



Amforge Industries Limited

29th Annual Report 2000-2001



Amforge Industries Limited

Annual Report 2000-2001

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<p>REGISTERED OFFICE United Bank Of India Bldg., 6th Floor, Sir P. M. Road, Fort, Mumbai-400 001.</p> <p>CORPORATE OFFICE 164, Mittal Towers, 'C' Wing, Nariman Point, Mumbai-400 021.</p> <p>WORKS Hakimrai Jaichand Compound, L. B. Shastri Marg, Bhandup (West), Mumbai-400 078.</p> <table style="width: 100%;"> <tr> <td style="width: 50%;">Khopoli-Pen Road, Mauje-Sarsan/Sajgaon, Khopoli-410 203, Maharashtra</td> <td style="width: 50%;">32-D-2,M.I.D.C.Area Chinchwad, Pune-411 019, Maharashtra</td> </tr> <tr> <td>GAT 856-860 Chakan, Ambethan Rd., Tal. Khed, Pune, Maharashtra.</td> <td>12/2 Mathura Road, Faridabad-121 003 Haryana.</td> </tr> </table>	Khopoli-Pen Road, Mauje-Sarsan/Sajgaon, Khopoli-410 203, Maharashtra	32-D-2,M.I.D.C.Area Chinchwad, Pune-411 019, Maharashtra	GAT 856-860 Chakan, Ambethan Rd., Tal. Khed, Pune, Maharashtra.	12/2 Mathura Road, Faridabad-121 003 Haryana.	<p>BOARD OF DIRECTORS</p> <p>Yogiraj Makar (Chairman & Managing Director) Surindernath Makar (Vice Chairman) Puneet Makar (Joint Managing Director) Jaidev Kapur Sanjeev Kanwar P. Sesh. Subramaniam A . S. Supanekar (Nominee of ICICI) B. L. Gupta (Nominee of UTI)</p> <p>COMPANY SECRETARY Ajit P. Walwaikar</p> <p>AUDITORS Bansal & Associates, Chartered Accountants, Mumbai</p> <p>SOLICITORS Mulla & Mulla, Craigie Blunt & Caroe</p> <p>BANKERS</p> <p>State Bank of India Standard Chartered Grindlays Bank Union Bank of India ABN AMRO Bank N. V. The South Indian Bank Ltd.</p> <p>REGISTRARS AND TRANSFER AGENTS Sharex (India) Pvt. Ltd., 17/B, Dena Bank Building , 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001.</p>
Khopoli-Pen Road, Mauje-Sarsan/Sajgaon, Khopoli-410 203, Maharashtra	32-D-2,M.I.D.C.Area Chinchwad, Pune-411 019, Maharashtra				
GAT 856-860 Chakan, Ambethan Rd., Tal. Khed, Pune, Maharashtra.	12/2 Mathura Road, Faridabad-121 003 Haryana.				

<p>29TH ANNUAL GENERAL MEETING on Tuesday , the 20th November, 2001 at 11.00 a.m. at. Maharashtra Chamber of Commerce & Industry, Babasaheb Dahanukar Sabhagriha, Orion House, 6th Fl., 12, K. Dubhash Rd., Fort, Mumbai - 400 001</p>

As a measure of economy, copies of the Annual Report will not be distributed at the Meeting and, therefore, Members are requested to bring their copy of the Annual Report to the Meeting.

