

Notice

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting of AMFORGE INDUSTRIES LIMITED will be held on Friday the 5th September, 1997 at 3.30 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai 400 021, to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 1997.
3. To appoint a Director in place of Shri Burjor H. Antia who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Jaidev Kapur who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Shri Madhukar M. Chilimbi who retires by rotation and being eligible offers himself for reappointment.

SPECIAL BUSINESS :

6. To consider and if thought fit to pass with or without modifications, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. Bansal & Associates, Chartered Accountants and M/s. Ratan S. Mama & Co., Chartered Accountants, be and are hereby appointed Joint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors of the Company."

7. To consider and if thought fit to pass with or without modifications, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT the consent, authority and approval of the company be and is hereby granted to the Board of Directors of the Company ('the Board') under the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking/s of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of all or any of the following, viz :

- I. A. Industrial Development Bank of India Rs. 300 lacs
- B. The Following consortium Banks for the respective aggregate Working Capital facilities extended/sanctioned to the Company.

- | | |
|---------------------------------------|---------------|
| i) State Bank of India (SBI) | Rs. 3459 Lacs |
| ii) ANZ Grindlays Bank (ANZ) | Rs. 850 Lacs |
| iii) Union Bank of India (UBI) | Rs. 770 Lacs |
| iv) ABN AMRO Bank (ABN) | Rs. 1045 Lacs |
| v) The South Indian Bank Ltd., (SIBL) | Rs. 500 Lacs |

C. ING Bank for External Commercial Borrowings-(ING)

USD 3 million together with interest at the respective agreed rate/s, additional interest, liquidated damages, commitment charge, premium on prepayment, costs, charges, expenses and all other moneys payable by the Company to IDBI, SBI, ANZ, UBI, ABN, SIBL and ING in terms of their respective Loan Agreement/s, Heads of Agreement/Hypothecation Agreements/Letters of Sanction/Memorandum of terms and conditions, entered into/to be entered into by the Company in respect of the loans, facilities; and

- II. To the Board agreeing with all or any of the said IDBI, SBI, ANZ, UBI, ABN, SIBL, and ING in terms of their respective Loan Agreements/Heads of Agreement/Hypothecation Agreements/ Letters of Sanction/Memorandum of terms and conditions, to reserve a right to take over the management of business and concern of the Company in certain events.

"RESOLVED FURTHER that the Board be and is hereby authorised to finalise with IDBI, SBI, ANZ, UBI, ABN, SIBL, and ING the relevant documents for creating aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary, expedient or usual for giving effect to the above resolutions."

8. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and which may be agreed to or accepted by the Board of Directors of the Company, the consent of the Company be and it is hereby accorded to the Board of Directors to acquire/purchase any of its own shares and other specified securities on such terms and conditions and upto such limits as may be prescribed by law from time to time and that the Board of Directors be and it is hereby authorised to do all such acts, deeds,



matters and things as may be necessary or proper to implement this resolution."

9. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956 the Articles of Association of the Company be and they are hereby altered by the addition of a new Article 12 A after Article 12 as follows :

12 A BUY BACK OF SHARES AND OTHER SPECIFIED SECURITIES:

"Notwithstanding anything contained in the preceding Article 12 but subject to the provisions of law, as may be in force at any time and from time to time, the Company may acquire, purchase, hold, resell any of its own fully/partly paid or redeemable shares and other securities specified by

Law for the purpose, and may make payment out of funds at its disposal for and in respect of such acquisition/purchase on such terms and conditions and at such times as the Board may in its absolute discretion decide and deem fit."

By Order of the Board of Directors

(g. hariharan)
Vice President &
Company Secretary

Registered Office :
United Bank of India Bldg.,
6th Floor, Sir P. M. Road,
Fort, Mumbai 400 001.

