

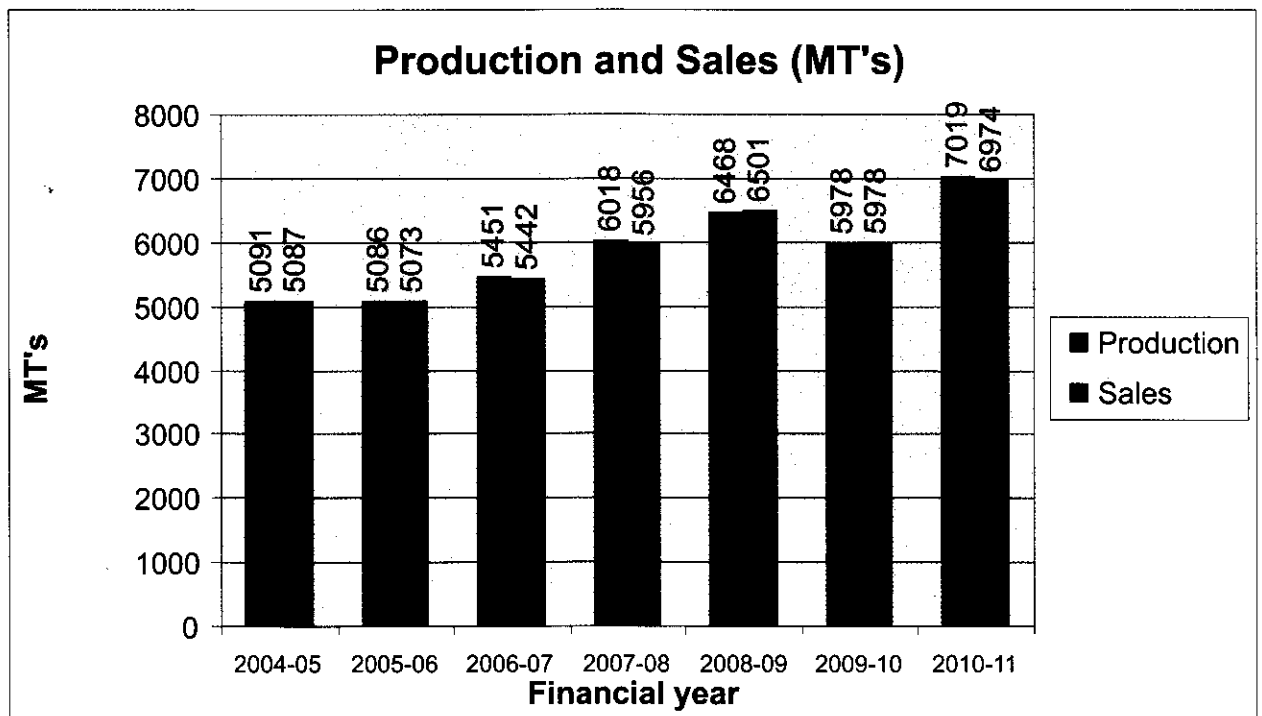
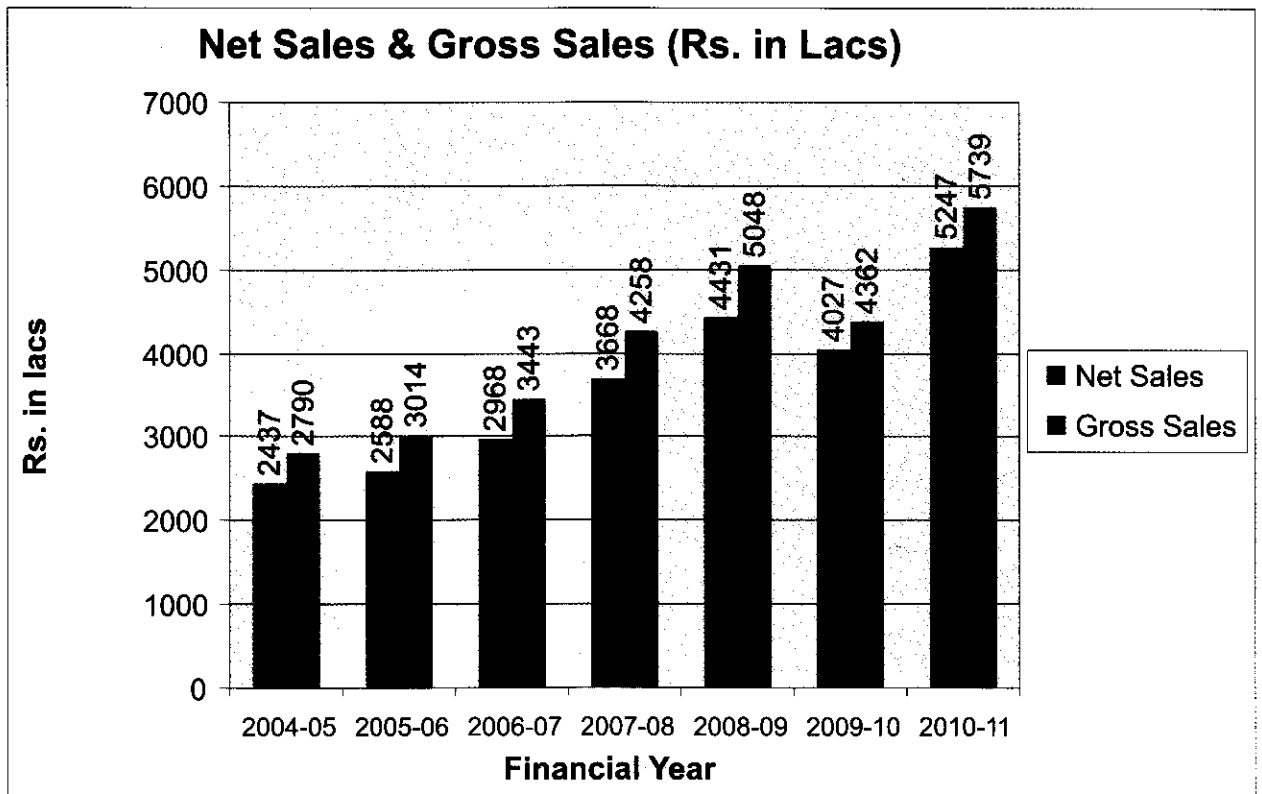


Annual Report
2010-2011

Samrat Forgings Limited
30th ANNUAL REPORT 2010-11



Samrat Forgings Limited





SAMRAT FORGINGS LIMITED

30th ANNUAL REPORT 2010-11

BOARD OF DIRECTORS

CHAIRPERSON

Mrs. Bindu Chowdhary

JOINT MANAGING DIRECTOR

Mr. Rakesh M. Kumar

DIRECTORS

Mrs. Ritu Joshi

Mr. Ajay Kapoor

Mr. Ajay Kumar Arora

Mr. Ashok Lakhanpal

Mr. Puneet Verma (Nominee PSIDC)

COMPANY SECRETARY

Mr. Sandeep Kumar

AUDITORS

Jain & Associates

Chartered Accountants

SCO : 819-820, Sector 22-A, Chandigarh

BANKERS

The Jammu & Kashmir Bank Ltd.

Sector 17, Chandigarh

REGISTERED OFFICE

245, Sector 15-A,
Chandigarh-160 015

WORKS & ADMN. OFFICE

Village & PO Gholli Majra,
Chandigarh - Ambala Highway
Tehsil : Dera Bassi,
Distt. Mohali (Punjab)

CNC MACHINING UNIT

Village Bhankerpur,
Tehsil : Dera Bassi,
Distt. Mohali (Punjab)

REGISTRARS AND TRANSFER AGENTS

MAS Services Pvt. Ltd.
T-34, 2nd Floor,
Okhla Industrial Area,
Phase-II,
New Delhi-110020

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NOTICE

Notice is hereby given that the 30th Annual General Meeting of the members of Samrat Forgings Limited will be held on Friday, the 30th September, 2011 at 11.00 A.M. at the Registered Office of the Company at # 245, 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, 2011 and Profit & Loss Account 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 Mr. Rakesh M. Kumar who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Ajay Kapoor who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors / Audit Committee to fix their remuneration.

M/s Jain & Associates, Chartered Accountants, are the retiring Auditors and being eligible, offer themselves for reappointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to provisions of section 198, 269, 309, 310, 311 and Schedule XIII and all other applicable provisions of the Companies Act, 1956 or any modification or reenactment thereof, Mr. Rakesh M. Kumar be and is hereby re-appointed as Managing Director of the Company for a period of 3 (three) years w.e.f. 1st December, 2011 as per the following terms and conditions:

- A) Salary: Rs. 2,50,000/- 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 overall 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) Telephone 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.

