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Amforge Industries Limited

30th Annual Report 2001-2002

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Amforge Industries Limited

Annual Report 2001-2002

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REGISTERED OFFICE

United Bank Of India Bldg.,
6th Floor, Sir P. M. Road,
Fort, Mumbai - 400 001.

CORPORATE OFFICE

416, Raheja Chambers,
Free Press Journal Marg,
Nariman Point, Mumbai - 400 021.

WORKS

Hakimrai Jaichand Compound,
L. B. Shastri Marg,
Bhandup (West),
Mumbai - 400 078.

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-410 501,
Maharashtra

12/2 Mathura Road,
Faridabad-121 003
Haryana.

30TH ANNUAL GENERAL MEETING

on

Friday, the 6th December, 2002
at 12.00 noon at
Maharashtra Chamber of Commerce & Industry,
Babasaheb Dahanukar Sabhagriha, Oricon House,
6th Floor, 12, K. Dubhash Road,
Fort, Mumbai - 400 001.

BOARD OF DIRECTORS

Yogiraj Makar	- Chairman *Emeritus*
Puneet Makar	- Chairman & Managing Director
J. K. Khanna	- (From 30.01.2002)
M. P. Bansal	- (From 29.10.2002)
Anil S. Supanekar	- Nominee of ICICI
B. L. Gupta	- Nominee of UTI (Upto 15.03.2002)
Surindernath Makar	- Vice Chairman (Upto 26.07.2002)
Sanjeev Kanwar	- (Upto 26.07.2002)
Jaidev Kapur	- (Upto 30.01.2002)
P. Sesh Subramaniam	- (27.07.2001 to 01.06.2002)
Smt. Nirmala Ananth	- Nominee of UTI (From 15.03.2002)

COMPANY SECRETARY

Ajit P. Walwaikar

AUDITORS

Bansal & Associates,
Chartered Accountants,
Mumbai

SOLICITORS

Mulla & Mulla, Craigie Blunt & Caroe

BANKERS

State Bank of India
Standard Chartered Grindlays Bank
Union Bank of India
ABN AMRO Bank N. V.
The South Indian Bank Ltd.

REGISTRARS AND TRANSFER AGENTS

Sharex (India) Pvt. Ltd.,
17/B, Dena Bank Building,
2nd Floor, Horniman Circle,
Fort, Mumbai - 400 001.

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.

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NOTICE

NOTICE is hereby given that the THIRTIETH Annual General Meeting of **Amforge Industries Limited** will be held on Friday, the 6th December, 2002 at 12.00 noon 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, 2002 and Profit & Loss Account of the Company for the year ended on that date, together with the report of the Directors and the Auditors.
2. To appoint a Director in place of Shri. Yogiraj Makar, who retires, and being eligible, offers himself for re-appointment.
3. 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:

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

   "RESOLVED THAT Shri M. P. Bansal who was appointed as an Additional Director at the Meeting of the Board of Directors of the Company held on 29th October, 2002 and whose term of office expires at this Annual General Meeting and 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 whose period of the office will be liable to determination by retirement by rotation."

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 : 29th October, 2002

NOTES:

a) The Explanatory Statement setting out the material facts concerning the Special business mentioned under item No. 4 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.

b) 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.

c) The Register of Members and the share transfer books of the Company will remain closed from Monday, the 2nd December, 2002 to Wednesday, the 11th December, 2002 (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) 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 1993-94 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.

g) Pursuant to the provisions of Section 205C of the Companies Act, 1956, the dividend remaining unclaimed/unpaid for a period of seven years from the date they became due for payment shall be credited to the Investor Education and Protection Fund, set up by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company as no claim shall lie against the Fund or the Company in respect of individual amounts once credited to the said Fund.

h) 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.

i) 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.

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j) It may be noted that in Terms of the resolutions passed by the warrant holders and share holders at their respective meeting held on 22nd May, 2002, the Tradable Detachable Warrants issued along with ZFCDs in the 1996 Rights Issue and originally due for conversion into equity on or before 23rd July, 1999 and subsequently on 23rd July, 2002 are now convertible into equity at the discretion of the Board of Directors any time on or before 23rd July, 2005.

k) The delivery of shares of the Company are compulsorily in dematerialized form.

l) By his Letter No. 11/15119/TA/454 dated 4th September, 2002 the Registrar of Companies, Maharashtra, Kala Chowki, Mumbai has accorded permission to hold Annual General Meeting on or before 31st December, 2002.

