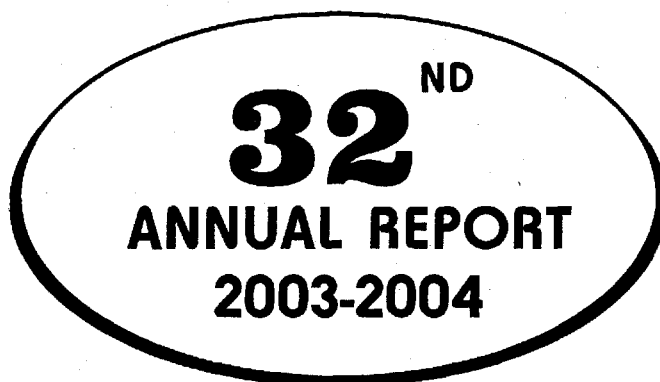




Amforge Industries Limited





Amforge Industries Limited

Annual Report 2003-2004

CONTENTS

Page No.

The Chairman's Intimate Talk	1
Notice	3
Directors' Report	5
Management Discussion and Analyses	6
Corporate Governance	8
Auditors' Report	19
Balance Sheet	22
Profit & Loss Account	23
Schedules to the Accounts	24
Balance Sheet Abstract	35
Cash Flow Statement	36

REGISTERED OFFICE

United Bank of India Building,
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.
Maharashtra State.

Khopoli-Pen Road,	32-D-2, M.I.D.C. Area
Mauje-Sarsan/Sajgaon,	Chinchwad,
Khopoli - 410 203.	Pune - 411 019.
Maharashtra State.	Maharashtra State.

GAT 856-860	12/2 Mathura Road,
Chakan, Ambethan Rd.,	Faridabad - 121 003.
Tal. Khed, Pune - 410 501.	Haryana.
Maharashtra State.	

32ND ANNUAL GENERAL MEETING

on

Thursday, the 30th September, 2004
at 11.30 a.m. at
ASHOKA-HALL, Arcadia, NCPA Marg,
Nariman Point, Mumbai - 400 021.

BOARD OF DIRECTORS

Yogiraj Makar	- Chairman <i>Emeritus</i>
Puneet Makar	- Chairman & Managing Director
Anil S. Supanekar	- Nominee ICICI (upto 25/9/2003)
Smt. Nirmala Ananth	- Nominee UTI (upto 19/12/2003)
R. N. Singh	- Nominee IIBI (from 29/7/2003 to 5/7/2003)
Fali P. Mama	- (from 1/10/2003)
Kishore Chakraborty	- Nominee IIBI (from 5/7/2004)

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Ajit P. Walwaikar

AUDITORS

Bansal & Associates,
Chartered Accountants,
Mumbai

SOLICITORS

Mulla & Mulla, Craigie Blunt & Caroe

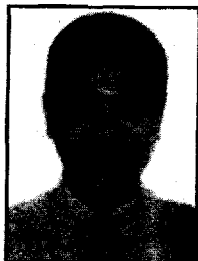
BANKERS

State Bank of India
Union Bank of India
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.

Annual Report 2003-2004**THE CHAIRMAN'S INTIMATE TALK**

Dear Amforge Member,

The Performance of the Financial Year 2003-04 and the promising future hereafter have encouraged me to re-establish my intimate talk with you. Hope this sharing of information will help you peruse your further reasoned investment decisions.

We have had an encouraging start to the efficacious measures initiated by the Management for the long term revival and sustained growth of the Company. The revenues have gone up by 50%, yielding net profits purely from operations, to the tune of Rs.109.3 million. The silver lining to this performance is that this has been achieved despite discontinuance of the activities at Khopoli and the Wheels Division at Faridabad. The earning per share nearing its face value and is likely to exceed it in the coming year.

To attain the above financials, the Company initiated a business restructuring plan basically to focus on our core strengths which have been developed over the last five decades with strong OE customer exposure that Amforge has in the forging industry.

As the demand grew in India, Amforge, based on its strong bondage with its OE customers and with better utilization of its installed capacity, entered the higher target market in respect of value added products like Crankshafts, Stub-axles, and Connecting rods, etc. This resulted in securing a larger share of business from our major customers, thereby increasing our business share in the domestic market. At the Plant level, better productivity has been achieved with technology up-gradation, introduction of CAD-CAM systems, automisation of production equipment and lower rejection levels.

CNC machining, after designing on CAD-CAM, was introduced for die making, thus, giving a thrust to saving on material inputs and better yields resulting in substantial saving at OE customers' level by involving minimum machining of the product at their end. Thus, giving an edge on product performance and pricing to our OE buyers.

