:001361N)

(KRISHAN MANGAWA)
PARTNER
Membership No. 513236

PLACE : CHANDIGARH
DATED : 30-05-2014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014

NOTE 2 SHARE CAPITAL		CURRENT YEAR	PREVIOUS YEAR
		Amount in Rs.	Amount in Rs.
1.	A) AUTHORISED		
	10000000 Equity shares of Rs. 10/- each	100000000	100000000
	B) ISSUED :		
	5026200 Equity Shares of Rs. 10/- each	50262000	50262000
	C) ISSUED SUBSCRIBED & PAID UP		
	5000000 Equity Shares of Rs. 10/- each fully called up and paid up.	50000000	50000000
	D) Forfeited Equity Shares		
	26,200 Equity Shares of Rs. 10/- each forfeited	66125	66125
	TOTAL	50066125	50066125

2. Right of Shareholders

- A) Each Shareholder is entitled to one vote per share.
 B) Each Shareholder has the right in profit/surplus in proportion to amount paid up with respect to share holding.
 C) In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the company.
 D) There is no change in the Number of Share outstanding at the beginning and at the end of the Financial year.

3. SHAREHOLDERS HOLDING MORE THAN 5% SHARES

	No. of Shares held	No. of Shares held
A) Jandwani Poly Products Pvt Ltd	1361200	1361200
B) Natrajan Investments & Finance Pvt Ltd	820000	820000
C) Jay Dee Holdings Pvt Ltd	280000	280000
D) Incredible Capital Ltd	500000	500000
E) Consolidated Securities Ltd	1107600	1107600

NOTE 3 RESERVES & SURPLUS		CURRENT YEAR	PREVIOUS YEAR
1.	Capital Reserve		
	State Capital Subsidy	1500000	1500000
2.	Balance in statement of profit & loss:		
	As per last Balance Sheet	76287064	69103274
	Add: Profit for the year	10502680	7183790
	TOTAL	88289744	77787064

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014

NOTE 4 LONG-TERM BORROWINGS		CURRENT YEAR	PREVIOUS YEAR
		Amount in Rs.	Amount in Rs.
1.	SECURED LOANS:		
A)	TERM LOANS FROM BANKS (Secured against Hypothecation of respective vehicle under hire-purchase agreement / Machinery & personal guarantee of directors)	29158406	40691666
B)	TERM LOANS FROM OTHER PARTIES From Non-Banking Financial Companies (Secured against hypothecation of respective Vehicle under hire-purchase agreement / Machinery & personal guarantee of directors)	13008466	15497024
2.	UNSECURED LOANS:		
A)	LOANS & ADVANCES FROM BANKS (Against personal guarantee of directors)	8797871	16254608
B)	LOAN & ADVANCES FROM RELATED PARTIES	6157779	15843518
C)	OTHER LOANS & ADVANCES (Against personal guarantee of directors)	18264686	11745416
TOTAL		75387208	100032232
		(Rs. in Lacs)	
3.	Repayment of loans	1st & 2nd years	3rd & 4th years
	SECURED LOANS:		After 4 years
A)	Term Loans From Banks	298.50	153.40
B)	Term Loans From Other Parties	193.29	47.21
	UNSECURED LOANS:		
A)	Loans & Advances From Banks	150.17	17.06
B)	Loan & Advances From Related Parties		61.58*
C)	Other Loans & Advances	145.94	45.66
			86.07

- i) * Repayment will be reviewed after two years of the reporting period.
ii) Loans from banks and NBFCs are repayable in monthly instalments.

NOTE 5 DEFERRED TAX LIABILITIES		CURRENT YEAR	PREVIOUS YEAR
1.	Deferred Tax Assets due to disallowances u/s.43B	3461613	2255110
2.	Deferred Tax Liability due to depreciation	19634566	18062193
	Net Deferred Tax Liability	16172953	15807084
	Last Year Balance in Deferred Tax Liability	15807084	14729842
	Charged through P&L Account	365869	1077242

These Calculations are in accordance with Accounting Standard 22 "Accounting For Taxes on Income" (AS 22) issued by the Institute of Chartered Accountants of India and these are based on Income tax returns and the books of accounts of the company.