ANNEXURE TO THE NOTICE PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

EXPLANATORY STATEMENT:

ITEM NO 4 :

In its effort to broad-base the Board of Directors of the Company, pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, the Company appointed Shri. M.P. Bansal as an Additional Director of the Company in the meeting of the Board of Directors held on 29.10.2002. Pursuant to Section 260 of the Companies Act, 1956, he holds office upto this Annual General Meeting. Details like age, qualifications experience of Shri. Bansal is given below.

Notice in writing has been received from a Shareholder of the Company signifying his intention proposing Shri . M.P. Bansal as a candidate for the Office of Director. The Directors recommend that he be appointed as a Director of the Company

Except Shri. M. P. Bansal, no director is interested in the Resolution.

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 : 29th October, 2002

DETAILS OF DIRECTORS BEING APPOINTED / RE-APPOINTED AT THE ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 (VI) A OF THE LISTING AGREEMENTS).

Name of Director	Shri. Yogiraj Makar	Shri. Mohinder Pal Bansal
Age	73 years	45 years
Qualification	B.Sc.(Metallurgy)	B.Com, A.C.A.
Date of Appointment	21.04.1971	29.10.2002
Expertise	A Metallurgist having extensive experience in manufacturing of forgings and a renowned figure in Forging Industry in India.	Rich experience in taxation, finance and commercial matters.A Management Consultant to large business houses.
Other Directorships	Jaycee Research Foundation	Amfin Securities Pvt. Ltd. Allcargo Movers India Pvt. Ltd. Devgan Entertainment & Software Ltd. Goldcrest Capital Markets Ltd. Ideal Appliance Co Pvt. Ltd. Nav Vikas Trading Pvt. Ltd. Softbase Solution (India) Pvt. Ltd. Spa Securities Ltd. Sugandha Infotech Pvt. Ltd. Trinity Engineers Ltd. Vikalp Software (P) Ltd.
Chairman/ Member of the Committees.	Share Transfer Committee Amforge Industries Ltd. - Chairman Shareholders/Investors Grievance Committee Amforge Industries Ltd. - Chairman	None

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DIRECTORS' REPORT

TO THE MEMBERS
AMFORGE INDUSTRIES LTD.

Your Directors have pleasure in presenting their Thirtieth Annual Report and audited statement of accounts for the year ended 31st March. 2002.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2001-2002	2000-2001
Gross Revenue after stock adjustments	**16337.35**	17428.78
Gross Profit before interest, depreciation, amortization & tax	**721.36**	395.03
Interest	**(1424.81)**	(1509.53)
Operating Profit/(Loss) before depreciation & amortization	**(703.45)**	(1114.50)
Depreciation	**(507.64)**	(519.14)
Amortization	**(123.17)**	(127.32)
Operating Profit/(Loss) for the year	**(1334.26)**	(1760.96)
Bad Debts written off	**(19.85)**	(125.43)
Old & Obsolete Dies Written off	**(164.42)**	(303.82)
Foreign exchange rate fluctuations	**(43.98)**	(42.61)
Profit/(Loss) for the year	**(1562.51)**	(2232.82)
Excess provision written back	**0.11**	–
Prior Period's adjustments (net)	**(0.75)**	(17.22)
Net Profit/(Loss)	**(1563.15)**	(2250.04)
Provision for Deferred Tax	**325.91**	–
Profit/(Loss) after Tax	**(1237.24)**	(2250.04)
Balance Profit/(Loss) brought forward from previous year	**(3333.04)**	(1083.00)
Provision for Doubtful Debts & Advances	**(13.54)**	–
Balance carried to Balance Sheet	**(4583.82)**	(3333.04)

FINANCIALS

During the year under review, the Company's gross revenue is Rs. 16337.35 Lacs (Rs. 17428.78 lacs). Gross profit before interest, depreciation and tax amounted to Rs. 721.36 lacs (Rs. 395.03 lacs). Operating Cash Loss before depreciation & amortization is Rs. 703.45 lacs (previous year : Rs.1114.50) The net loss came to Rs. 1563.15 lacs (Rs. 2250.04 lacs).

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSES

As per the requirement of Clause 49 of the Listing Agreements with the Stock Exchanges, the Management Discussion and Analyses of the events that have taken place and condition prevailed during the period under review are elucidated in Annexure 1 to this Report.