Dated : 27th June, 1997

NOTES :

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A DULY COMPLETED PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- (b) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under items 6 to 9 as stated above is annexed hereto.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday the 20th August 1997 to Friday the 5th September, 1997 (both days inclusive).
- (d) The Dividend that may be declared at the Meeting will be paid to those members whose names appear in the Company's Register of Members as on 5th September, 1997.
- (e) Shareholders who desire any information as regards Accounts are requested to write to the Company at least ten days before the date of the Meeting so as to enable the Management to keep the information ready.
- (f) Members are requested to notify immediately any change in their address to the Company's Registrars and Transfer Agents: Tata Consultancy Services, Lotus House, Sir Vithaldas Thackersey Marg, Mumbai 400 020.
- (g) Shareholders who have not encashed their Dividend warrants pertaining to the years 1993-94 1994-95 and 1995-96 are requested to write to the Company.
- (h) The Company has already transferred the amounts lying in the Unpaid Dividend Accounts upto the Dividend 1992-93 to the General Revenue Account of the Central Government under the provisions of the Companies Act, 1956 and the amounts thereof have to be claimed from the Registrar of Companies, Maharashtra, C/o. Fancy Corporation Pvt. Ltd., Hakoba Compound, 2nd floor, Dattaram Lad Marg, Kala Chowki, Mumbai 400 033.
- (i) Members holding shares in identical order of names in more than one folio are requested to write to the Company's Transfer Agents enclosing their share certificates to enable the Company to consolidate their holdings in one folio.
- (j) With a view to safeguard fraudulent encashment of Dividend Warrants, Members who have till date not furnished Bank particulars are requested to furnish the same immediately.
- (k) Members of erstwhile Tru Wheels Limited who have not yet surrendered their old certificates for exchange with the Certificates of Amforge consequent to amalgamation, are requested to correspond with our Registrars and Transfer Agents.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM NO. 6 :**

M/s. Bansal & Associates, Chartered Accountants, are the present Auditors of the Company. In view of the widespread multi-locational operations and growing volumes of business activities, the Board has considered it expedient and useful in the interest of the Company to appoint M/s. Ratan S. Mama & Co., reputed firm of Chartered Accountants as Joint Auditors. Both the firms of Chartered Accountants have given their consent to act as Joint Auditors and have also furnished requisite certificates u/s 224 (1B) of the Companies Act, 1956 to the effect that their appointments as Joint Auditors as and when made at the 25th Annual General Meeting will be within the limits provided in the Act. Copies of their consent letters and certificates are available for inspection of the members on all working days between 11.00 a.m. and 1.00 p.m. at the Registered Office of the Company. The Management commend the Resolution for the approval of members.

None of the Directors are concerned or interested in this resolution.

ITEM NO. 7 :

IDBI, Consortium Banks and ING Bank have sanctioned to the Company financial assistance/ Working Capital Facilities as per the details set out in the Resolution under item 7 of the Notice.

As a part of the terms and conditions of sanction of the assistance/facilities, the Company is required to provide the said IDBI/Consortium Banks/ING Bank security by way of mortgage of and charge over its immovable and movable properties including its undertaking(s). This may amount to disposal of the undertaking(s) of the Company and hence the approval of the shareholders under Section 293 (1) (a) of the Companies Act is required.

None of the Directors is concerned or interested in the Resolution.

The copies of the respective sanction letters of IDBI/ Consortium Banks/ING Bank, Agreements and other relevant documents are available for inspection by members on all working days between 11.00 a.m. and 1.00 p.m. at the Registered Office of the Company.

ITEM NOS. 8 & 9

At present a Company having a share capital cannot purchase its own shares unless such purchase is authorised by its Articles of Association and is also approved by the shareholders by a Special Resolution and such Special Resolution is confirmed by the Court. Section 77 of the Companies Act restricts the purchase of its own shares by a Company unless the same is done with a view to reduce its capital in pursuance of Section 100 to 104 and Section 402 of the Companies Act, 1956. However, Clause 68 of the draft Companies Bill 1997 provides for buy back of shares and other securities subject to certain stipulations. The Board, therefore, feel, it would be desirable to have an enabling power from the shareholders for this purpose, in terms as set out in Item 8 of the Notice.