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

"RESOLVED THAT Mr. Ajay Kumar Arora who was appointed by the Board of Directors of the Company as Additional Director w.e.f. 13.11.2010 and who holds office under Section 260 of the Companies Act, 1956 upto this Annual General Meeting and in respect of whom the Company has, as required by Section 257 of the Companies Act, 1956, received Notice in writing from a member proposing his candidature for the office of Director and signifying his intention, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mrs. Ritu Joshi who was appointed by the Board of Directors of the Company as Additional Director w.e.f. 25.05.2011 and who holds office under Section 260 of the Companies Act, 1956 upto this Annual General Meeting and in respect of whom the Company has, as required by Section 257 of the Companies Act, 1956, received Notice in writing from a member proposing her candidature for the office of Director and signifying her intention, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. Ashok Lakhanpal who was appointed by the Board of Directors of the Company as Additional Director w.e.f. 13.08.2011 and who holds office under Section 260 of the Companies Act, 1956 upto this Annual General Meeting and in respect of whom the Company has, as required by Section 257 of the Companies Act, 1956, received Notice in writing from a member proposing his candidature for the office of Director and signifying his intention, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By order of the Board of Directors
For Samrat Forgings Limited

Place: Chandigarh

Dated: 29th August 2011

(Sandeep Kumar)
Company Secretary

NOTES:

1. 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 to be a member of the Company.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27.09.2011 to 30.09.2011 (both days inclusive) pursuant to the provisions of section 154 of the Companies Act, 1956.
4. Members are requested to bring their copy of Annual Report to the Meeting.
5. 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.
6. Members / proxy holders are requested to produce the attendance slip duly completed and signed, for admission to the meeting hall.
7. Shareholders 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 / DP ID / Client ID.
8. 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.
9. At the ensuing Annual General Meeting Mr. Rakesh M. Kumar and Mr. Ajay Kapoor, Directors of the Company retire by rotation and being eligible, offers themselves for re-appointment. Pursuant to clause 49 of the Listing Agreement the particulars of the above said Directors are given below:

Mr. Rakesh M. Kumar

Mr. Rakesh M. Kumar is a Promoter Director. He is professionally qualified having B Tech degree and done MBA from University of California and have rich business experience of 17 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 Joint Managing Director of the Company. He is looking after marketing, sales, technical, financial and all administrative and day to day affairs of the Company.

Mr. Rakesh M. Kumar was holding 20,000 Equity Shares of the Company as on 31st March, 2011.

Other Directorship:

Mr. Rakesh M. Kumar was director in following other Companies as on 31.03.2011:

1. Jay Dee Holdings Pvt Ltd
2. Natrajan Investments & Finance Pvt Ltd
3. Alacrity Holdings Pvt Ltd

Mr. Ajay Kapoor

Mr. Ajay Kapoor is an independent director and associated with the Company since 2007. His services have been very useful for the general affairs of the Company.

Mr. Ajay Kapoor is not holding any share of the Company as on 31st March, 2011.

Other Directorship:

1. Chandigarh Realtors Pvt Ltd



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF COMPANIES ACT, 1956

EXPLANATORY STATEMENT FOR RESOLUTION NO. 5

Due to sad demise of the Chairman & Managing Director of the Company and considering the efforts & devotion given by the Joint Managing Director in the overall growth of the Company and increase in work and responsibilities, the Remuneration Committee and the Board of Directors at their meetings held on 29.08.2011 has decided (subject to the approval of members in general meeting) to re-designate him as Managing Director of the Company and to fix the limit of Salary as Rs. 2,50,000/- per month along with other benefits and perquisites as mentioned in the resolution for a period of three years w.e.f. 1st December, 2011, within the limit specified in Schedule XIII, Part II, Section I of the Companies Act, 1956.

Taking in to account the present "Effective Capital" of the Company as per schedule XIII of the Companies Act, 1956, the Company can pay (subject to approval of members in general meeting) remuneration upto Rs. 2,50,000/- per month to the executive directors. As such the proposed remuneration shall be within the limit provided under the above schedule. Approval of the shareholders is being solicited by way of special resolution within the limit provided under clause 1(B) of section II of Part II of Schedule XIII of the Companies Act, 1956. Further the general information is given under, as per the conditions specified to clause 1(B) of section II of Part II of Schedule XIII of the Companies Act, 1956.

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

As per clause 49 of the Listing Agreement to Corporate Governance, the Remuneration Committee of the Company has approved the change in designation of Joint Managing Director and remuneration stated in the resolution in accordance with Schedule XIII of the Companies Act, 1956. Therefore, the Board recommends approving item No. 5 by way of Special Resolution.

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

STATEMENT AS PER THE PROVISIONS OF SCHEDULE XIII PART II SECTION II (1)(B) OF THE COMPANIES ACT, 1956 CONTAINING THE GENERAL INFORMATION ABOUT THE COMPANY AND INFORMATION ABOUT THE APPOINTEE(S) ARE AS FOLLOW:

I. GENERAL INFORMATION:

1. The Company comes under Forgings Industry.
2. The Commercial production started in the year 1985.
3. 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. 5738.84 lacs and a net profit of Rs. 240.53 lacs before taxation as against sales turnover of Rs. 4362.07 lacs and a net profit of Rs. 176.39 lacs during previous year. The turnover of the Company has increased by 31.56% and the profit (before tax) has increased by 36.36% as compared to previous year's sales and net profit.
4. The Company has not made any investment in foreign market.

MR. RAKESH M. KUMAR

1. Mr. Rakesh M. Kumar is B.E., MBA by qualification and he has seventeen years of business experience in Forgings Industry to his credit.
2. Mr. Rakesh M. Kumar was drawing Remuneration of Rs. 2,25,000/- p.m. with other benefits and perquisites as approved by the shareholders in the general meeting on 30th September, 2009



as per provisions of section 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions of the Companies Act, 1956.

3. Mr. Rakesh M. Kumar is managing the affairs of the Company for the last seventeen years and has given his strong dedication and devotion for the overall growth of the Company to a very sound state.
4. The Proposed Remuneration is Salary amounting Rs. 2,50,000/- per month and other benefits and perquisites as mentioned in the Notice subject to maximum ceiling as allowed in Schedule XIII of the Companies Act, 1956.
5. Mr. Rakesh M. Kumar has business experience of approximately seventeen years. In the present scenario the remuneration being paid to the managerial personnel in the listed companies in Forgings Industry is very high and the remuneration being paid to Mr. Rakesh M. Kumar is very reasonable in comparison to them.
6. Mr. Rakesh M. Kumar is Joint Managing Director of the Company and except for drawing remuneration as approved by shareholders; he 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) The Company has achieved the net profits (before tax) of Rs. 240.53 Lacs for the year ended 31.03.2011 which amounts to 36.36% increase as compared to last year's profit of Rs. 176.39 Lacs.
- 2) 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) 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.

EXPLANATORY STATEMENT FOR RESOLUTION NO. 6

The Board of Directors of your Company in accordance with the provisions of Section 260 of the Companies Act, 1956 had appointed Mr. Ajay Kumar Arora as an Additional Director w.e.f. 13.11.2010 to strengthen the Board. Pursuant to provisions of section 260 of the Companies Act, 1956, Mr. Ajay Kumar Arora holds the office as such upto ensuing Annual General Meeting and is eligible for regular appointment. The Company has received notice under section 257 of the Companies Act, 1956 from member proposing his candidature for the office of Director of the Company subject to retire by rotation. Your Directors recommend the appointment of Mr. Ajay Kumar Arora as Director of the Company.

Mr. Ajay Kumar Arora is a Practicing Company Secretary by profession having rich experience of more than 20 years in corporate affairs.

Your Directors recommend this resolution at item No. 6 for approval of members.

None of the Director other than Mr. Ajay Kumar Arora is interested in the resolution.

EXPLANATORY STATEMENT FOR RESOLUTION NO. 7

The Board of Directors of your Company in accordance with the provisions of Section 260 of the Companies Act, 1956 had inducted Mrs. Ritu Joshi as an Additional Director w.e.f. 25.05.2011 to strengthen the Board. Pursuant to provisions of section 260 of the Companies Act, 1956, Mrs. Ritu Joshi holds the office as such upto ensuing Annual General Meeting and is eligible for regular appointment. The Company has received notice under section 257 of the Companies Act, 1956 from member proposing her candidature for the office of Director of the Company subject to retire by rotation. Your Directors recommend the appointment of Mrs. Ritu Joshi as Director of the Company.