NOTICE

Notice is hereby given that the TWENTY NINTH Annual General Meeting of Amforge Industries Limited will be held on Tuesday, the 20th November, 2001 at 11 a.m. at Maharashtra Chamber of Commerce & Industry, Babasaheb Dahanukar Sabhagriha, Oricon House, 6th Floor, 12, K. Dubhash Road, Fort, Mumbai - 400 001 to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2001 and Profit & Loss Account of the Company for the year ended on that date, together with the report of the Directors and Auditors.
2. To appoint a Director in place of Shri. Surindernath Makar, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Jaidev Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri Puneet Makar in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of a Director be and is hereby appointed a Director of the Company."
6. To consider and, if thought fit to pass, with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT Shri. Puneet Makar be and is hereby re-appointed Joint Managing Director of the Company for a period of five years with effect from 1st October, 2001.
"RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the institutions as may be required, the following remuneration be paid to Shri Puneet Makar:
 1. Salary:
Rs. 50,000/- per month
 2. Commission:
It shall not be more than 1% of net profits of the company
 3. Perquisites:
Perquisites including allowances if any may be paid in such a form and to such an extent as may be decided by the Board from time to time so that the remuneration including perquisites shall not exceed 5% of net profits of the Company.
 - a) Housing:
 - i) The expenditure by the Company on hiring unfurnished accommodation subject to the ceiling of sixty per cent of the salary over and above ten per cent payable by Shri Puneet Makar
 - ii) In case the accommodation owned by the Company is provided, Shri Puneet Makar shall pay to the Company ten per cent of his salary
 - iii) In case no accommodation is provided by the Company, Shri Puneet Makar shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing -(i)

Explanation:
The Expenditure incurred by the Company on gas, electricity water and furnishings will be evaluated as per the Income Tax Rules, 1962.
 - b) Medical Reimbursement:
Expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months' salary over a period of five years. In case of Medical expenses incurred abroad, on special treatment, the same may be paid/ reimbursed in addition to the above subject to the provisions in the Act/Rules in this regard and as may be approved by the Board.
 - c) Leave Travel Concession :
For self and family once in a year incurred in accordance with the rules of the Company.
 - d) Club Fees :
Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
 - e) Personal Accident Insurance :
Premium not to exceed Rs. 4,000/- per annum

Explanation:
"Family" means the spouse, the dependent children and dependent parents
 - f) Contribution to Provident Fund, etc.:
Contribution to Provident Fund, Super Annuity fund or Annuity Fund shall be as per the Rules of such Funds in force but, however, the amount so contributed will not be included in the computation of ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income Tax Act.
 - g) Gratuity :
Gratuity payable shall not exceed half a month's salary for each completed year of service.
Provision of car for use on Company's business and telephones at residence will not be considered as perquisites.
Personal long distance calls on telephones and use of car for private purpose shall be billed by the Company to Shri Puneet Makar.

"RESOLVED FURTHER THAT the Board of Directors of the Company ("THE BOARD") be and is hereby authorised to vary Shri Puneet Makar's designation and also to alter, increase, or modify the terms and conditions of remuneration and or perquisites payable to him during the aforesaid period but so as not to exceed the maximum permissible limits specified in Schedule XIII to the Companies Act, 1956, for the time being and from time to time, in force."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits during Shri Puneet Makar's term of office, the remuneration mentioned above shall be payable as minimum remuneration subject to such restrictions and conditions provided under Section II of Part II of Schedule XIII to the Act.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolutions."

7. To consider and if deemed fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri P. Sesh Subramaniam in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956, from a Member proposing his candidature for the office of a Director be and is hereby appointed a Director of the Company, subject to retirement by rotation.
8. To consider and if deemed fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT Shri. P. Sesh Subramaniam be and is hereby appointed Executive Director of the Company for a period of three years with effect from 27th July, 2001.

"RESOLVED FURTHER THAT subject to approval of the shareholders of the company and pursuant to the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the institutions as may be required, the following remuneration be paid to Shri: P. Sesh Subramaniam :

1. Salary	- Rs.	30,000	per month;
2. House Rent Allowance	- Rs.	12,500	per month;
3. Car Lease Rentals	- Rs.	9,000	per month;
4. Driver Allowance (including driver's overtime)	- Rs.	8,000	per month;
5. Personal Allowance	- Rs.	3,000	per month;
6. Education Allowance	- Rs.	2,000	per month;
7. Medical Reimbursement	- Rs.	24,000	per annum;
8. Leave Travel Allowance	-	not exceeding Rs.60,000 for self and family, once in a year;	
9. Contribution to Provident Fund as per rules of the Funds. "			

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary Shri P.Sesh.Subramaniam's designation and also to alter, increase or modify the terms and conditions of remuneration and perquisites payable to him during the aforesaid period but so as not to exceed the maximum perquisites limits specified in Schedule XIII to the Companies Act, 1956, for the time being and from time to time, in force."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits during Shri P. Sesh Subramaniam's term of office, the remuneration mentioned above shall be payable as minimum remuneration subject to such restrictions and conditions provided under Section II of Part II of Schedule XIII to the Act.