FINANCE

Due to heavy losses incurred by the Company over the last four years, the financial position continues to be extremely tight. The Company has initiated a Financial Re-structuring Programme that involves re-scheduling the payment of the outstanding loan over an extended period of time, with waiver of old outstanding interest, and a reduction in future interest rates.

The Company has also made one time settlements of various banks / institutions involving waiver of outstanding interest and part principal. The effect of the re-structuring scheme will be evident in the next financial year.

DIRECTORS

Shri. Yogiraj Makar resigned as Chairman & Managing Director of the Company w.e.f. 1.4.2002 and in his place Shri. Puneet Makar was appointed Chairman & Managing Director of the Company on the same date. There is no variation in the remuneration of Shri. Puneet Makar that he was drawing as a Joint Managing Director.

As a mark of honour and appreciation for his long meritorious service to the Company, Shri. Yogiraj Makar has been designated as Chairman Emeritus.

The following Directors resigned from the Directorships of the Company :

Shri Jaidev Kapur Shri P. Sesh Subramaniam Shri B. L. Gupta
Shri Surindernath Makar Shri. Sanjeev Kanwar

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

Shri. Jagdish Khanna was appointed in place of the casual vacancy created by resignation of Shri. Jaidev Kapur in the Board Meeting held on 30th January, 2002. Shri. Khanna will hold office upto the Annual General Meeting which Shri. Kapur

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would have held by reason of retirement by rotation. Shri. Jaidev Kapur was elected Director, to retire by rotation, in the 29th AGM held on 20.11.2001.

Unit Trust of India withdrew nomination of Shri. Bhushan Lal Gupta and in his place Smt. Nirmala Ananth, Assistant General Manager, UTI was appointed.

Shri. Bhushanlal Gupta had been appointed as an Additional Director after he ceased to be director of the Company by reason of withdrawal of his nomination by UTI. However, he resigned on the ground of ill-health w.e.f. 24.05.2002.

By reason of re-organization of functional responsibility in the family, Shri. Surindernath Makar and Shri. Sanjeev Kanwar resigned from the Board on 26.07.2002.

In order to broad-base the Board of Directors of the Company Shri. Mohinder Pal Bansal was appointed Additional Director of the Company w.e.f. 29. 10.2002 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. Accordingly, his appointment is being put before the ensuing Annual General Meeting

Shri Yogiraj Makar, on resigning from Chairman & Managing Directorship of the Company became Ordinary Director of the Company liable to retire by rotation at the conclusion of the ensuing Annual General Meeting and being eligible offers himself 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, 2002 and of the profit or loss of the Company for the year ended 31st March, 2002.

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.

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 has stated -

(i) that the Stock of Finished goods, Stores & spare parts, raw materials and dies situated at Khopoli have not been physically verified, and

(ii) the need for strengthening internal audit system.

The Directors give the following comments:

(i) Since there was lockout from 29/12/2001 and whereas workers were not allowing access to the plant, the physical verification could not be carried out. The same shall be made in December, 2002 and reported in the Unaudited results for the quarter ended 31/12/2002.

(ii) The Management has taken serious note of strengthening of the Internal Audit System and would implement the same.

CORPORATE GOVERNANCE

A report on Corporate Governance as per the requirement of Clause 49 of the Listing Agreement is annexed to this Report as Annexure - 2.

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-3 forming part of this Report.

PARTICULARS OF EMPLOYEES

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) Rules, 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.

For and On Behalf of the Board of Directors

Mumbai,
Dated : 29th October, 2002

PUNEET MAKAR
Chairman & Managing Director

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ANNEXURE - 1 TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSES

a. Industry Structure and Developments

Forging is a manufacturing process where metal is pressed, pounded or squeezed under great pressure into high strength parts largely catering to the requirement of automotive, power and oil sectors.

The Forging Industry produces about nine lac tones of forgings per year to cater to various sectors in India and abroad. Demand for forging products mainly comes from the automobile sector which accounts for 65% of the total requirement. New entrants in the automobile industry are using cast products rather than forged products in their vehicles due to reasons of economy which is a different area of attention and challenge. Performance of the Forging Industry is very much dependent on the performance of this automobile industry which is, in turn, dependent on demand for vehicles.