Mrs. Ritu Joshi is a Post Graduate (Gold Medalist) having rich experience of Business Management to her credit.

Your Directors recommend this resolution at item No. 7 for approval of members.

Mr. Rakesh M. Kumar and Mrs. Bindu Chowdhary, Directors of the Company being the relatives of Mrs. Ritu Joshi are interested in this resolution along with her.

EXPLANATORY STATEMENT FOR RESOLUTION NO. 8

The Board of Directors of your Company in accordance with the provisions of Section 260 of the Companies Act, 1956 had appointed Mr. Ashok Lakhanpal as an Additional Director w.e.f. 13.08.2011 to strengthen the Board. Pursuant to provisions of section 260 of the Companies Act, 1956, Mr. Ashok Lakhanpal holds the office as such upto ensuing Annual General Meeting and is eligible for regular appointment. The Company has received notice under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company subject to retire by rotation. Your Directors recommend the appointment of Mr. Ashok Lakhanpal as Director of the Company.

Mr. Ashok Lakhanpal is B.Sc. Engg. Qualified from Punjab University and Life Fellow of Institution of Electronics & Telecommunication Engineers and Member of Engineering Council of India. He is having 38 years of Technical and Administrative experience. He retired as Chief Engineer, A.I.R. & Doordarshan. Presently functioning as Adviser (Vigilance & Technology) of NSIC (National Small Industries Corporation).

He worked as Director and Commissioner for Departmental Inquiries in Central Vigilance Commission, Govt. of India from 1999 to 2005.

Your Directors recommend this resolution at item No. 8 for approval of members.

None of the Director other than Mr. Ashok Lakhanpal is interested in the resolution

By order of the Board of Directors
For Samrat Forgings Limited

Place: Chandigarh
Dated: 29th August 2011

(Sandeep Kumar)
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 30th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended on 31st March, 2011. The financial highlights for the year under review are given below:

1. FINANCIAL RESULTS

For the year ended	(Rs. in lacs)	
	31.03.2011 (Current Year)	31.03.2010 (Previous Year)
Gross Sales including Job Work	5,738.84	4,362.07
Less: Excise Duty	491.72	335.32
Net Sales	5,247.12	4,026.75
Other Income	10.59	5.94
Profit before Interest, Depreciation & Tax	586.70	458.37
Interest	245.82	200.33
Depreciation	100.35	81.65
Net Profit before Tax	240.53	176.39
Provision for Tax	76.37	27.68
Provision for deferred Tax	10.22	25.83
Profit after tax available for appropriation	153.94	122.88
Transfer to General Reserve	Nil	Nil

2. OPERATIONS

The Company has achieved much better financial and operational results and surpass all its previous records and achieved the highest ever sales turnover of Rs. 5,738.84 Lacs (including excise), as compared to previous year's figure of Rs. 4,362.07 Lacs, resulting a remarkable growth of 31.56%. Due to the devotion and constant efforts put by the directors and employees on production enhancement, cost optimization, efficient management of working capital and a peaceful & amiable working environment, the Company has achieved Net Profits after tax of Rs. 153.94 Lacs as compared to previous year's Net Profit of Rs. 122.88 Lacs, resulting a growth of 25.28%. 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 2011-12.

3. FUTURE OUTLOOK / EXPANSION

The Company has achieved the highest ever sales during the year under review since inception of the Company. Further, considering the demand of the customers, the Company is in process to enlarge its production base and for that purpose further new machinery is proposed to be installed in Forging as well as Machining unit of the Company. The Company is regularly conversing with its bankers and other financial institutions to provide finance for the expansion in production facilities and it is expected that by proposed induction of new machinery and by up gradation of technology, the production level and sales would be further improved during the current year.

4. CAPITAL STRUCTURE

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

5. DIVIDEND

Considering the further expansion and up gradation of technology plans of the organization, your Directors do not recommend any dividend for the year under review and rather prefer to conserve the resources and plough back the accrued profits into the Company.

6. PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from the public covered under section 58A of the Companies Act, 1956 nor there were any fixed deposits to be repaid during the financial year under review.



7. DIRECTORS

Sh. J C Chowdhary, founder and Chairman & Managing Director of the Company left for heavenly abode in May, 2011. The Board of Directors places on records its tribute to the invaluable services rendered by Late Sh. J C Chowdhary during his tenure and mark it an irreparable loss to the Company.

Pursuant to Section 256 of the Companies Act, 1956 and Articles of Association of the Company Mr. Rakesh M. Kumar and Mr. Ajay Kapoor, Directors of the Company are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The brief resume of the Directors who are to be re-appointed, the nature of their expertise and names of the Companies in which they have held directorship etc are furnished in the explanatory statement forming part to the notice of the ensuing Annual General Meeting.

Mr. Ajay Kumar Arora, Mrs. Ritu Joshi and Mr. Ashok Lakhanpal who have been inducted as additional directors of the Company are proposed to be appointed as Directors liable to retire by rotation in the ensuing Annual General Meeting of the Company.

8. 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, the applicable accounting standards 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 act 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.

9. AUDITORS

M/s Jain & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors recommend for their re-appointment.

The Auditor's Report is self-explanatory and does not require any explanation by the Board.

10. 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.

11. INTERNAL CONTROL SYSTEM

The management is very attentive in the implementation and upholding a system through which all segments of the organization shall be controlled. An optimum internal control system has been implemented by the Company that ensures control over various functions in its business, which is well commensurate with the size and nature of business of the Company. The main attention of the internal control procedure is on the efficient use and protection of assets and resources of the Company and to protect these against loss from unauthorized use, recording and reporting of all financial transactions to assure reliability & promptness and compliance with all applicable laws.

12. BANKERS

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

13. CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, a report on compliances of Corporate Governance and certificate from Ms. Parul Arora, Company Secretary regarding compliance of conditions of corporate governance is annexed in the Annual Report.



14. MANAGEMENT DISCUSSION AND ANALYSIS

The detailed report of Management Discussion and Analysis is separately provided in the Annual Report.

15. 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.

16. SAFETY, POLLUTION & QUALITY CONTROL

The Company consider its workers and employees the most valuable assets and 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 or regular intervals. 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.

17. INDUSTRIAL RELATIONS

Your Directors wish to place their sincere gratitude to the workers and employees at all levels to maintain a gracious working atmosphere and for their hard work, dedication and commitment because of which the Company is continuously maintaining healthy, cordial and harmonious industrial relations.

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

18. INVESTORS' RELATIONS

The Company has always endeavors to give response to shareholders' requests / grievances immediately. Priority is accorded to address all the issues raised by the shareholders and provide them a satisfactory reply. The Company has not received any grievance from any of the shareholder during the financial year 2010-11.

19. PARTICULARS OF EMPLOYEES

In accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975, the names and other particulars of employees are set out in Annexure to this Report.

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

The information relating to conservation of energy, technology absorption, foreign exchange earning & outgo is given in annexure forming part of this report in accordance with the Companies (Disclosure of the particulars in report of Board of Directors) Rules, 1988.

21. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Bankers, various government departments and also thanks to the shareholders for their continued support and confidence reposed by them in the management of the Company and look forward to their valuable support for the future plans of the Company. Last but not the least, your Directors greatly appreciate the commitment and dedication 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

(Rakesh M. Kumar)

(Bindu Chowdhary)

Dated: 29th August, 2011

Joint Managing Director

Director



ANNEXURE TO THE DIRECTORS' REPORT

Pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 as amended, the names and other particulars of employees are as under:

Sr. No	Name	Age (years)	Designation	Qualification	Date of Joining	Experience (years)	Gross Remuneration (Rs.)	Previous Employment and designation
1.	Mr. J C Chowdhary	75	Chairman & Managing Director	B. A.	Since Incorporation	43	30,09,360	Nil
2.	Mr. Rakesh M Kumar	45	Joint Managing Director	B. E., MBA	1st June, 1994	17	27,09,360	Nil

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 management of the Company is always conscious about the energy conservation and different efforts have been made to conserve and optimize the use of energy to improve efficiency and reduce wastage. 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	38.18	26.95
	Total Amount	Rs. in lacs	208.43	132.23
	Average Cost per unit	Rs.	5.46	4.91
	b. Own Generation	Unit Lacs	6.88	6.73
	(Through diesel generation)			
	Unit per Ltr. of Diesel	Units	3.20	3.29
	Cost per Unit	Rs.	11.18	9.62
2	Furnace Oil / R.F.O. / L.D.O.			
	Quantity	KL	1,395	1,088
	Amount	Rs. in lacs	402.67	262.90
	Average Rates per Ltr.	Rs.	28.87	24.17
3	Consumption per MT of production			
	1. Electricity Purchased	Units	534.24	452.01
	2. Electricity Generated	Units	96.28	112.86
	3. Furnace Oil/ R.F.O./L.D.O.	Ltrs.	195.20	182.43
	4. Production	MT	7,019	5,978
B.	Technology Absorption			
	FORM-B	Nil	Nil	Nil
C.	Foreign Exchange Earnings & outgo			
	(i) Earnings -Exports	Rs. in lacs	86.82	3.45
	(ii) Outgo -Foreign Travel	Rs. in lacs	--	--
	-Imported Machinery	Rs. in lacs	48.47	151.36
	-Stores & Spares	Rs. in lacs	3.58	--



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 shareholder 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 seven Directors on the Board out of which four are Independent Directors, including one nominee Director. 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.