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. 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 setting out the material facts concerning the Special business mentioned under item No. 5, 6, 7 & 8 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
- c) The Register of Members and the share transfer books of the Company will remain closed from Saturday the 10th November 2001 to Tuesday the 20th November 2001 (both days inclusive).
- d) Members who desire any information as regards the Accounts are requested to write to the Company at least 10 days before the date of the Meeting so as to enable the Management to keep the information ready.
- e) Members are requested to notify immediately any change in their address to the Company's Registrars and Transfer Agents, Sharex (India) Pvt. Ltd., 17/B, 2nd Floor, Dena Bank Building, Opp. Horniman Circle, Fort, Mumbai - 400 001.
- f) Members who have not encashed their Dividend Warrants pertaining to years 1995-96 and 1996-97 are requested to write to the Company.
- g) The Company in accordance with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, has transferred to General Revenue Account of Government, all dividend declared up to the dividend for the year 1994-95 and remaining unclaimed. Concerned shareholders can receive the unclaimed dividend from the Registrar of Companies, Maharashtra, at Hakoba Compound, 2nd Floor, Dattaram Lad Marg, Kalachowki, Chinchpokli (East), Mumbai - 400 033, upon preferring an application in the form prescribed under the said rules.
- h) Shareholders are hereby informed that after the amendment of the Act w.e.f. 31.10.1998, the Company will be obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("the Fund") to be established by the Central Government. In accordance with Section 205C of the Act, no claim shall lie against the Company or Fund in respect of individual amounts of dividend remaining unclaimed or unpaid for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims.
- i) Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar and Transfer Agents enclosing their share certificates to enable the Company to consolidate their holdings in one folio.
- j) Members of erstwhile Tru Wheels Ltd. who have not yet surrendered their old certificate for exchange with the certificate of Amforge, consequent to amalgamation are requested to correspond with the Company's Registrars and Transfer Agents.

- k) It may be noted that in terms of the resolutions passed by the warrant holders and share holders at their respective meeting held on 5th March, 1999, the Tradeable Detachable Warrants issued along with ZFCDs in the 1996 Rights Issue and originally due for conversion into equity on or before 23rd July, 1999 are now convertible into equity at the discretion of the Board of Directors any time on or before 23rd July, 2002.
- l) By his letter No. 15119/TA dated 17th September, 2001, the Registrar of Companies, Maharashtra, Kala Chowki, Mumbai has accorded permission to hold Annual General Meeting on or before 30th November, 2001.
- m) The delivery of shares of the Company are compulsorily in dematerialized form

By Order of the Board of Directors

Ajit P. Walwaikar
Company Secretary

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

Dated: 9th October, 2001.

ANNEXURE TO THE NOTICE PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT 1956 EXPLANATORY STATEMENT:

ITEM NOS. 5 & 6:

Shri Puneet Makar, Joint Managing Director of the Company, was appointed to hold the office of the Joint Managing Director for 5 years from 1st October 1996 by the Shareholders in the 24th Annual General Meeting held on 30th September 1996.

The remuneration payable to him had been approved by the shareholders of the company in the said 24th Annual General Meeting held on 30th September 1996.

His term of office was expiring on 30th September 2001 after a period of five years from the date of appointment. Looking into the valuable contributions being made by Shri Puneet Makar, it was imperative that he be re-appointed as Joint Managing Director of the company, so that the company continues to get advantage of his valuable contribution. As such, he was appointed as Additional Director, in the first instance, to hold office up to the ensuing AGM and was also appointed Joint Managing Director both from 1st October, 2001 by the Board.