The Forging Industry went through a bad patch for the last 4-5 years resulting in a pile-up of losses that has necessitated a downsizing of operations, gradual optimization/reduction of excess manpower at all levels, rationalization of product mix, restructuring of debts to take advantage of reduction in interest rate to bring down interest burden, etc.

There are signs now that the automobile industry is improving which will give a boost to the Forging Industry also. The EXIM Policy has, now, prescribed a rebate of 7% on products manufactured through forging process. This will provide a good thrust for exports.

b. Opportunities and Threats

Amforge is a well recognized and reputed player in the Forging Industry. It is a multi-locational company catering to various four-wheeler and two-wheeler manufacturers based in the near vicinity and distant locations. It also supplies parts to other engineering units, defence and railways.

With the economy opening up, the new car manufacturers from abroad are setting up their manufacturing facilities in India. This is going to generate an increased demand for auto parts. To meet the stringent quality requirements of the new domestic manufacturers as well as to boost our exports, the Company has recently obtained Q.S.9000 accreditation for its Chakan Plant. The Chakan Plant, being a relatively new and modern Plant, is well positioned to take advantage of these new opportunities in the Domestic as well as Export areas.

As is normal and prevalent in any business, the Company is facing competition from a number of other Companies in the same line of business. However, due to the long-standing reputation of excellence in quality and timely supply, the new entrants and existing competitors would not be in a position to substantially intrude into the business of the Company. Risks like non-availability and/or exorbitant increase in the cost of raw materials (steel), labour force (skilled, semi-skilled or non-skilled) or capital are inherent in meeting unforeseen situations and are not uncommon in this seasoned industry.

The industry also faces challenges from the Casting Industry, for a substantial portion of critical engine components such as Crankshafts and Connecting Rods, which can be forged or cast. To meet this challenge, the Company has been working hard to bring down its cost of production to counter the price benefits offered by castings. Consequently, by the end of this financial year, we will be reducing our debt burden by 30 to 40% and our work force by about 40%.

c. Segmentwise Performance

During the period under review, the Company had two primary segments - Forgings and Wheel Rims. Wheel Rims contributed about 14% i.e. Rs.2,273.13 lacs in the total revenue of Rs.16,192.75 lacs. Since then, however, the Company sold its Wheel business to a reputed buyer for a consideration of Rs.10.82 crores. This was done mainly with a view to concentrate on our main business i.e. Forgings as well as to generate funds to re-pay our present loans and other liabilities.

d. Outlook

The future of the Forging Industry very much depends on growth of the auto, oil, power industries. To this can also be added nuclear activities and other areas exacting stringent requirement. However, forging plants have to adopt modern manufacturing processes with emphasis on energy reduction to increase cost competitiveness.

Already there has been a shakeout in the industry with a couple of units going out of operation. There are certain challenges before the industry which must be overcome to take advantage of the potential lying ahead.

The Chakan plant is equipped with modern equipment with energy saving capacities. Amforge has already resorted to rationalization of product-mix implemented by transferring of jobs to energy efficient units. In order to increase its cost competitiveness and remain in industry, Amforge also has discontinued its business at Khopoli plant which was incurring losses year by year, and got its financial liabilities restructured, involving waiver and reduction in interest rates with some of its Lenders. It has also struck one time settlements with some of the lenders, terms of which are very favourable to the Company. This will reduce the interest burden substantially in coming years.

e. Risks and Concerns

The prospects for the Company's business are dependent upon economic and industrial growth as well as resources available for implementation of liberalization policies of the Government. Such policies which encourage the financial

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sector to provide loans for purchase of vehicles help in spurring growth in the automobile industry. Government policies may also give a fillip to other sectors generating additional demand for the forging industry. Adverse changes and delays or lack of funds can affect the business prospects of the industry and the Company.

With the decontrol of fuel, prices have started moving upwards. This is a deterrent to growth in demand for vehicles. Moreover, non-availability of steel and its soaring prices are not conducive to the Forging industry.

Opportunities and outlook expressed above are, as they are bound to be, based on a future perspective. They can translate into reality only when the Government's policies and support continue and resources are made available to the industry and the key economic indices keep up their growth mode.

f. Internal Control System and their Adequacy

The Company through its extensive experience has system that ensures control over various functions in its business. On the financial side, periodic audits by Internal Auditor, Statutory Auditors and regulatory Authorities provide a means whereby any weakness is exposed and rectified.