- Sh. J C Chowdhary, Chairman & Managing Director of the Company has passed away on 21st May, 2011.
- Mr. Rohit Gupta, Director resigned w.e.f. 29.04.2011 and Mr. Ajay Kumar Arora, Mrs. Ritu Joshi and Mr. Ashok Lakanpal have been appointed as Additional Directors w.e.f. 13.11.2010, 25.05.2011 and 13.08.2011 respectively.

None of the Directors on the Board hold Directorship in more than fifteen Companies and no Director is a Member of more than 10 Committees and 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

Four Board meetings of the Company were held during the year 2010-11 on following dates:

I. 15.05.2010, II. 14.08.2010, III. 13.11.2010, IV. 14.02.2011.

The meetings of the Board has been held on regular intervals which are 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 25th September, 2010 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. J C Chowdhary	Chairman & Managing Director (Promoter & Executive)	4	Yes	4	Nil	2	Since Incorporation
Mr. Rakesh M. Kumar	Joint Managing Director (Promoter & Executive)	4	Yes	3	Nil	1	01.06.1994
Mrs. Bindu Chowdhary	Director (Promoter & Non Executive)	4	Yes	2	Nil	1	25.04.1990
Mr. Ajay Kapoor	Independent Director (Non Executive)	4	Yes	1	3	3	30.01.2007
Mr. Rohit Gupta	Independent Director (Non Executive)	4	No	5	Nil	2	25.07.2005
Mr. Puneet Verma	Independent Director (Non Executive Nominee Director)	Nil	No	-	-	-	28.07.1997
Mr. M L Bidani	Independent Director (Non Executive)	1	No	1	-	-	31.10.2008 Resigned on 30.09.2010
Mr. Ajay Kumar Arora	Independent Director (Non Executive)	Nil	No	5	-	5	13.11.2010

No extra ordinary general meeting has been held during the year ended 31st March, 2011.

COMMITTEES OF THE BOARD

(A) AUDIT COMMITTEE

An Audit Committee has been constituted since 2007. 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 292A of the Companies Act, 1956.

Sh. J C Chowdhary, member of the Audit Committee has expired on 21st May, 2011 and Mr. Rakesh M. Kumar has been appointed as member of the Audit Committee to complete the constitution of the Committee as per the Listing Agreement with the Stock Exchange. The audit committee comprises of three Directors. During the financial year 2010-11 under review, four Audit Committee meetings were held on the following dates:

I. 15.05.2010, II. 14.08.2010, III. 13.11.2010, IV. 14.02.2011.



The composition and other details of the Audit Committee as on 31.03.2011 is as under :

Name of the Member Director	Designation	Nature of Directorship	No. of Meetings Attended
Mr. Ajay Kapoor	Chairman	Independent Director	4
Mr. Rohit Gupta	Member	Independent Director	4
Mr. J C Chowdhary	Member	Chairman & Managing Director (WTD)	4

(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.

During the year under review Mr. M L Bidani has resigned and Mrs. Bindu Chowdhary was appointed as member of the Remuneration Committee.

Mr. Rohit Gupta has resigned from the directorship w.e.f. 29.04.2011 and vacated the membership of Remuneration Committee. Mr. Ajay Kumar Arora and Mr. Ashok Lakhnupal were appointed as directors of the Company w.e.f. 13.11.2010 & 13.08.2011 respectively and subsequently they were also appointed as members of the Remuneration Committee.

The composition and other details of the Remuneration Committee as on 31.03.2011 is as follows:

Name of the Director	Designation	Nature of Directorship
Mr. Ajay Kapoor	Chairman	Independent Director
Mr. Rohit Gupta	Member	Independent Director
Mrs. Bindu Chowdhary	Member	Promoter Director

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

Detail of remuneration to Executive Directors and sitting fees paid to Non-Executive Directors during the year ended 31st March, 2011 is given below:

Name of the Director	Salary	Perquisites	Meeting Fee	Total
Mr. J C Chowdhary	30.00	0.09	-	30.09
Mr. Rakesh M Kumar	27.00	0.09	-	27.09
Mrs. Bindu Chowdhary	-	-	0.28	0.28
Mr. Rohit Gupta	-	-	0.36	0.36
Mr. Ajay Kapoor	-	-	0.39	0.39
Mr. M L Bidani	-	-	0.08	0.08

(Rs. in lacs)

(C) INVESTORS' RELATIONS / SHARE TRANSFER COMMITTEE

The Board has constituted a Investors' Relation / Share Transfer Committee comprising of Mr. Ajay Kapoor, Chairman, Mr. J C Chowdhary, Member and Mr. Rakesh M Kumar, Member, to consider share transfer and investor grievances matters. Consequent due to the sad demise of Sh. J C Chowdhary and to complete the constitution of the Committee Mrs. Bindu Chowdhary was appointed as member of the Committee w.e.f. 25.05.2011. The committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services. During the year one meeting of the Committee was held on 10.09.2010.



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 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
2008-09	27 th AGM	30 th Sept., 2008	11.00 AM	# 1712, Sector 33-D, Chandigarh	Nil
2009-10	28 th AGM	30 th Sept., 2009	11.00 AM	#245, Sector 15-A, Chandigarh	2
2010-11	29 th AGM	25 th Sept., 2010	11.00 AM	#245, 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 namely, Economic Times in English and Business Standard in Hindi, in accordance with the requirement of the listing agreement.

Management Discussion and Analysis Reports

A detailed report on Management Discussion and Analysis Report forms part of this report.



GENERAL SHAREHOLDER INFORMATION

1. 30th Annual General Meeting Date : 30th September, 2011
 Venue : # 245, sector 15-A, Chandigarh-160 015
 Time : 11:00 AM
2. Financial Calendar (tentative)
 Financial Reporting for
 Quarter ended on 30th June, 2011 : 1st / 2nd week of August, 2011
 Quarter ended on 30th Sept, 2011 : 1st / 2nd week of Nov, 2011
 Quarter ended on 31st Dec, 2011 : 1st / 2nd week of Feb, 2012
 Year ended on 31st March, 2012 : May, 2012
3. Book Closure : 27th Sept., 2011 to 30th Sept., 2011
 (Both days inclusive)
4. Dividend Payment : Not declared
5. Listing on Stock Exchanges : Ludhiana Stock Exchange (LSE)
 Listing fee for the year 2011-12 has been 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: info@masserv.com

9. Dematerialisation 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. 33.52% of the Company's paid-up equity share capital has been dematerialised as on 31st March, 2011. 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 / Investors Relation Committee approves 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, 2011.

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, 2011 is as under:

Category	Number of shares held	Face value of share (Rs.)	% age of holding
Promoters / Associates	2783971	10.00	55.68
Financial Institutions / Banks	165000	10.00	3.30
Public -Bodies Corporate	1387250	10.00	27.75
Public –Others	663779	10.00	13.27
Total	5000000		100.00

13. Distribution of Shareholding as on 31st March, 2011 is as under:

Shareholding of nominal value of Rs.	Number of share holders	% age of total	Number of shares	Amount in Rs.	% age to total
Upto --- 5,000	731	95.68	82470	824700	1.65
5,001 --- 10,000	9	1.18	7100	71000	0.14
10,001 --- 20,000	6	0.79	8700	87000	0.17
20,001 --- 30,000	0	0.00	0	0	0.00
30,001 --- 40,000	3	0.39	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	15	1.96	4890030	48900300	97.80
Total	764	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 Bhankerpur, Tehsil Derabassi, Distt. Mohali (Punjab).

16. Investor queries etc. with respect to the financial statements and secretarial matters may be addressed to the registered address of the Company at # 245, Sector 15-A, Chandigarh-160 015.

17. Website Address: www.samratforgings.com

Email: samratforge@sify.com

On behalf of Board of Directors
For Samrat Forgings Limited

Place : Chandigarh
Dated : 29.08.2011

(RAKESH M. KUMAR)
Joint Managing Director

(BINDU CHOWDHARY)
Director



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, 2011 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, 2011.