The above appointments were made in order to have continuity in the office of Joint Managing Directorship.

Notice in writing has been received from a Shareholder of the Company signifying his intention proposing Shri Puneet Makar as a candidate for the Office of Director. The Directors recommend that he be appointed as a Director of the Company. The Directors also recommend approval to the remuneration of Shri Puneet Makar stated in the body of the resolution.

Shri Puneet Makar (38), a Graduate in Business Administration from the U.S.A., has served the Company, holding several senior positions for over one-and-half decade. With his leadership qualities and dynamism, he has substantially contributed to the Corporate strategies and growth of the Company during this period.

The above may be treated as an abstract under Section 302 of the Companies Act, 1956.

Except Shri Yogiraj Makar, who is related to Shri Puneet Makar and Shri Puneet Makar, no other Director is interested or concerned in the Resolution. The Board, once again, commend the Resolution for the approval of the Members.

ITEM NOS. 7 & 8:

Shri P. Sesh Subramaniam was appointed an Additional Director at the Board Meeting held on 27th July, 2001, who will be holding office up to the ensuing 29th Annual General Meeting of the Company. The Company has received Notice under Section 257 from a Member signifying his intention to propose the candidature of Shri Subramaniam as a Director liable to retire by rotation.

The Directors recommend appointment of Shri Sesh Subramaniam as a Director at the first instance and then as an Executive Director. The Shareholders are also requested to approve the remuneration payable to Shri Subramaniam, stated in the body of the Resolution.

Shri P. Sesh Subramaniam, aged 57 years, has been associated with Automobile Industries and forging industries in India and abroad for a period of over thirty years. His educational qualification includes Bachelor of Technology from I.I.T., Madras and Diploma in Engineering Management from George Washington University - U.S.A.

During his service tenure, he had an opportunity to serve in the U.S.A. for three years at Press Shops manufacturing items for automobile, Air craft and Oil field industries. He is a certified Lead Assessor for ISO - 9002 and QS 9000. He had been associated with R & D team of Telco, Bajaj Auto and BEML for introduction of Micro alloy Steel forgings with Truck, Tractor and Earth moving industries. Recently he had been closely associated with technology transfer of manufacturing C.V Joints items through Warm forging and Cold forging routes from the U.K. West Germany and Spain. Through concepts of value engineering, lean management and cost improvement programs, a complete turn around could be achieved under his Leadership in a few of the forging companies. He has extensive expertise in green field projects.

The above may be treated as an abstract under Section 302 of the Companies Act 1956.

Except Shri P. Sesh Subramaniam himself, no other Director is interest or concerned in this resolution.

Registered Office:
United Bank of India Bldg.,
5th Floor, Sir P.M. Road,
Fort, Mumbai-400 001.

By order of the Board of Directors

Ajit P. Walwaikar
Company Secretary

Date : 9th October, 2001

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their twenty-ninth annual report and audited statement of accounts for the year ended 31st March, 2001.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2000-2001	1999-2000
Gross Revenue after stock adjustments	17428.78	20944.33
Gross Profit before interest, depreciation, amortization & tax	395.03	1808.85
Interest	(1509.53)	(1512.45)
Operating Profit (Loss) before depreciation & amortization	(1114.50)	296.40
Depreciation	(519.14)	(481.32)
Amortization	(127.32)	(125.19)
Operating Profit/(Loss) for the year	(1760.96)	(310.11)
Bad Debts written off	(125.43)	(18.16)
Old & Obsolete Dies Written off	(303.82)	(43.48)
Foreign exchange rate fluctuations	(42.61)	(81.73)
Profit/(Loss) for the year	(2232.82)	(453.48)
Prior Period's adjustments (net)	(17.22)	(2.47)
Net Profit/(Loss)	(2250.04)	(455.95)
Balance Profit/(Loss) brought forward from previous year	(1083.00)	(627.05)
Balance carried to Balance Sheet	<u>(3333.04)</u>	<u>(1083.00)</u>
Paid-up equity share capital	1209.20	1209.20
Reserves excluding revaluation reserves	880.97	3131.01
Net-worth	<u>2090.18</u>	<u>4340.21</u>