Further, keeping in mind the spirit of Corporate Governance, the Company has also formed an Audit Committee which looks into matters with respect to the Company's financial reporting process and the disclosures of its financial information to ensure that the financial information is correct, sufficient and credible.

g. Financial Performance with respect to Operational Performance

Translation of operational performance into financial performance has to be viewed in the backdrop of the sustained lull in the Forging Industry in the last 4-5 years. Diminishing sales coupled with increasing cost of production over these years did not leave cash surplus with the Company either to repay loan instalments or to pay interest on loans as per the schedule. This resulted in a constant increase in the interest burden. Khopoli plant went into non-operation from July, 2001 and hence, the sales went down. This was further aggravated by reduced demand for tractor wheel rims. Both of these contributed to a reduction in sales which was to some extent offset by growth at our Chakan plant. The net effect is a decline in sales of about Rs. 1091.44 lacs compared with the previous year's sales. However, the management was able to contain the expenditure at a relatively lower level than what was incurred in the previous year. This has resulted in a lower loss of Rs. 703.45 lacs as against a loss of Rs.1114.50 lacs in the previous year.

The management of the Company is confident that with the cost reduction measures adopted by it, the Company will once again start earning profits in the coming years.

h. Material Developments in Human Resources/Industrial Relations Front

Human Resources are the most valuable assets of a Company. Our Company provides challenges, encourages initiative and recognizes and rewards excellence in performance. The Company reviews and evolves policies/processes to attract the best technical and managerial talent.

With a view to compete more effectively and improve the output per worker, and capacity utilization at our existing Plants, the Company has started an effective down-sizing of manpower, and has closed its Khopoli and Faridabad Plants. We have also initiated a V.R.S. at our other Plants, and consequent to all these, our current work-force is down from 1,500 people to approx. 900 persons, while maintaining approx. the same level of sales. These measures have already started yielding a substantial improvement in our operations and we expect to experience the full impact of the down-sizing in the next financial year.

For and On Behalf of the Board of Directors

Mumbai,
Dated : 29th October, 2002

PUNEET MAKAR
Chairman & Managing Director

ANNEXURE - 2 TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

Amforge zealously believes in upholding the highest standard of corporate governance in its working to generate sustained advantages of adding to the stakeholders' value and providing transparent business dealings. As such, the Board of Directors of Amforge has assumed the responsibility to give fillip and shape to the said belief.

As per the schedule of implementation of Clause 49 of the Listing Agreements, Amforge was required to observe corporate governance from 1st April, 2002 and the same has already been put in practice before that date.

Towards the above objectives various Committees have been formed consisting of members of the Board of Directors of the Company. These Committees are Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee.

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BOARD OF DIRECTORS

Composition and Category of Directors as on 31st March, 2002.

Sr. No.	Category	Name of Director	Remarks
1	Promoter & Executive	Shri Yogiraj Makar	Resigned as Chairman and Managing Director (CMD) w.e.f. 01.04. 2002.
2	Promoter & Executive	Shri Puneet Makar	Appointed as CMD w.e.f. 01.04.2002
3	Promoter & Non Executive	Shri Surindernath Makar	Resigned w.e.f. 26.07.2002
4	Non-Independent & Non-Executive	Shri Sanjeev Kanwar	Resigned w.e.f. 26.07.2002
5	Independent & Executive	Shri P.S. Subramaniam	Appointed on 27.07.2001 and resigned w.e.f 01.06.2002.
6	Independent & Non-Executive	Shri J.K. Khanna	Appointed on 30.01.2002
7	Independent & Non-Executive	Shri B L Gupta	Resigned as UTI Nominee and continue to be Additional Director of the Company till he resigned on 24.06.2002
8	Nominee Director (ICICI Bank Ltd. - Lender)	Shri Anil Supanekar	—
9	Nominee Director (UTI - Lender)	Smt Nirmala Ananth	Appointed on 28.03.2002

Attendance of the Directors at the Meeting of Board of Directors (BoD) held during the financial year 2001-2002 and the last Annual General Meeting (AGM) held on 20th Novermber, 2001 are as follows:

Sr. No.	Date of BoDs' Meeting	No. of Directors Present
1	28.04.2001	5
2	27.07.2001	5
3	09.10.2001	4
4	29.10.2001	4
5	20.11.2001	5
6	30.01.2002	6
7	28.03.2002	8