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
Dated : 29.08.2011

PARUL ARORA
Company Secretary
ACS 6902



MANAGEMENT DISCUSSION & ANALYSIS

INDIAN FORGINGS INDUSTRY – AN OVERVIEW

The Forging Industry is an integral part of manufacturing sector of Indian Economy. The effect of global economy movements impacts the Indian economy. The improvement has been seen in last three years after the global meltdown. Indian Forgings industry is quite hopeful for exertive growth in the current as well as coming years.

A. COMPANY UPDATE

Samrat Forgings Limited (SFL) is a Company engaged in the manufacturing of Forgings for Tractors & Heavy Vehicles besides Earth Moving & Construction Equipments, Railways & Defense. The Overall Sales of the Company has been increasing constantly except for one year during last eight years.

B. FINANCIAL AND OPERATIONAL PERFORMANCE

With the constant efforts and devotion of its management and workers, the Company has achieved a sales turnover of Rs. 5,738.84 Lacs (including excise) as compared to last years figure of Rs. 4,362.07 Lacs, recording a growth of 31.56% over the previous financial year. The net profits of the Company after tax are Rs. 153.94 Lacs in comparison to Rs. 122.88 Lacs during the last year's net profits, recording a growth of 25.28% 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

The Company maintains a system of well-established policies and procedures for internal control of all segments commensurate to the size and nature of business operations of the Company and continuously reviews the same for effectiveness. All departments of the Company are adequately staffed with professionally qualified and experienced personnel and they support the internal control system by suggesting the improvements to the management regularly. The financial information is compiled periodically and reviewed by the management from time to time. The reporting and monitoring system is elaborate and the same is reviewed by the management on regular basis. Internal audits have been conducted on regular basis to test the adequacy and effectiveness of the internal control system laid down by the management and to suggest improvements.

D. HUMAN RESOURCES

The Company always endeavor and attentive on having qualified and talented employees in all divisions. Company believes that human resource management is a key area to be focused and the Company has been making constant efforts to attract and retain the qualified employees. The management always keeps its focus to evaluate the performance of all employees and necessary steps are taken to strengthen the areas that need improvements. 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**

The Forgings Industry is linked with the manufacturing sector of the economy and as the manufacturing sector is improving at a fast pace, consequently there is growth reported in Forgings Industry as well. Keeping in view the growth in Forgings Industry and taking it as a positive indicator the Company's response has been timely and to broad base its production level new machinery has been installed 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

Auto Forgings has direct linkage with agriculture growth & commercial vehicle industry, which in turn has close co-relation with economic growth & infrastructure development.

The uncertainties in the prices of steel, being the raw material for production makes it difficult to make accurate projections and sustain the operating results. Considering this factor, 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 that 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 the future on the basis of subsequent developments, information or events. The actual results may differ materially from those expressed or implied in the statement depending on the circumstances that are beyond the control of the Company.

On behalf of Board of Directors
For Samrat Forgings Limited

Place : Chandigarh
Dated : 29.08.2011

(Rakesh M. Kumar)
Joint Managing Director



AUDITORS' REPORT TO THE MEMBERS

The Members,
M/s Samrat Forgings Limited
Chandigarh

We have audited the attached Balance Sheet of M/s Samrat Forgings Limited as at 31st March, 2011 and the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A. 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 enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.

B. Subject to our comments in paragraph A above, we report that:-

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of accounts as required by the law have been kept by the company so far as it appears from our examination of these books;
- c) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in compliance with Accounting Standards referred to in sub-section (3C) of Section 211 of the Act.
- e) Based on the representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors we report that none of the directors is disqualified from being appointed as a director in terms of Section 274(1)(g) of Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-

- i. In the case the Balance Sheet, of the state of the Company's affairs as at 31st March 2011; and
- ii. In the case of Profit and Loss Account, of the Profit for the year ended on that date.
- iii. In case of Cash Flow Statement, the cash flow for the year ended on that date.

FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 01361N

PLACE : CHANDIGARH
DATED : 29-08-2011

(R.K.GULATI)
PARTNER
M.No. 11999



ANNEXURE TO THE AUDITORS' REPORT

I. In respect of its fixed assets:

The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

According to the information and explanations given to us, the company has a system of physical verification of all its fixed assets once in a 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.

During the year, Company has not disposed of any substantial / major part of fixed assets.

II. In respect of its inventories:-

The inventory was physically verified during the year by the management. In our opinion, frequency of verification is reasonable.

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.

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 one party amounting to Rs. 36.17 lacs from Companies and other parties covered in the register maintained under section 301 of the Companies Act 1956.

f) According to the information and explanations given to us, the loan taken is unsecured 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 and interest amount no terms and conditions have been specified.

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 our examination we have not come across with any major weaknesses in internal control system.

V. In respect of 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, there are no transactions that needed to be entered into the register maintained in pursuance of section 301 of the Companies Act 1956.



- VI. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public which are covered u/s 58A and 58AA of the Companies Act 1956 and the rules framed there under and the directives issued by the Reserve Bank of India, with regard to the deposits accepted from the public.
- VII. In our opinion, the Company has internal audit system which commensurate with the size and nature of its business.
- VIII. In our opinion the Company is not required to maintain cost records under section 209(1)(d) of the Companies Act, 1956 for the products of the company.
- IX. According to the information and explanations given to us in respect of Statutory and other dues:
- 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.
 - 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, Cess were outstanding as on 31-03-2011 *except Rs. 23.90 lacs on account of damages against which appeal is pending before ESI Court.*
- X. The Company has no accumulated losses at the end of the year and it has not incurred cash losses during the year or in the 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 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. The company is not a chit fund company, Nidhi or mutual benefit fund / society.
- 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 any guarantee for loans taken by others from banks or financial institutions.
- XVI. To the best of our knowledge and belief the term loans availed by the company during the year have been utilized for the purpose for which it was obtained.
- XVII. According to the records examined and as per the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- XVIII. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year .
- XIX. The company has not issued any debentures.
- XX. The Company has not raised monies by public issues during the year.
- XXI. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

FOR JAIN & ASSOCIATES
 CHARTERED ACCOUNTANTS
 Firm Registration No. 01361N

(R.K.GULATI)
 PARTNER
 M.No. 11999

PLACE : CHANDIGARH
 DATED : 29-08-2011



BALANCE SHEET AS AT 31st MARCH-2011

PARTICULARS	SCHEDULE	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
I. SOURCES OF FUNDS			
1. Share Holder's Funds			
(a) Share Capital	1	50,066,125	50,066,125
(b) Reserves and Surplus	2	59,357,729	43,963,725
TOTAL		109,423,854	94,029,850
2. Loan Funds			
(a) Secured Loans	3	140,667,342	121,438,344
(b) Unsecured Loans	4	22,929,630	25,009,672
TOTAL		163,596,972	146,448,016
3. Deferred Tax Liability		11,297,650	10,275,522
TOTAL		11,297,650	10,275,522
GRAND TOTAL		284,318,476	250,753,388
II. APPLICATIONS OF FUNDS			
1. Fixed Assets			
(a) Gross Block	5	191,613,676	179,302,942
(b) Less Depreciation		82,527,876	72,493,134
(c) Net Block		109,085,800	106,809,808
Net Block		109,085,800	106,809,808
2. Current Assets Loans & Advances	6		
(a) Inventories		212,820,931	177,316,124
(b) Sundry Debtors		112,055,674	67,885,974
(c) Cash and Bank Balances		3,159,172	4,436,343
(d) Loans and Advances		16,335,412	13,083,573
TOTAL		344,371,189	262,722,014
Less: Current liabilities & Provisions	7		
Current liabilities		158,528,993	112,819,349
Provisions		10,657,018	6,088,186
TOTAL		169,186,011	118,907,535
NET CURRENT ASSETS		175,185,178	143,814,479
3. Miscellaneous Expenditure (To the extent not written off or adjusted)			
Capital Enhancement Expenses		47,498	129,101
TOTAL		47,498	129,101
GRAND TOTAL		284,318,476	250,753,388
Accounting Policies & Notes on Accounts 16			

(A P S GROVER)	(SANDEEP KUMAR)	(RAKESH M. KUMAR)	(BINDU CHOWDHARY)
GM-Finance	Company Secretary	Joint Managing Director	Director

This is the Balance Sheet referred to in our report of even date
addressed to the Members of M/s Samrat Forgings Limited

FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 01361N

PLACE : CHANDIGARH
DATED: 29th August, 2011

(R.K.GULATI)
PARTNER
M.No. 11999



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH-2011

PARTICULARS	SCHEDULE	Year ended 31st March, 2011 (Rupees)	Year ended 31st March, 2010 (Rupees)
I. INCOME			
Sales during the year		530,929,792	402,535,198
Add conversion / Job Work Charges		42,954,236	33,672,413
Gross Sales		573,884,028	436,207,611
Less Excise duty on Sales		49,172,322	33,532,482
Net sales		524,711,706	402,675,129
Other Income	8	1,058,993	593,564
Increase / (decrease) in stock	9	14,303,833	14,039,135
Total		540,074,532	417,307,828
II. EXPENDITURE			
(a) Material Consumed	10	290,273,219	224,386,895
(b) Manufacturing Expenses	11	112,121,493	82,964,131
(c) Personnel Expenses	12	54,111,273	42,736,611
(d) Finance Expenses	13	24,581,980	20,033,501
(e) Administrative & Other expenses	14	14,713,736	12,732,507
(f) Selling & Distribution Expenses	15	10,184,632	8,650,264
(g) Depreciation	5	10,034,742	8,165,059
Total		516,021,075	399,668,968
Profit before Taxation		24,053,457	17,638,860
Income Tax / FBT of earlier year		637,559	-
Provision for Income Tax		6,999,766	2,768,214
Deferred Tax Liability		1,022,128	2,582,822
Net Profit transferred to Balance Sheet		15,394,004	12,287,824
Basic Earning per share		3.08	2.46
Diluted Earning per Share		3.08	2.46
Nominal value of Each Share		10.00	10.00

(A P S GROVER)	(SANDEEP KUMAR)	(RAKESH M. KUMAR)	(BINDU CHOWDHARY)
GM-Finance	Company Secretary	Joint Managing Director	Director

This is the Profit & Loss Account referred to in our report of even date addressed to the Members of M/s Samrat Forgings Limited

FOR JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 01361N

PLACE : CHANDIGARH
DATED: 29th August, 2011

(R.K.GULATI)
PARTNER
M.No. 11999



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH-2011

PARTICULARS	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
SCHEDULE 1 :		
1. SHARE CAPITAL		
(a) AUTHORISED:		
100,00,000 Equity Shares of Rs 10/- each	100,000,000	100,000,000
TOTAL	100,000,000	100,000,000
(b) ISSUED:		
50,26,200 Equity Shares of Rs 10/- each	50,262,000	50,262,000
TOTAL	50,262,000	50,262,000
(c) SUBSCRIBED AND PAID UP:		
50,00,000 Equity Shares of Rs 10/- each fully called up & paid up	50,000,000	50,000,000
Add: Forfeited Equity Shares 26,200 Equity Shares of Rs. 10/- each forfeited	66,125	66,125
TOTAL	50,066,125	50,066,125

SCHEDULE 2 :

RESERVES AND SURPLUS

A. Capital Reserves		
State Capital Subsidy	1,500,000	1,500,000
B. Profit & Loss Account		
As per last Balance Sheet	42,463,725	30,175,901
Profit during the year	15,394,004	12,287,824
TOTAL	59,357,729	43,963,725


SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH-2011

PARTICULARS	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
SCHEDULE 3 :		
SECURED LOANS		
I. LOANS & ADVANCES FROM BANKS		
A. CASH CREDIT ACCOUNT	107,677,908	99,410,149
(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 Promoters / Directors of the Company.)		
B. TERM LOANS		
(Secured against Hypothecation of respective vehicle under hire-purchase agreement/Machinery & personal guarantee of directors)	17,189,853	16,729,142
II. OTHER LOANS & ADVANCES		
FROM NON-BANKING FINANCIAL COMPANIES	15,799,580	5,299,053
(Secured against Hypothecation of respective machinery under hire-purchase agreement & personal guarantee of directors)		
TOTAL	140,667,342	121,438,344

SCHEDULE 4 :

UNSECURED LOANS		
I. LOANS & ADVANCES FROM BANKS		
(Against personal guarantee of directors)	10,946,610	15,630,562
II. LOANS & ADVANCES FROM OTHERS		
(a) Against personal guarantee of directors	8,123,913	4,504,822
(b) Others	242,000	3,042,000
III. LOAN FROM DIRECTORS	3,617,107	1,832,288
TOTAL	22,929,630	25,009,672

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH-2011

SCHEDULE 5 : FIXED ASSETS

PARTICULARS	RATE %age	ORIGINAL COST AS ON 01.04.2010	ADD DUR THE YEAR	SALE/ TRANSFER	TOTAL COST AS ON 31-03-2011	DEP UPTO 31.03.2010	DEPRECIATION DURING THE YEAR	DEPRECIATION WRITTEN BACK	TOTAL DEP.	W.D.V. AS ON 31.03.2011	W.D.V. AS ON 31.03.2010
LAND		441,426	-	-	441,426	-	-	-	-	441,426	441,426
FACTORY BUILDING	3.34	17,398,739	-	-	17,398,739	9,299,907	581,118	-	9,881,024	7,517,714	8,098,832
ADMINISTRATIVE BUILDING	1.63	6,589,431	-	-	6,589,431	714,938	107,408	-	822,346	5,767,085	5,874,493
PLANT & MACHINERY		134,820,495	11,377,219	-	146,197,714	55,569,538	7,478,581	-	63,048,119	83,149,595	79,250,957
FURNITURE & FIXTURE	6.33	2,065,050	621,778	-	2,686,828	1,061,272	111,457	-	1,172,729	1,514,099	1,003,778
COMPUTERS	16.21	1,679,992	127,903	-	1,807,895	682,826	270,969	-	953,795	854,100	987,166
OFFICE EQUIPMENT	4.75	1,755,272	77,150	-	1,832,422	1,079,531	127,308	-	1,208,838	625,584	675,741
VEHICLES	9.50	14,034,880	-	-	14,034,880	3,900,875	1,333,314	-	5,234,189	8,800,691	10,134,005
AIR CONDITIONERS	4.75	517,657	106,684	-	624,341	184,247	24,589	-	208,835	415,506	333,410
TOTAL		179,302,942	12,310,734	-	191,613,675	72,483,134	10,034,742	-	82,527,876	109,085,800	106,809,808
PREVIOUS YEAR		145,143,581	34,159,361	-	179,302,942	64,328,075	8,165,059	-	72,493,134	106,809,808	80,815,506

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH-2011

PARTICULARS	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
SCHEDULE 6 :		
CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS. (as per inventories taken valued & certified by the Management)		
1. Stores & Spares	8,175,937	7,770,989
2. Tools & Dies	48,597,994	40,066,272
3. Raw Material	36,244,161	23,979,857
4. Work in progress	110,137,882	99,610,480
5. Finished Goods	9,298,309	5,582,682
6. Scrap	366,648	305,844
TOTAL	212,820,931	177,316,124
SUNDRY DEBTORS (Unsecured considered good)		
a) Debts outstanding for a period exceeding six months	6,976,980	8,247,461
b) Other debts	105,078,694	59,638,513
TOTAL	112,055,674	67,885,974
CASH & BANK BALANCE		
a) Cash in hand	386,159	313,327
b) Balance with Scheduled Banks		
In Current A/c	80,953	279,984
In Fixed Deposit accounts	2,633,216	3,777,074
c) Interest Accrued on FDR's	58,844	65,958
TOTAL	3,159,172	4,436,343
B. LOAN & ADVANCES (Unsecured considered good)		
a) Advances recoverable in cash or in kind or for value to be received	14,510,605	11,762,066
b) Security Deposits	1,824,807	1,321,507
TOTAL	16,335,412	13,083,573

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH-2011

PARTICULARS	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
SCHEDULE 7 :		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
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	141,976,787	100,197,281
2. Expenses Payable	9,252,056	9,286,083
3. Directors Remuneration Payable	296,440	505,660
4. Statutory Liabilities	2,911,522	1,706,895
5. Intt. accrued but not due on loans	271,171	245,866
6. Advances from Customers	3,821,017	877,564
TOTAL	158,528,993	112,819,349
PROVISIONS		
1. Provision for Income Tax	6,999,766	2,768,214
2. Provision for Gratuity & Leave Encashment	3,657,252	3,319,972
TOTAL	10,657,018	6,088,186

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH-2011**

PARTICULARS	Year ended 31st March, 2011 (Rupees)	Year ended 31st March, 2010 (Rupees)
SCHEDULE 8 :		
OTHER INCOME		
Interest Received	448,916	492,064
Misc. Income	610,077	101,500
TOTAL	1,058,993	593,564

SCHEDULE 9 :