NOTE 6 OTHER LONG TERM LIABILITIES		CURRENT YEAR	PREVIOUS YEAR
		Amount in Rs.	Amount in Rs.
1.	Payable for Long Term Liabilities	0	25934596
TOTAL		0	25934596

NOTE 7	SHORT TERM BORROWINGS	CURRENT YEAR	PREVIOUS YEAR
		Amount in Rs.	Amount in Rs.
1.	SECURED LOANS:		
	A) LOANS & ADVANCES FROM BANKS		
	The Jammu & Kashmir Bank Ltd	150357599	137300522
	(Cash Credit facility)		
	(Secured against hypothecation of stock in trade, Book Debts, Stores & Spares, Tools, Implements, Die Blocks. Further the above loans are secured by the first mortgage of Land, Building and Machinery of the Company and personal guarantees of the Promotor Directors of the Company.)		
	B) LOANS & ADVANCES FROM OTHERS		
	The National Small Industries Corp. Ltd.	6737124	6700338
	(Secured against Bank guarantee)		
2.	UNSECURED LOANS:		
	A) LOAN & ADVANCES FROM RELATED PARTIES	8104255	0
	TOTAL	165198978	144000860

NOTE 8	TRADE PAYABLES	CURRENT YEAR	PREVIOUS YEAR
1.	Sundry Creditors:		
	A) Total outstanding dues of Micro & Small Scale Industrial Enterprises	—	—
	B) Total outstanding dues of Creditors other than Micro & Small Scale Industrial Enterprises	193176518	151161218
	TOTAL	193176518	151161218

NOTE 9	OTHER CURRENT LIABILITIES	CURRENT YEAR	PREVIOUS YEAR
1.	Current Maturities of Long term Borrowings		
	A) Secured Borrowings	27073291	25419107
	B) Unsecured Borrowings	17428941	15164898
2.	Interest Accrued but not due	1130857	1249596
3.	Payable for Capital Goods	2658370	3478991
4.	Statutory Liabilities	3147264	3034342
5.	Expenses Payable	13882145	10823892
6.	Advances from Customers	1930866	2530122
7.	Director Remuneration & Fee payable	315470	264720
	TOTAL	67567203	61965467

NOTE 10	SHORT TERM PROVISIONS	CURRENT YEAR	PREVIOUS YEAR
1.	PROVISION FOR EMPLOYEES' BENEFITS		
	Provision for Gratuity	5464148	2890223
	Provision for Leave Encashment	1719114	1679491
2.	OTHERS		
	Income Tax Provision	2739072	848861
	TOTAL	9922334	5418575

NOTE 11 : FIXED ASSETS SCHEDULE AS ON 31ST MARCH 2014

PARTICULARS	RATE %	ORIGINAL COST AS ON 01.04.2013	ADD DUE. THE YEAR	SALE/ TRANSFER	TOTAL COST AS ON 31.03.2014	DEP UPTO 31.03.2013	DEPRECIATION DURING THE YEAR	DEPRECIATION WRITTEN BACK	TOTAL DEP. UPTO 31.03.2014	W.D.V.	
										AS ON 31.03.2014	AS ON 31.03.2013
LAND	-	441426	0	0	441426	0	0	0	0	441426	441426
FACTORY BUILDING	3.34	40754381	3612624	0	44377005	11043260	1374498	0	12417758	31959247	29721120
ADMINISTRATIVE BUILDING	1.63	6589431	0	0	6589431	1037161	107408	0	1144569	3444862	5552270
PLANT & MACHINERY	-	225788389	16143722	0	241932110	80583165	12821443	0	93504607	148427503	145105324
FURNITURE & FIXTURE	6.33	2633792	0	0	2633792	1453880	143150	0	1597040	126752	1369902
COMPUTERS	16.21	4219441	13332	0	4232773	1553081	678451	0	2231532	2001241	2666361
OFFICE EQUIPMENT	4.75	2053845	80800	0	2134645	1391410	81478	0	1473088	661753	562436
VEHICLES	9.50	14601340	906993	0	15508333	7955365	1433246	0	9378610	6129723	6645975
AIR CONDITIONERS	4.75	698753	36088	0	734841	273263	34294	0	307558	427284	425490
TOTAL		297980799	20793559	0	318774357	105390595	16663967	0	122054562	196719795	192590204
CAPITAL WORK IN PROGRESS		32816918	17255559	19129292	30943184	0	0	0	0	30943184	32816918
TOTAL		330797717	38049117	19129292	349717542	105390595	16663967	0	122054562	227662980	225407122
PREVIOUS YEAR		268174204	81731767	19108355	330797717	93089952	12300642	0	105390595	225407122	179084252

Notes: 1. Additions in Plant & Machinery and Capital Work in Progress includes interest and processing charges on borrowed funds amounting to Rs. 6.54 lacs and Rs. 17.74 lacs respectively for acquiring these assets.