Article No.12 of the existing Articles of Association of the Company permits the Company to reduce its Capital subject to the provisions of Law and does not explicitly permit buy back of Company's shares and other securities.

In anticipation of an amendment to the Companies Act, 1956 or the re-enactment thereof, it is proposed to consider the introduction of a new Article 12 A in the Articles of Association of the Company as mentioned in the resolution set out at Item 9 of the Notice, to enable the Company to purchase any of its own shares and other specified securities.

None of the Directors is concerned or interested in the Resolutions.

Copies of the existing Articles of Association of the Company are available for the inspection of the members on all working days between 11.00 a.m. and 1.00 p.m. at the Registered Office of the Company.

By Order of the Board of Directors



(g. hariharan)
Vice President &
Company Secretary

Registered Office :
United Bank of India Bldg.,
6th Floor, Sir P. M. Road,
Fort, Mumbai 400 001.

Dated : 27th June, 1997



Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting their Twenty Fifth Annual Report and Audited Statement of Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

(RS. IN LACS)

		1996-97	1995-96
Gross Revenue after stock adjustments	.....	17745.58	14839.97
Gross Profit	.....	1276.51	1528.68
Less : a) Depreciation	.....	582.36	527.26
b) Misc. Expenditure written off	.....	74.50	5.01
c) Premium payable on Redemption of Debentures	.....	—	0.02
		656.86	532.29
Profit before Tax:	.....	619.65	996.39
d) IPRS written off	.....	—	134.99
e) Provision for tax	.....	80.00	20.00
		80.00	154.99
Profit after Tax:	.....	539.65	841.40
f) Earlier years Adjustments (net)	.....	(21.50)	30.25
g) Provision for doubtful Debts & Advances.....	.....	4.75	13.67
		16.75	43.92
Add: Balance profit carried forward from previous year	.....	556.40	797.48
	.....	614.09	236.10
Profit available for Appropriation:	.....	1170.49	1033.58
Appropriations:			
Debenture Redemption Reserve	.....	102.00	77.15
General Reserve	.....	100.00	100.00
Proposed Dividend	.....	204.55	242.34
Tax on Dividend	.....	20.45	—
Balance carried forward	.....	743.49	614.09
		1170.49	1033.58

OPERATIONS AND OUTLOOK

During the year under review, the Company's turnover increased by 15% to Rs. 16932.95 lacs (previous year Rs.14687.91 lacs). Gross profit amounted to Rs.1276.51 lacs (previous year Rs. 1528.68 lacs). Exports during the year were Rs. 640.95 lacs (previous year Rs.684.32 lacs). Net profit after tax amounted to Rs.539.65 lacs (previous year Rs.841.40 lacs). The margins were affected mainly because of increase in input costs which could not be fully passed on to the customers due to increased competition. However, the Company has been able to register sales growth in the increasingly competitive scenario.

running satisfactorily. The new precision forging plant at Chakan (near Pune) has now become fully operational after initial phase of stabilization. The new Chakan plant is expected to contribute substantial turnover during the current year. The company has recently undertaken an exercise aimed at improving operational efficiency and productivity with the help of an internationally reputed consulting firm.

DIVIDEND:

With a view to conserve resources, your Directors recommend a pro-rata Dividend @ 18% (previous year 25%) on increased equity share capital of Rs. 1211.68 lacs (previous year Rs. 969.35 lacs) resulting from conversion of Zero Percent Unsecured Fully Convertible Debenture (ZFCDS) issued pursuant to Rights issue. The Dividend when declared, would

The wheels division at Faridabad has recorded impressive growth in business and profitability. The operations at the new conrod plant commissioned during the year have been satisfactory. The forging plants at Bhandup, Khopoli and Chinchwad have been

absorb Rs.204.55 lacs (previous year Rs. 242.34 lacs) inclusive of the newly introduced tax on dividend Rs. 20.45 lacs (previous year NIL).