INCREASE / (DECREASE) IN STOCKS

Work in Progress		
Opening stock	99,610,480	85,599,949
Closing stock	110,137,882	99,610,480
TOTAL	10,527,402	14,010,531
Finished Goods		
Opening stock	5,582,682	5,478,418
Closing stock	9,298,309	5,582,682
TOTAL	3,715,627	104,264
Scrap		
Opening stock	305,844	381,504
Closing stock	366,648	305,844
TOTAL	60,804	(75,660)
G. TOTAL	14,303,833	14,039,135

SCHEDULE 10 :

MATERIAL CONSUMED

Raw material		
Opening Stock	23,979,857	21,025,234
Purchases including freight	302,537,523	227,341,518
Total	326,517,380	248,366,752
Less : Closing Stock	36,244,161	23,979,857
Raw material consumed	290,273,219	224,386,895



**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH-2011**

PARTICULARS	Year ended 31st March, 2011 (Rupees)	Year ended 31st March, 2010 (Rupees)
SCHEDULE 11:		
MANUFACTURING EXPENSES		
1. Power,Electricity & Diesel	29,509,199	20,154,532
2. Tools & Dies Consumed	4,980,520	4,033,860
3. Consumable & Electricals	62,288,362	46,777,592
4. Production/Job Work Expenses	8,594,601	7,448,121
5. Repair & Maintenance Machinery	6,396,161	4,446,245
6. Excise Duty on Finished Stock	352,650	103,781
TOTAL	112,121,493	82,964,131

SCHEDULE 12 :

PERSONNEL EXPENSES

1. Directors' remuneration	5,700,000	5,614,000
2. Provident Fund-Directors	18,720	18,720
3. Salary & Wages	43,745,554	33,028,052
4. Bonus	2,054,407	1,752,552
5. Staff & Labour Welfare	1,216,668	1,139,829
6. Medical Expenses-Employees	46,121	114,369
7. Provident Fund & Others	1,329,803	1,069,089
TOTAL	54,111,273	42,736,611

SCHEDULE 13:

FINANCIAL EXPENSES

1. Interest on Working Capital Loan	13,229,165	12,193,987
2. Interest Others	8,553,881	6,675,747
3. Interest Excise	146,226	71,132
4. Bank Charges	2,652,708	1,092,635
TOTAL	24,581,980	20,033,501

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH-2011**

PARTICULARS	Year ended 31st March, 2011 (Rupees)	Year ended 31st March, 2010 (Rupees)
SCHEDULE 14 :		
ADMINISTRATIVE & OTHER EXPENSES		
1. Travelling & Conveyance	906,444	982,555
2. Professional Expenses	1,193,971	1,707,637
3. Telephone & Postage	628,076	631,981
4. Printing & Stationary	448,941	494,082
5. Running & Maintenance-Vehicles	1,369,511	936,628
6. Miscellaneous Expenses	1,090,010	590,368
7. R & M - General	186,748	110,659
8. R & M - Building	3,883,532	2,810,578
9. Subscription & Membership Fee	15,515	5,000
10. Rates, Fee & Taxes	607,968	348,528
11. Insurance	557,856	460,467
12. Auditors' Remuneration		
a) Audit Fee	45,000	45,000
b) Tax Audit Fee	5,000	5,000
c) Tax Matters Fee	20,000	20,000
d) Certification work Fee	6,000	6,000
13. Advertisement	68,650	83,840
14. Books & Periodicals	10,600	8,231
15. Rent	3,427,635	3,321,750
16. Board Meeting Fees	110,300	82,600
17. Capital Enhancement expenses w/off	81,603	81,603
18. Foreign Exchange Rate Difference	50,374	-
TOTAL	14,713,736	12,732,507

SCHEDULE 15 :

SELLING & DISTRIBUTION EXPENSES

1. Packing & Forwarding	2,586,450	1,338,439
2. Business Promotion	59,720	79,292
3. Rebates & Discounts	3,981,862	4,899,732
4. Bad Debts written off	707,674	550,713
5. R & M Vehicles (LCV)	2,848,927	1,782,088
TOTAL	10,184,632	8,650,264

SCHEDULE-16**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****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. **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.
3. **Inventories:**
 - a) Inventories of Raw Material, Stores and Spares are valued at 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.
4. **Sales:**
Sales are inclusive of Excise Duty.
5. **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.
6. **Contingent Liabilities:**
Contingent Liabilities, barring frivolous claims, are disclosed and those liabilities, which are possible of maturing, are provided for.
7. **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 Profit & Loss Account. 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.
8. **Borrowing Costs:**
Borrowing costs that are directly attributable to the acquisition, construction of qualifying assets have been capitalized as part of the cost of assets. Other borrowing costs are recognized as an expense in the period in which they are incurred.
9. **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.
10. **Other Accounting Policies:**
Accounting Policies not specifically referred to are consistent with generally accepted accounting policies.

NOTES ON ACCOUNTS**1. Contingent Liabilities.**

- a) ESI Deptt. has demanded interest & damages of Rs. 30.24 lacs (Previous year Rs. 30.24 lacs) relating to earlier years which has been disputed and the company has filed appeal before ESI Court, the final liability can be ascertained only after disposal of case.
- b) Contingent liability in respect of un-assessed cases of Income Tax, Excise Duty, Sales Tax & Service Tax is un-ascertainable.
- c) Estimated amount of contracts remaining to be executed on capital account and not provided for -NIL.
2. Remuneration paid to whole time Directors

(Rs.)

Financial Year	Chairman & Managing Director		Joint Managing Director	
	2010-11	2009-10	2010-11	2009-10
Salary	3000000	2957000	2700000	2657000
Provident fund	9360	9360	9360	9360
Total:	3009360	2966360	2709360	2666360

Computation of net profit in accordance with section 349 of the Companies Act, 1956

	2010-11	2009-10
	(Rs. In lacs)	
Profit for the year before taxation as per P& L Account	240.53	176.39
Add : Directors' Remuneration	57.19	56.32
Less : Profit on sale of fixed assets	0.00	0.00
Profit u/s 198 of the Companies Act, 1956	297.72	232.71

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

3. In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company has compiled the following information:

List of related parties and their relationship:

Associates	Punjab Pre-Stressed Concrete Works 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 - Directors	Mr. J. C. Chowdhary
	Mr. Rakesh M. Kumar

4. Details of Related Party Transactions

(Rs. in Lacs)

Name of the party	Jandwani Products Pvt. Ltd.	Poly Mr. J. C. Chowdhary
Loan Accounts		
Opening Balances	0 (85.00)	18.32 (-)
Loans recd	0 (8.00)	15.00 (25.05)
Loan repaid	0 (93.00)	0 (7.65)
Interest / Rent	34.74 (33.09)	3.16 (0.92)
Closing Balance		
a) In Loan a/c (Cr)	0 (-)	36.17 (18.32)
b) In Creditors	31.59 (-)	- (-)

Remuneration to Directors (Key Management Personnel) are given in Note No. 2

5. Balance in Fixed Deposit Account includes:
Rs. 23.73 Lacs (Rs.37.71 Lacs) pledged with banks as Margin against L/C Limits.
6. Interest includes Rs. 85.54 Lacs (66.75 Lacs) on term loans.
7. In the opinion of Board, the Current Assets, Loan & Advances are approximately of the value stated if realized in the ordinary course of business. The provision for known liabilities is adequate and not in excess of amount reasonable and necessary.
8. Debit and/or Credit balances in the accounts of suppliers, customers and other advances are subject to confirmation, reconciliation and adjustment and the amount is unascertained
9. Expenses payable includes Board meeting fee payable to Directors amounting to Rs. 0.74 Lacs (Previous year Rs. 0.55 Lacs).
10. The company has calculated earning per share in accordance with Accounting Standard 20 (AS 20) issued by the Institute of Chartered Accountants of India and accordingly the Net Profit of Rs. 153.94 lacs and (previous year Rs. 122.88 Lacs) has been divided with 50,00,000 (Previous year 50,00,000) weighted average number of Equity Shares for calculating basic earning per share and diluted earning per share respectively.
11. In accordance with Accounting Standard 22, "Accounting for Taxes on Income" (AS 22), issued by The Institute of Chartered Accountants Of India, the company recognized the deferred tax assets and liabilities.

	As at 31-03-2011	As at 31-03-2010 (Rs. in lacs)
Deferred Tax Liability due to:		
Depreciation	124.28	113.01
Deferred tax asset due to		
Section 43(B) of Income Tax Act, 1961	11.30	10.26
Net Deferred Tax Liability	<u>112.98</u>	<u>102.75</u>

The deferred tax liability for the year ending 31st March, 2011 amounting to Rs. 10.22 lacs (previous year deferred tax liabilities Rs. 25.83 lacs) has been recognized in Profit & Loss Account at the current rate of Income Tax.