NOTE 12 LONG TERM LOANS & ADVANCES		CURRENT YEAR	PREVIOUS YEAR
(Unsecured but considered good)		Amount in Rs.	Amount in Rs.
1.	Capital Advances	1885085	2056684
2.	Security Deposits	18045246	5410882
3.	Loan & Advances to Staff	0	245804
TOTAL		19930331	7713370

NOTE 13 INVENTORIES		CURRENT YEAR	PREVIOUS YEAR
(As per inventories taken, valued & certified by the management)			
1.	Raw Materials	34772362	14316748
2.	Work In Progress	165976055	148032031
3.	Finished Goods	13847500	14229498
4.	Stores & Spares	13383870	12245242
5.	Tools & Dies	52142421	53540869
6.	Scrap	272093	283709
TOTAL		280394301	242648097

NOTE 14 TRADE RECEIVABLES		CURRENT YEAR	PREVIOUS YEAR
(Unsecured but considered good)			
1.	Debts outstanding for a period exceeding six months	4767558	8069971
2.	Other Debts	113690028	121067652
TOTAL		118457586	129137623

NOTE 15 CASH & CASH EQUIVALENTS		CURRENT YEAR	PREVIOUS YEAR
1.	Cash in Hand	209025	154448
2.	Balance with Scheduled Banks		
	A) Current Accounts	68612	74329
	B) Fixed Deposits maturing within 12 Months (the above Fixed Deposits are provided as security as margin money against borrowings, guarantee, and other commitments)	4302613	4453879
	C) Interest accrued on Fixed Deposits	141730	152045
TOTAL		4721981	4834701

NOTE 16 SHORT TERM LOANS & ADVANCES		CURRENT YEAR	PREVIOUS YEAR
(Unsecured but considered good)			
1.	Advances recoverable in cash or in kind or for value to be received	2162509	10959771
2.	Advance to Material suppliers	2377782	1824447
TOTAL		4540291	12784218

NOTE 17 OTHER CURRENT ASSETS	CURRENT YEAR	PREVIOUS YEAR
	Amount in Rs.	Amount in Rs.
1. Advance Income Tax	1621183	374245
2. Recoverable from Government agencies	8195529	8958657
3. Interest Accrued but not Received	256882	315188
TOTAL	10073594	9648090

NOTE 18 REVENUE FROM OPERATIONS	CURRENT YEAR	PREVIOUS YEAR
1. Sale of Product Gross Sales	852555137	742868624
2. Sale of Services Conversion/Job Work Charges	10486649	11532187
	863041786	754400811
Less: Excise Duty/ Service Tax	88829136	76015150
TOTAL	774212650	678385661

NOTE 19 OTHER INCOME	CURRENT YEAR	PREVIOUS YEAR
1. Interest Income Interest Received on FDRs	338522	454312
Interest Received - Others	8553605	985177
2. Other non-operative Income Miscellaneous Income	9259930	1736872
TOTAL	18152057	3176361

NOTE 20 COST OF RAW MATERIAL CONSUMED	CURRENT YEAR	PREVIOUS YEAR
Opening Stock of Raw Materials	14316748	49324412
Purchases during the year	464154299	379125977
	478471047	428450389
Less Closing Stock	34772362	14316748
TOTAL	443698685	414133641

NOTE 21 CHANGES IN FINISHED & SEMI-FINISHED STOCK	CURRENT YEAR	PREVIOUS YEAR
	Amount in Rs.	Amount in Rs.
Opening Stock		
Work In Progress	148032031	110991740
FG. Stock	14229498	13109487
Scrap	283709	581870
TOTAL 'A'	162545238	124683097
Closing Stock		
Work In Progress	165976055	148032031
FG. Stock	13847500	14229498
Scrap	272093	283709
TOTAL 'B'	180095648	162545238
TOTAL (A - B)	-17550410	-37862141