OPERATIONS

Review of Financial and Operational Performance

During the year under review, the Company's gross revenue is Rs. 17428.78 lacs (Rs.20944.33 lacs). Gross profit before interest, depreciation and tax amounted to Rs. 395.03 lacs (Rs.1808.85 lacs). Operating Cash Loss before depreciation & amortization is Rs. 1114.50 lacs as against Cash Profit of Rs.296.40 lacs in the previous year. The net loss increased to Rs. 2250.04 lacs (Rs.455.95 lacs).

The increase in cost of vehicles due to significant changes in Sales Tax / Excise Duty Policies & the introduction of emission norms by the Government coupled with higher fuel priced dampened the demand for commercial vehicles significantly. The drop in production of medium and heavy commercial vehicles was approximately 20%. The tractor production in the year under review has also fallen by 8%.

In view of the above deteriorating trend, your Company's performance for financial year 2000-01 has not been in line with expectation. It was a tough year for Indian manufacturing and particularly so for the automotive and forging industries.

During the year 2000-01, the domestic sales declined to Rs. 15978.94 lacs (Rs.18343.56 lacs) and Exports were marginally lower at Rs. 451.95 lacs (Rs.461.37 lacs).

The company's precision forging plant at Chakan has once again contributed higher turnover of Rs. 4900.88 lacs (previous year: Rs.4618.10 lacs) and capacity utilisation is also steadily increasing. Due to concentration on high value added products like machined forgings, turnover has been increased in terms of value in spite of marginal fall in volumes.

INITIATIVES FOR IMPROVEMENT AND OUTLOOK

As informed earlier in the last "Directors' Report" regarding the feasibility study to help improve the bottom line, your Directors are pleased to inform that the company has already taken necessary initiatives for gradual optimisation / reduction of excess manpower at all levels. The streamlining of its sub-contracting function will reduce the number of vendors and offer more competitive rates. Continuous efforts are being taken for value engineering coupled with procurement of raw materials at more competitive rates. Rationalisation of product mix is being implemented by transferring of jobs to energy efficient units. Your company is also targeting substantial reduction in interest rates and over all interest burden during the current year and years to come. The proposal of the company for Waiver / Reduction in interest rates and Restructuring of its debt portfolio is in its advanced stage and all the lenders are sympathetically considering the same. The Company is also closely monitoring all other expenses and indirect costs.

DIVIDEND

In view of the loss incurred during the year, your Directors regret their inability to declare any dividend for the year.

DIRECTORS

The following Directors resigned from the Directorship of the Company;

Shri M.M. Chilimbi

Shri Suresh Borkar

Shri A.K. Kapoor and

Shri S.S. Bagai

The Board of Directors wish to record valuable contribution made by the above Directors.

Shri P. Sesh Subramaniam was appointed as Additional Director who is going to hold the office up to the ensuing Annual General Meeting. A Notice u/s 257 of the Companies Act, 1956 proposing his name for appointment as Director liable to retire by rotation has been received from a Member.

Moreover, Shri P. Sesh Subramaniam has been appointed Executive Director of the Company w.e.f. 27th July, 2001 by the Board for a term of three years on the terms and conditions elaborated in the Notice calling the 29th Annual General Meeting.

The term of Joint Managing Directorship of Shri Puneet Makar was to expire on 30th September 2001 as such he was re-appointed as Joint Managing Director by the Board with effect from 1st October 2001. His appointment will be put before the ensuing Annual General Meeting for the approval of his remuneration.