The export market has also been tapped and exports have started from the Chinchwad unit. As you are aware, exports have a long gestation period. Major supplies on volume basis are moving up on a month to month basis. Export efforts have also been on at Chakan and initial samples for certain components have already been accepted. We are now working on crystallizing the same through pricing and pilot batch route. We are very confident of achieving it. Both our Pune based units are QS9000 certified and work on TS 16949 is in progress with a time bound schedule.

Apart from improving the performance of our major Pune units, the management also took action to increase the overall financial performance of the Company by shutting its other uneconomical operations. As you are aware, the Company has already closed its Khopoli and Faridabad operations. Action has also been initiated at Bhandup, where the high cost of production on account of heavy wage bill and Government taxes applicable within the metropolitan city of Mumbai, coupled with obsolete technology and equipment make operations totally unviable. Apart from following the legal path, the Management has also initiated discussions with the concerned parties to arrive at a peaceful and amicable settlement to resolve the matter, as expeditiously as possible.

Training programs for technical and product engineering are regularly being conducted for our workers and supervisors with both in-house and outside expertise. This will bring about a substantial cultural change to ensure that our products are accepted in the global market.

As you are aware, the current economic scenario in India and rest of the world with special reference to Automobile and its ancillary sectors has resulted in an unprecedented upsurge in the automobile as can be gauged from data below:

Passengers Cars	:	+37%
Commercial Vehicles	:	+35%
2-Wheelers	:	+12%
3-Wheelers	:	+22%

Total production of all above exceeded 7.90 million nos. in 2003-04. Of this, exports was over 0.50 million registering a growth of +56%.

The growth drivers were:

1. Good monsoon in 2003;
2. Reduction in excise duty to 24% from 32%;
3. Drop in lean interest rate;
4. Higher disposable incomes.

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With the liberalization of foreign investment in India coupled with free inflow of foreign technology and investments for car manufacture, the automobile industry cashed upon such opportunities and produced vehicles of International Standard to increase its export and its own development. This atmosphere led to many of the international manufacturers establishing their production base in India or made foreign technical and financial collaboration and investments with Indian partners.

The forging industry has all along helped the buoyant automobile industry by acting as contract manufacturers for critical auto components.

India is fast gaining acceptance as first choice for 'auto outsourcing' resulting in contracts to the tune of over 1 billion USD in 2003-04 since:

1. we are a high-skilled and low-cost source;
2. understanding of customers' requirements is clearly understood and fully met with.

Not surprisingly, therefore, we are preferred to even China and Mexico-other low-cost sources.

Since our export of auto components is only 0.3% of global demand, sustained growth at 35-40% per annum is certain and easy.

The domestic and international demand for autos and its components will increase substantially in the coming years. Amforge has prepared itself to ride this high tide with a well formulated action plan involving:

- capex programmes for increase in production capacity/removal of bottlenecks, quality control and improvement measures to control rejections;
- Training for all its staff;
- and other measures such as strategic partnership, alliances with prospective customers / forging units abroad.

With the above, I request my shareholders to bear with me for a further short period so that we can reap the fruits of the above actions initiated by the Management.

I thank my shareholders, business associates and employees for remaining with the Company during the trying time and extending their bit to the performance of Amforge.

Yours Sincerely,

Puneet Makar
Chairman & Managing Director

Mumbai,

Dated : 31st August, 2004.

Annual Report 2003-2004**NOTICE**

NOTICE is hereby given that the THIRTY-SECOND Annual General Meeting of AMFORGE INDUSTRIES LIMITED will be held on Thursday, the 30th September, 2004 at 11.30 a.m. at ASHOKA-HALL, Arcadia, NCPA Marg, Nariman Point, Mumbai - 400 021 to transact the following items of business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit & Loss Account of the Company for the year ended on that date, together with the reports of the Directors and the Auditors.
2. 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:

3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Shri Fali P. Mama who was appointed as an Additional Director with effect from 1st October, 2003 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
Vice President (Legal) &
Company Secretary

Registered Office:

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

Dated : 31st August, 2004.

NOTES :

- a) The Explanatory Statement setting out the material facts concerning the Special business mentioned under Item No. 3 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 20th September, 2004 to Thursday, the 30th September, 2004 (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, having the shares in physical form, are requested to notify immediately any change in their addresses 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. Fax: 2264 1349. Email: sharexindia@vsnl.com.
- 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 dividends 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.