NOTE 22 EMPLOYEE BENEFIT EXPENSES	CURRENT YEAR	PREVIOUS YEAR
1. Remuneration to Directors	3000000	3000000
2. Salaries & Wages	77497351	62808500
3. Bonus	3843726	2729375
4. Provident Fund- Directors	9360	9360
5. Provident Fund & Others	2832642	1831223
6. Staff & Labour Welfare	2840646	2183114
7. Medical Expenses	61123	48801
TOTAL	90084848	72609373

NOTE 23 FINANCE COSTS	CURRENT YEAR	PREVIOUS YEAR
1. Interest Expense		
A) Interest on Working Capital Loan	22585278	20886873
B) Interest on Term Loans	16280592	11707031
C) Interest Others	182532	845632
2 Other Expenses		
A) Bank Charges	1867343	1568278
TOTAL	40915745	35007814

NOTE 24 OTHER EXPENSES		CURRENT YEAR	PREVIOUS YEAR
		Amount in Rs.	Amount in Rs.
1.	Manufacturing Expenses		
	A) Power & Fuel	49751751	39955915
	B) Tools & Dies Consumed	5410863	5489801
	C) Stores & Consumables	102035476	86866907
	D) Production/Job Work Expenses	10928069	7313597
	E) Repair & Maintenance Machinery	5379085	6754172
	F) Excise Duty on Finished Stock	-43298	90406
	Total A	173461946	146470798
2.	Selling Expenses		
	A) Freight & Forwarding	5207960	5279347
	B) Business Promotion	1115841	826779
	C) Rebates & Discounts	9505143	7989044
	D) Provision for Bad & Doubtful Debts	90783	30728
	E) R & M Vehicles (LCV)	3101346	3147903
	F) LD Charges	1601874	544970
	Total B	20622947	17818771
3.	Administrative & Other Expenses		
	A) Travelling & Conveyance		
	i) Directors	280599	229828
	ii) Others	1001028	815116
	B) Professional Expenses	994666	1609480
	C) Telephone & Postage	574171	616517
	D) Printing & Stationary	391366	443646
	E) Running & Maintenance-Vehicles	1298987	1356625
	F) Miscellaneous Expenses	158499	459051
	G) R & M - General	239392	90578
	H) R & M - Building	774126	315340
	I) Subscription & Membership Fee	30618	70818
	J) Rates, Fee & Taxes	440095	530064
	K) Insurance	918513	715343
	L) Auditors' Remuneration		
	i) Audit Fee	65000	65000
	ii) Tax Audit Fee	5000	5000
	iii) Tax Matters Fee	20000	20000
	iv) Certification work Fee	6000	6000
	M) Advertisement	41928	99300
	N) Books & Periodicals	0	2750
	O) Rent	3460000	3478120
	P) Board Meeting Fees	222500	252500
	Q) Foreign Exchange Rate Difference	-	72688
	Total C	10922488	11253764
	Grand Total (A+B+C)	205007381	175543333

NOTE 25 CONTINGENT LIABILITIES		CURRENT YEAR	PREVIOUS YEAR
		Rs. in Lacs	Rs. in Lacs
1.	Claim against company not acknowledged as Debts.	NIL	NIL
2.	Estimated amount of contracts remaining to be executed on capital account.	86.85	16.80
3.	Contingent Liabilities in respect of un-assessed cases of Income Tax, Excise Duty, Sales Tax & Service Tax.	Undeterminable	Undeterminable
4.	Entry tax liability and interest thereon for which an undertaking has been given to sales tax department is subject to decision of petition of M/s Bhushan Power & Steel Limited before Hon'ble Punjab Haryana High Court.	69.02	52.94
5.	Bank Guarantee provided in a sales tax case for which appeal is lying pending before VAT Appellate Tribunal	0.75	0.75
6.	Excise Duty demand for which appeals are pending before Appellate authorities.	6.91	6.91
7.	ESI Deptt. had demanded interest & damages relating to earlier years against which appeal filed by company before ESI Court has been decided in favour of company.	-	30.24

NOTE 26 REMUNRATION PAID TO WHOLE TIME DIRECTORS		Rs. in Lacs	Rs. in Lacs
Financial Year	Managing Director		
	2013-14	2012-13	
1. Salary	30.00	30.00	
2. Provident Fund	0.09	0.09	
	<u>30.09</u>	<u>30.09</u>	

The Remuneration to Directors is paid in accordance with Part B of Schedule XIII of Companies Act, 1956.