Shri Surindernath Makar and Shri Jaidev Kapoor, Directors of the Company retire by rotation at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) which was introduced by the Companies (Amendment) Act, 2000 your Directors' confirm that:-

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2001 and of the profit or loss of the Company for the year ended 31st March, 2001.
- iii. The Directors have 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. The Directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

Pursuant to Section 292A of the Companies Act, 1956 the Company has constituted an Audit Committee of the Board of Directors. The constituent Members of the Audit Committee are S/Shri Sanjeev Kanwar, Jaidev Kapur and B.L. Gupta. Shri Sanjeev Kanwar has been appointed as the Chairman of the said Audit Committee.

AUDITORS

M/S Bansal & Associates, Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. They have furnished a certificate that their reappointment, if made, will be within the limit prescribed under Section 224 (1B) of the Companies Act, 1956.

AUDITOR'S REPORT

The Auditor's Report on the Accounts of the Company for the year under review is self-explanatory and requires no comments.

CORPORATE GOVERNANCE

Your Directors believe in maintaining transparency by disclosure to various outside agencies and will always strive for the same. As per the schedule of implementation of the provisions of Corporate Governance under Clause 49 of the Listing Agreement, the Company shall implement the same before March 31, 2002.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

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

PERSONNEL & INDUSTRIAL RELATIONS

The Company's relations with the employees at all levels continue to be cordial.

None of the employees of the company is covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975.

ACKNOWLEDGMENT

Your Directors wish to place on record their sincere thanks to the valued customers, suppliers, bankers, and financial institutions for their continued support, co-operation and guidance. 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 : 9th October, 2001

ANNEXURE - I TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

Continuous monitoring over the energy consumption is done by adopting modern energy saving tools and devices clubbed with continuous drive to save energy and related costs. New technologies to save energy further, like use of Compressed Natural Gas (CNG) in place of Furnace Oil are continuously being adopted and new investments are already made at Bhandup plant. Chakan plant have already taken up initiative resulting into lower energy consumption. 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 on going basis. Regular supervision over energy consuming equipment, absorbing new technologies and adopting new devices to save energy consumption being done on a continuing basis.

TOTAL ENERGY CONSUMPTION & ENERGY CONSUMPTION PER UNIT OF PRODUCTION

		Current Year	Previous Year
a. Power & fuel Consumption			
1 Electricity - Purchased (KWH in lacs)		251	290
Total Amount (Rs. in lacs)		1223.10	1298.52
Average rate per unit		Rs. 4.86	Rs. 4.47
2 Furnace Oil			
Quantity (lacs of litres)		28	39
Total Amount (Rs. in lacs)		314.53	348.77
Average rate per litre		Rs. 11.14	Rs. 8.98
3 Light Diesel Oil			
Quantity (Kilo litres)		2863	3454
Total Amount (Rs. in lacs)		407.78	369.22
Average rate per litre		Rs. 14.25	Rs. 10.69
b. Consumption per unit of production			
Production (Tons)		33210	38706
Fuel Used	Units		
Electricity	KWH/Ton	757	750
Furnace Oil	Lit/Ton	85	100
Light Diesel oil	Lit/Ton	86	89

B TECHNOLOGY ABSORPTION**I. Research & Development**

- Increasing use of computerized CAD/CAM facilities.
- Development of new value added products.
- Process improvement/re-engineering: modification of die holders and trim tools; die-holder standardization
- Design improvements in the forging to reduce input weight.
- Design of import substitution products.
- Statistical Process Control (SPC) and Corrective Action Plan (CAP) are being carried out progressively to improve quality of products.
- Improvement in the process to reduce energy consumption.
- Increasing use of energy saving induction heater to reduce power consumption and improvement of process efficiency.

II Benefits derived as a result of the above efforts:

New/critical products, many of which are import substitutes are being developed. Improvements in efficiency and cost reduction have been the direct results of the above efforts.

III Future plans of action:

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

IV Most of the R & D work is carried out in-house.**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. 445.40 lacs

Outgo Rs. 86.26 lacs

On behalf of the Board of Directors

Mumbai
9th October, 2001

YOGIRAJ MAKAR
Chairman & Managing Director