12. The company has not received intimation from Suppliers regarding the status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act have not been given.
 13. The company operates only in manufacturing of Closed Die Steel Forgings and therefore there is no reportable segments as per Accounting Standard 17 (Segment reporting issued by The Institute of Chartered Accountants of India)
 14. Figures of the previous year have been regrouped and recast to make them comparable with those of current year wherever considered necessary.
 15. Figures in brackets relates to Previous Year.
 16. Information pursuant to the provisions of paragraph 3, 4C and 4D of part of schedule VI to the Companies Act 1956.
1. Particulars in respect of goods manufactured:

Class of goods	Unit Qty in	Licensed capacity		Installed Capacity		Actual Production	
		Current year	Previous year	Current Year	Previous year	Current year	Previous year
Closed Die Forgings	M.T	NA	NA	7950	7200	4788	4296
Closed Die Forgings - Job Work basis	M.T	-	-	-	-	2231	1682
Scrap	M.T	-	-	-	-	1553	1288

The figures regarding installed capacity have been provided by the Management and have been relied upon by the Auditors.

2. Particulars in respect of Sales:

Class of Goods	Current year		Previous year	
	Qty. M.T.	Amt.(Rs) (000)	Qty. M.T.	Amt. (Rs.) (000)
Close Die Forgings -Own	4743	384806	4277	384806
Forged Material -Own	4	47.51	19	47.51
Closed Die Forgings -Job Work basis	2231	33672	1682	33672
Scrap	1550	17729	1293	17729

3. Particulars in respect of Finished Goods:

Class of goods	Current year				Previous year			
	Op. Balance		Closing balance		Op. Balance		Closing balance	
	Qty MT	Amt. (Rs.) (000)	Qty MT	Amt. (Rs.) (000)	Qty MT	Amt. (Rs.) (000)	Qty MT	Amt. (Rs.) (000)
Closed Die Forgings	62	5583	107	9298	62	5478	62	5583
Scrap	17	306	21	366	22	382	17	306

4. Raw Material Consumed:

Class of goods	Current year		%age	Previous year		%age
	Qty. MT	Amt. (Rs.) (000)		Qty. MT	Amt. (Rs.) (000)	
Steel Forged Material	65305	289327946		570521	2218342553	
i) Indigenous			100			100
ii) Imported	--	--	--	--	--	--
Store & spares		62288	100		46777	100
i) Indigenous						
ii) Imported	--	--	--	--	--	--

5. Particulars of Work in Process:

Class of goods	Current year				Previous year			
	Op. Balance		Closing balance		Op. Balance		Closing balance	
	Qty MT	Amt. (Rs.) (000)	Qty MT	Amt. (Rs.) (000)	Qty MT	Amt. (Rs.) (000)	Qty MT	Amt. (Rs.) (000)
Forged Stock	892	77934	981	88520	907	73686	892	77934
Cut stock	482	21677	368	18068	250	11914	482	21677
Machined WIP	0	0	30	3550	0	0	0	0

	Current Year	Previous Year
6.0 Value of Imports on CIF Basis		
6.1 Imported Machinery	Rs. 48.47 Lacs	Rs.151.36 Lacs
6.2 Expenditure in foreign currency		
(i) Stores & Spares	Rs. 3.58 Lacs	Rs. Nil
(ii) Travelling Expenses	Rs. Nil	Rs. Nil
6.3 FOB value of Exports	Rs. 86.82 Lacs	Rs. 3.45 Lacs

(A P S GROVER)
GM-Finance

(SANDEEP KUMAR)
Company Secretary

(RAKESH M. KUMAR)
Joint Managing Director

(BINDU CHOWDHARY)
Director

For JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 01361N

PLACE : CHANDIGARH
DATED: 29th August, 2011

(R. K. GULATI)
PARTNER
M. No. 11999



CASH FLOW STATEMENT FOR THE YEAR ENDING 31ST MARCH, 2011

PARTICULARS	2010-11 (Rs. in Lacs)	2009-10 (Rs. in Lacs)		
A) Cash Flow from operating Activities				
Net profit before taxation	240.53	176.39		
Adjustment for:				
Depreciation	100.35	81.65		
Capital enhancement expenditure written off	0.82	0.82		
Interest paid on Term Loans	85.54	66.76		
Interest Received	-4.49	-4.92		
Provision for Gratuity & Leave Encashment	3.37	7.78		
Operating profit before working capital changes	426.12	328.47		
Adjustment for:				
Trade and other receivables	-441.70	-75.50		
Inventories	-355.05	-267.51		
Sundry Creditors & Other payables	448.65	326.31		
Working capital limits	82.68	158.83		
Cash generated from operations	160.70	470.61		
Direct Taxes / Fringe benefit Tax	34.66	13.89		
Net cash operating activities	126.04	456.72	456.72	
B) Cash flow from investing activities				
Purchase of fixed assets	-123.11	-341.59		
Loans & Advances	-23.72	13.79		
Net Cash Flow from Investing Activities	-146.83	-146.83	-327.80	-327.80
C) Cash flow from financing activities				
Net receipt of long term borrowings	109.61	82.16		
Proceeds from unsecured loans	-20.80	-142.52		
Interest on Term Loans	-85.29	-66.15		
Interest Received	4.49	4.92		
Net cash from financing activities	8.02	8.02	-121.59	-121.59
Net increase in cash & cash equivalents		-12.77		7.32
Cash & cash Equivalents as at 31.03.2010	44.36		37.04	
Cash & cash Equivalents as at 31.03.2011	31.59	-12.77	44.36	7.32

(A P S GROVER)
GM-Finance

(SANDEEP KUMAR)
Company Secretary

(RAKESH M. KUMAR)
Joint Managing Director

(BINDU CHOWDHARY)
Director

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, 2011, with the books and records maintained in the ordinary course of business and found the same in accordance therewith.

For JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 033674

PLACE : CHANDIGARH
DATED : 29th August, 2011

(R. K. GULAT)
PARTNER
M. No. 11999

PART IV
BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	4522
State code	53
Balance Sheet Date	31-03-2011
CIN	L28910CH1981PLC004522

II. Capital Raised during the year (Rs. In Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Rs. In Thousands)

Total Liabilities	284,318	Total Assets	284,318
Sources of funds		Application of Funds	
Paid up Share Capital	50,066	Net Fixed Assets	109,086
Reserve and surplus	59,358	Investments	-
Secured Loans	140,667	Net Current Assets	175,185
Unsecured Loans	22,929	Miscellaneous Expenditure	47
Deferred tax liabilities	11,298	Deferred tax assets	-

IV. Performance of the Company (Rs. in thousands)

Turnover	540075
Total Expenditure	516021
Profit before tax	24053
Profit after tax*	15394
Earning Per Share in Rs.	3.08

* after providing Deferred Tax Liabilities

V. Generic Names of three Principal/Services of Company (as per monetary terms)

Product	Closed Die Steel Forgings
Description	
Item Code No.	
(ITC Code)	

(A P S GROVER)	(SANDEEP KUMAR)	(RAKESH M. KUMAR)	(BINDU CHOWDHARY)
GM-Finance	Company Secretary	Joint Managing Director	Director

For JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 01361N

PLACE : CHANDIGARH
DATED: 29th August, 2011

(R. K. GULATI)
PARTNER
M. No. 11999



SAMRAT FORGINGS LIMITED
REGD. OFFICE : # 245, SECTOR 15-A, CHANDIGARH-160 015

PROXY FORM

LF. 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 30th
ANNUAL GENERAL MEETING of the company to be held on Friday, the 30th day of September, 2011 at 11:00
AM, at the Registered Office of the Company at # 245, Sector 15-A, Chandigarh and at any adjournment thereof.

Signed this day of 2011

Signature(s) of the Shareholder(s)

Please
affix
Rupee One
Revenue
Stamp here

NOTE: The Proxy Form must be returned so as 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

SAMRAT FORGINGS LIMITED
REGD. OFFICE: # 245, SECTOR 15-A, CHANDIGARH-160 015

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, ADDRESS AND LEDGER FOLIO NO. OF SHARE HOLDER (IN BLOCK LETTERS)

I hereby record, presence at the 30th Annual General Meeting of the Company to be held on Friday, the 30th day of September, 2011 at # 245, Sector 15-A, Chandigarh.

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

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



Samrat Forgings Limited

REGISTERED OFFICE

245, Sector 15-A, Chandigarh-160 015

Phone : 0172-2774555

E-mail : samratforge@sify.com

Website : www.samratforgings.com