NOTE 27 RELATED PARTY DISCLOSURES

1. List of Related party and their relationship

Associates

Punjab Pre-Stressed Concrete Works Pvt Ltd.
 Jandwani Poly Products Private Ltd.
 Jay Dee Holdings Private Ltd.
 Natrajan Investments & Finance Pvt. Ltd.
 Gee Cee Investments & Finance Pvt. Ltd.
 Alacrity Holdings Private Limited
 R. Kumar Investments & Finance Pvt. Ltd.

Key Management Personnel & Their Relatives

Mr. Rakesh M. Kumar
 Mrs. Bindu Chowdhary
 Mrs. Ritu Joshi

2. Details of Related Party Transactions

(Rs. in Lacs)

Name of the Party		Jandwani Poly Products Pvt. Ltd.	Mr. Rakesh M. Kumar	Mrs. Bindu Chowdhary
Loan A/C	Opening Balance	81.04	30.99	46.41
		(-)	(10.59)	(34.61)
	Received during the year	25.54	41.50	-
		(81.04)	(34.65)	(11.80)
	Paid during the year	25.54	57.58	-
		(-)	(14.25)	(-)
	Interest Credited	-	-	-
		(-)	(-)	(-)
	Closing Balance	81.04	14.91	46.41
		(81.04)	(30.99)	(46.41)
	Rent Paid	37.08	-	-
		(37.08)	(-)	(-)

*Remuneration to Directors (Key Management Personnel) are given in Note No. 26.

*Figures in brackets relate to Previous Year.

NOTE 28 EARNING PER SHARE

The Company has calculated earning per share in accordance with Accounting Standard 20 'Earning Per Share' issued by the Institute of Chartered Accountants of India and accordingly the net Profit of Rs. 105.02 Lacs (71.84 Lacs) is divided by weighted average number of 50 Lacs (50 Lacs) equity shares for calculating Basic Earning Per Share and Diluted Earning Per Share.

NOTE 29 NOTE REGARDING PAYABLES & RECEIVABLES

Balance of certain sundry debtors, loans & advances (including capital advances), creditors and other liabilities are in process of confirmation/reconciliation. The management is of the opinion that adjustment, if any, arising out of such reconciliation would not be material.

NOTE 30 VALUATION OF CURRENT ASSETS & CURRENT LIABILITIES

In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated if realised in the ordinary course of business. The provision for known liabilities is adequate and not in excess of amount reasonable and necessary.

NOTE 31 MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT 2006

The company is purchasing material generally from traders, medium & large scale industry. The company has asked information regarding their registration status under Micro Small & Medium Enterprises Development Act 2006. In the absence of any intimation received from suppliers, the company is unable to give information relating to amounts unpaid as at the year end together with the interest paid/payable as required under the said Act.

NOTE 32 CALCULATION OF GRATUITY

The Gratuity liability is provided for on the basis of an actuarial valuation made at the end of the financial year. The gratuity scheme is funded with the Life Insurance Corporation of India in the form of group gratuity insurance policy. The same is in compliance with Accounting Standard 15 'Employee Benefits'.

NOTE 33 SEGMENT REPORTING AS PER ACCOUNTING STANDARD 17

The company operates only in the manufacturing of Closed Die Steel Forgings and therefore there are no reportable Segments as per Accounting Standard 17 'Segment Reporting' issued by The Institute of Chartered Accountants of India.

NOTE 34 FOREIGN EXCHANGE TRANSACTION		CURRENT YEAR	PREVIOUS YEAR
		Rs. In Lacs	Rs. In Lacs
1.	Value of imports calculated on C.I.F. basis		
	A) Components and Spare parts	-	-
	B) Capital Goods	-	82.79
2.	Expenditure in Foreign currency		
	A) Director's Travelling Expenses	-	-
	B) Machinery Testing & other expenses	-	-
3.	Total value of Imported Goods consumed and their percentage		
	A) Components and Spare parts	-	-
	B) Components and Spare parts percentage	-	-
4.	Earnings in Foreign Exchange		
	A) Export of goods calculated on F.O.B. Basis	350.31	130.19

NOTE 35 OPERATING LEASE DISCLOSURES AS PER AS 19

The Company has taken Land and office premises under operating lease agreements. These are generally not non-cancelable and are renewable by mutual consent on mutually agreed terms. There is no sublease payments expected to be received under non-cancelable subleases at the balance sheet date and no restrictions is imposed by lease agreements.

