

MICRO FORGE (INDIA) LIMITED

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iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv. That the Directors had prepared the annual accounts on a going concerns basis.

**9. Corporate Governance**

Your company has been practicing the principles of good Corporate Governance over the years and it is continuous process. A detailed report on Corporate Governance along with Auditor's Certificate on its compliance is attached herewith as a part of the Annual Report.

**10. Management Discussion and Analysis Report:**

**a. Industry Structure & Development:**

The company's business relates to the forging of steel products. The Indian forging industry is made up of 330 player having production capacity of approximate 1 million tonne p.a. Industry's exports recorded a growth of almost 24% in 2005-06 and have reached level of US\$ 310 million. The targeted exports of auto components industry is US\$ 1.2 billion by 2015.

**b. Opportunity, Threats and Outlook Risk & Concerns:**

The increase competition among forging players and high volume transactions in the products limits the increments in service prices and improvement in profits. However, we continuously strive to differentiate ourselves from the competitors and to innovate the services model. Failure on quality parameter may reverse the result of the company.

**c. Segment/Product wise performance:**

The company's operation falls under single segment namely, "Forging of steel products". Hence, segment wise performance is not furnished.

**d. Internal control systems and their adequacy:**

The Company has in place an moderate Internal Control System. The team ensures an appropriate information flow and effective monitoring.

**e. Discussion on financial performance with respect to operational performance:**

The Financial Performance of the company, during the year under review, has been given separately in the Directors' Report.

**f. Material development in Human resources/Industrial relation front, including number of people employed:**

The Industrial Relations of the company are amicable and peaceful.


**11. Appreciation**

Your Directors take this opportunity to thank all investors, banks, regulatory, governmental authorities for their continued co-operation during the year. Your Directors sincerely acknowledges the significant contribution made by all the employees for their dedicated services to the Company.

**Date:**

**For, and on behalf of the Board of Directors**

**DATE : 11.05.2008**  
**Place: Rajkot**

  
**Shivabhai G. Patel**  
**Chairman**



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