RESOURCE MOBILIZATION:

The Company has recently raised External Commercial Borrowing (ECB) of US \$ 3 million (US Dollars three millions) at LIBOR + 1% p.a. for strengthening the long term working capital funds requirement.

Your Directors are glad to inform that the Company has been awarded Credit Rating "A1+" (pronounced as A One Plus) indicating "Highest Safety" by ICRA Limited to the Commercial Paper Programme of the Company for Rs. 500 lacs proposed to be placed during the current year.

DIRECTORS:

Shri Burjor H. Antia, Shri Jaidev Kapur and Shri Madukar M Chilimbi retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Unit Trust of India has nominated Shri B. L. Gupta as its Nominee Director on the Board.

AUDITORS:

The Company's Auditors M/s. Bansal & Associates, Chartered Accountants, retire at this Annual General Meeting. In view of the widespread multi-locational operations and growing volumes of business activities, the Board recommends appointment of M/s Ratan S. Mama & Co., Chartered Accountants, as Joint Auditors along with M/s. Bansal & Associates, Chartered Accountants who being eligible have offered themselves for such joint appointment.

PERSONNEL & INDUSTRIAL RELATIONS:

The Company continues to enjoy cordial relations with employees at all levels.

The statement of particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 is enclosed hereto and forms part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

The information required in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Company's (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given in the Annexure forming part of this Report.

ACKNOWLEDGMENT

Your Directors wish to place on record their sincere thanks to the valued customers, Bankers, and Financial Institutions for their continued support. Your Directors also wish to thank the employees and executives at all levels for their contribution.

On Behalf of the Board of Directors



YOGIRAJ MAKAR
Chairman & Managing Director

Mumbai :
Dated : 27th June, 1997



ANNEXURE TO DIRECTORS' REPORT

Particulars Required Under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

In order to monitor the fuel consumption at the individual production units, precise oil flow meters are progressively being planned at all units. Modification and re-designing of the existing equipment and process, and increased use of monitoring and control devices are being taken up at all units on an ongoing basis. Regular supervision over energy consuming equipment, absorbing new technologies and adopting new devices to save energy consumption are being done on a continuing basis. Further investment in energy conservation equipment is planned.

Total Energy consumption & energy consumption per unit of production

a. Power & Fuel Consumption

	Current Year	Previous Year	
1. Electricity - Purchased (KWH in lacs)	286	241	
Total Amount (Rs. in lacs)	1095.93	778.17	
Average rate per unit	Rs. 3.83	Rs. 3.23	
2. Furnace Oil			
Quantity (lacs of litres)	56	52	
Total Amount (Rs. in lacs)	399.93	298.61	
Average rate per litre	Rs. 7.14	Rs. 5.74	
3. Light Diesel Oil			
Quantity (Kilo litres)	3066	2322	
Total Amount (Rs. in lacs)	254.77	165.21	
Average Rate per litre	Rs. 8.31	Rs. 7.11	
b. Consumption per unit of Production			
Production (Tons)	34211	29547	
Fuel Used	Units		
Electricity	KWH/Ton	836	816
Furnace Oil	Lit/Ton	164	176
Light Diesel Oil	Lit/Ton	90	79

B. Technology Absorption

I. Research & Development

1. Installation of computerised CAD/CAM facilities
2. Development of new products. A few new items have been developed for both overseas and local customers.
3. Design improvements in the forging to reduce input weight.
4. Design of import substitution products.
5. Statistical Process Control (SPC) being carried out progressively to improve quality

of products.

6. Improvement in the process to reduce energy consumption.
7. Procurement of an energy saving induction heater to reduce power consumption (improvement of process efficiency).
8. Steps have been initiated for renewal of ISO 9002 Certification awarded by TUV-CERT for Quality System to Chinchwad unit of the Company. In respect of other units also, necessary steps are being taken to get similar Certification.

II. Benefits derived as a result of the above efforts:

The Company has been continuously developing new/critical prestigious products, many of which are import substitutes.