	Rs. In Lacs	
Lease payments for the year	34.12	33.00
Total of Future Minimum Lease Payments under non cancelable operating lease:		
Payable within 1 Year	34.71	33.00
Latter than 1 year but not latter than 5 years	167.48	165.00
Latter than 5 years	363.00	396.00

NOTE 36 RESTATEMENT OF PREVIOUS YEAR FIGURES

Previous year figures have been regrouped & rearranged wherever it is necessary to make them comparable with those of current year.

(A P S GROVER)
GM-Finance

(SANDEEP KUMAR)
Company Secretary

(RAKESH M. KUMAR)
Managing Director
DIN 00068497

(BINDU CHOWDHARY)
Director
DIN 01154263

AUDITORS' REPORT
As per our separate report of even date.
FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
(Regd No.:001361N)

PLACE : CHANDIGARH
DATED : 30-05-2014

(KRISHAN MANGAWA)
PARTNER
Membership No. 513236

SAMRAT FORGINGS LIMITED**REGD. OFFICE:**

406, FIRST FLOOR, SECTOR 15-A, CHANDIGARH-160015

CIN: L28910CH1981PLC004522, Phone: 01722774555

Email: info@samratforgings.com, Website: www.samratforgings.com

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration) Rules, 2014]

Folio No(s) /DP ID*/Client ID*.....

No. of Shares held.....

I/We.....

of.....being

a Member/Members of **SAMRAT FORGINGS LIMITED** hereby appoint.....

of.....or failing him.....

of.....as my/our Proxy to attend and vote for me/us on my/our behalf at the 33rd ANNUAL GENERAL MEETING of the company to be held on Monday, the 29th day of September, 2014 at 11:00 AM, at the Registered Office of the Company at # 406, First Floor, Sector 15-A, Chandigarh- 160015 and at any adjournment thereof, in respect of such resolutions as are indicated below:-

Resolutions

Ordinary Business		Vote For	Vote Against
1	Adoption of Financial Statements for the year ended 31 st March, 2014 along with Reports of the Directors and Auditors		
2	To reappoint Mrs. Bindu Chowdhary, Director who retires by rotation		
3	To appoint auditors and fix their remuneration		
Special Business			
4	To appoint Mr. Ajay Kapoor as an Independent Director		
5	To appoint Mr. Ajay Kumar Arora as an Independent Director		
6	To appoint Mr. Ashok Lakhanpal as an Independent Director		
7	To reappoint Mr. Rakesh M Kumar as Managing Director		
8	To give authority for Borrowing Power to Board		
9	To give authority for Mortgage/Charge of property against borrowings		
10	To alter Articles of Association		
11	To alter Articles of Association – Addition of new Article		

Signed onday of....., 2014

Signature(s) of the Shareholder(s)

* To be used for shares held in electronic form

Please
affix
Rupee One
Revenue
Stamp here

NOTE: The Proxy Form duly completed must be returned so as to reach the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
A Proxy need not be a Member of Company

E-voting particulars

EVSN	User ID	Password
140829003	Please refer Note No. 17 of the Notice	

**SAMRAT FORGINGS LIMITED****REGD. OFFICE:**

406, FIRST FLOOR, SECTOR 15-A, CHANDIGARH-160015

CIN: L28910CH1981PLC004522, Phone: 01722774555

Email: info@samratforgings.com, Website: www.samratforgings.com

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL ATTENDANCE SLIPS ON REQUEST

NAME OF THE SHAREHOLDER/PROXY:

Folio No.

ADDRESS:

DP ID*

No. of Shares held:

Client ID*

I hereby record my presence at the 33rd Annual General Meeting of the Company at # 406, First Floor, Sector 15-A, Chandigarh – 160 015 on Monday, the 29th September, 2014 at 11:00AM

SIGNATURE OF THE SHARE HOLDER / PROXY (To be signed at the time of handing over this slip)

MEMBER/PROXY HOLDERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING

* To be used for shares held in electronic form

Samrat Forgings Limited

CIN : L28910CH1981PLC004522



REGISTERED OFFICE :

406, First Floor, Sector 15-A,
Chandigarh-160 015

Phone : 0172-2774555

E-mail : info@samratforgings.com

Website : www.samratforgings.com