Name of the Director	No. of Board Meetings attended	Attendance at the AGM
Shri Yogiraj Makar	7	Present
Shri Puneet Makar	7	Present
Shri Surindernath Makar	0	Absent
Shri Sanjeev Kanwar	7	Present
Shri Jaidev Kapur *	0	Absent
Shri S.S. Bagai **	0	Absent
Shri A.K. Kapoor ***	0	Absent
Shri P.S. Subramaniam #	2	Present
Shri J.K. Khanna ##	2	-
Shri B.L. Gupta	7	Present
Shri Anil Supanekar	4	Absent
Smt Nirmala Ananth ###	1	-

Appointed as Director with effect from 27.07.2001
Appointed as Director with effect from 30.01.2002
Appointed as Director with effect from 28.03.2002
* Resigned as Director with effect from 30.01.2002
** Resigned as Director with effect from 27.07.2001
*** Resigned as Director with effect from 28.04.2001

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Number of Directorships of other Companies and Membership of Board Committees

Name of Director	No. of BoDs of other Companies	No. of Membership of Board Committees	No. of Chairmanship of BoDs/Committees
Shri Yogiraj Makar	2	–	–
Shri Puneet Makar	1	–	–
Shri Surindernath Makar	2	–	–
Shri Sanjeev Kanwar	5	–	–
Shri P.S. Subramaniam	–	–	–
Shri J.K. Khanna	4	–	–
Shri B L Gupta	1	–	–
Shri Anil Supanekar	2	–	–
Smt Nirmala Ananth	–	–	–

COMMITTEES OF BOARD OF DIRECTORS

Audit Committee

Pursuant to Section 292A of the Companies Act, 1956, the Company had constituted an Audit Committee of the Board of Directors on 27th July, 2001. Again, further to comply with the requirement of Clause 49 of the Listing Agreements with the Stock Exchanges, the same was re-constituted to include only Independent and Non-Executive Directors as members of the said Audit Committee.

After reshuffling, the Audit Committee consisted of following members as at 31st March, 2002:

1. Shri. Jagdish Khanna - *Chairman* **2.** Shri. Anil Supanekar and **3.** Shri. B. L. Gupta.

At present, the constituent members are (1) Shri. Jagdish Khanna - Chartered Accountant - is the Chairman of the Audit Committee, (2) Shri. Anil Supanekar - Management Consultant and Nominee of ICICI Bank Ltd and (3) Smt. Nirmala Ananth - Asstt. General Manager, UTI and Nominee of UTI.

The Audit Committee has been entrusted with the blend of functions and responsibilities as are given in Clause 49 of the Listing Agreement and as stated under Section 292A of the Companies Act, 1956. The terms of reference include overseeing financial reporting process, internal control system, reviewing the accounting policies and practices and financial statements audited by the statutory auditors as also to review financial and risk management policies.

The record of attendance of the Audit Committee during the financial year 2001-2002 is as under:

	DATE OF THE MEETINGS		
NAME OF THE DIRECTOR	**03.10.2001**	**22.10.2001**	**28.03.2002**
Shri Sanjeev Kanwar	Present	Present	Resigned
Shri Jaidev Kapur	Absent	Absent	Resigned
Shri B.L. Gupta	Present	Present	Present
Shri J.K. Khanna	Appointed on 28.03.2002		Present
Shri Anil Supanekar	Appointed on 28.03.2002		Present

Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee was constituted on 30th January, 2002 consisting of Shri. B.L. Gupta as Chairman and Shri. Puneet Makar. The Compliance Officer is Shri. Ajit P. Walwaikar, Company Secretary.

The terms of reference are redressing of shareholders and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. and to improve the efficiency in investors service, wherever possible.

No meeting of this Committee was held since no chronic complaint was pending and all complaints were addressed and redressed as soon as any complaint was received.

Nature of Compaints/Queries	Number of Complaints/ Queries received	No. of complaints/queries not solved to the satisfaction of investors
Non-receipt of dividend/interest	11	0
Non-receipt of Annual Report	0	0
Non-receipt of Share Certificates duly transferred	8	0
Non-receipt of Duplicate Share Certificates	7	0
General	25	0

Remuneration Committee

No Remuneration Committee was constituted in the financial year 2001-2002. The same has been constituted in the financial year 2002-2003 on 31st July, 2002 consisting of Shri. Jagdish Khanna, Chairman, Shri. Anil Supanekar and Smt. Nirmala Ananth.

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