Improvement in efficiency and cost reduction have been the direct results of the above efforts.

III. Future plans of action:

1. To strive further in the improvement of products and processes.
2. To explore new and better ways to reduce costs.
3. To strive to reduce power and fuel consumption.

IV. Expenditure on R & D

Most of the R & D work is carried out in-house. An Expenditure of Rs.7.89 lacs has been incurred on R & D.

V. Technology absorption, adoption and innovation:

Efforts made towards this effect:

Development of new designs and dies for reputed overseas and Indian customers

VI. Foreign Exchange Earnings and outgo:

Earnings	Rs. 640.95 lacs
Outgo	Rs. 644.73 lacs

On Behalf of the Board of Directors

YOGIRAJ MAKAR
Chairman & Managing Director

Mumbai :

Dated : 27th June, 1997

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st, March, 1997.

Sr. Name of the No. Employee	Designation/ Nature of Duties	Gross Remuner- ation Rs.	Quali- fications	Experi- ence (Years)	Date of Commen- cement	Age (Years)	Previous Employment
A. EMPLOYED THROUGHOUT THE YEAR							
1. Shri Makar Y. R.	Chairman & Managing Director	14,33,732	B. Sc. (Metallurgy)	46	01-04-75	68	NIL
2. Shri Makar S. N.	Vice Chairman & Managing Director	14,62,469	B. A.	42	01-04-75	67	NIL
3. Shri Kapoor A. K.	Jt. Managing Director	15,04,051	B. S. (U. S. A)	29	01-04-94	54	Isha Steel Processors Ltd.
4. Shri Makar Puneet	Jt. Managing Director	12,75,240	B. S. (U. S. A.)	11	16-08-85	34	First Employment
5. Shri Laud S	Director Manufacturing *	4,22,965	B. Sc. (Engg.)	38	01-10-94	57	Self Employment
6. Shri Subramaniam P. S.	Director Mktg. & Q A *	4,86,000	B. Tech IIT (M) Dip. Engg. Mgt. (U.S.A.)	29	24-07-88	55	Usha Telehoist Ltd.
7. Shri Kaura Ashok	Resident Director *	5,00,860	Bachelor in Public Admn. MBA (IIM)	25	01-04-75	46	First Employment
8. Shri Hariharan G.	Vice President & Co. Secretary	3,49,345	B. Com. LLM FCS, AASM, MIMA	25	09-07-86	44	Belapur Ind. Ltd.
9. Shri Kamat S. J.	Vice President (Operations)	3,49,213	B. Sc. (Engg.) MBA	34	16-06-95	56	Shardlaw International
B. EMPLOYED FOR A PART OF THE YEAR							
10. Shri Swami K. L.	Vice President (Finance)	1,93,370	B. Com., AICWA, ACS, CAIIB, LLB, (Gen.) PGDBM	18	09-11-96	38	TechNova Imaging Systems Ltd.
11. Shri Iyer G. B.	Vice President (Marketing)	1,21,800	B. Tech, (Metallurgy) IIT (Mad.), MBA (IIM-Cal)	20	01-01-97	45	Fluid Air Ltd.
12. Shri Mohan Lalit	Vice President (Operations)	2,66,012	B. Sc. (Engg.)	34	16-06-95	53	NIL
* Not a member of the Board of Directors							

Notes: 1. The Gross remuneration includes Salary, Bonus, House Rent Allowances, Monetary value of perquisites, contribution to Provident Fund and Superannuation Funds wherever applicable.

2. Nature of employment in all cases, except the Managing / Joint Managing Directors is non contractual.

3. Shri Makar Y. R. and Shri Makar S. N. are related to each other and they are also related to Shri Puneet Makar Joint Managing Director of the Company. None of the other employees is related to any Directors of the Company.

On behalf of the Board of Directors


YOGIRAJ MAKAR

Chairman & Managing Director

Mumbai

Dated: 27th June, 1997.