Amforge Industries Limited

- 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.
- j) The Board of Directors of the Company have converted all the 24,23,368 Tradable Detachable Warrants (TDWs) into equity shares of Rs.10/- each and allotted them alongwith premium of Rs.25/- per share on 13th May, 2004 to the applicants consisting of holders of such TDWs and others. No TDWs are pending to be converted.
- k) The delivery of shares of the Company are compulsorily in dematerialized form.

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

EXPLANATORY STATEMENT:

ITEM NO 3 :

In its effort to broad-base the Board of Directors of the Company, pursuant to Clause 49 of the Listing Agreements with the Stock Exchange, the Company appointed Shri. Fali P. Mama as an Additional Director of the Company from 01.10.2003. Pursuant to Section 260 of the Companies Act, 1956, he holds office upto this Annual General Meeting. Details like age, qualifications experience of Shri. Fali P. Mama is given below.

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

Except Shri. Fali P. Mama, no director is interested in the Resolution.

By Order of the Board of Directors

Ajit P. Walwaikar
Vice President (Legal) &
Company Secretary

Registered Office:
United Bank of India Bldg.,
6th Floor, Sir P. M. Road,
Fort, Mumbai - 400 001.
Dated : 31st August, 2004.

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

Name of Director	Shri. Fali P. Mama
Age	65 years
Qualification	B.Sc., LL.B
Date of Appointment	01.10.2003
Expertise	Practising as a Management Consultant and is expert in purchase, commercial and operations areas
Other Directorships	Trinity Engineers Ltd.
Chairman/Member of the Committees.	Member - Audit Committee, Amforge Industries Ltd. Member - Remuneration Committee, Amforge Industries Ltd.

Annual Report 2003-2004**DIRECTORS' REPORT**

TO THE MEMBERS
AMFORGE INDUSTRIES LTD.

Your Directors have pleasure in presenting their 32nd Annual Report and audited statement of accounts for the year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	2003-2004	2002-2003
Gross Revenue after Stock adjustments	22888.42	15301.75
Gross Profit before Interest, Depreciation, Amortization & Tax	2526.25	1489.58
Interest	(864.34)	(882.12)
Operating Profit (Loss) before Depreciation & Amortization	1661.91	607.46
Depreciation	(434.86)	(417.01)
Amortization	(24.62)	(24.62)
Operating Profit/(Loss) for the year	1202.43	165.93
Employees Separation Cost written off	110.98	103.82
Old and Obsolete Dies written off	87.69	53.70
Other Extra Ordinary Gains (Net)	(89.86)	(441.77)
Profit/(Loss) for the year	1093.62	450.08
Prior Period's adjustments (Net)	(0.98)	(7.27)
Net Profit/(Loss)	1092.64	442.81
Provision for Current Tax (Wealth Tax)	(0.66)	Nil
Provision for Deferred Tax	(371.29)	96.64
Profit/(Loss) after Tax	719.69	539.45
Balance Profit/(Loss) brought forward from previous year	(4076.33)	(4583.82)
Provision for Doubtful Debts & Advances	14.10	31.96
Balance carried to Balance Sheet	(3370.74)	(4076.33)
EPS (Rs.)	8.81	3.64

FINANCIALS

During the year under review, the Company's gross revenue is Rs.22888.42 Lacs (PY : Rs. 15301.75 lacs). Gross profit before interest, depreciation and tax amounted to Rs.2526.25 lacs (PY : Rs. 1489.58 lacs). Operating Cash Profit before depreciation & amortization is Rs.1661.91 lacs (PY: Rs. 607.46 lacs) The Net Profit came to Rs.1092.64 lacs (PY: Rs. 442.81 lacs).

DIVIDEND

Your Company has come out of hibernation and is poised to take a high leap. The immediate future is bright and rewarding one. However, in view of past losses, your Directors regret their inability to recommend dividend for the year 2003-2004.

MANAGEMENT DISCUSSION AND ANALYSES

As per the requirement of Clause 49 of the Listing Agreement with the Stock Exchange, 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

The Company made one time settlements and restructured debts with all the banks / financial institutions, except UTI, involving waiver of outstanding interest, in part or full, and part principal, in some cases.

The debt of one of the major lenders has already been paid in full after close of the financial year and upto the date of this Report. Moreover, debts of some other major financial institutions and banks were paid, in full during the year. The year 2004-2005 will reap the benefits of this action.

Since the Company had to honour its commitments under these one time settlements and restructured debts as also cater to its working capital requirement, additional funds of Rs.8.48 crores were raised by way of conversion of 24,23,368 Tradable Detachable Warrants into 24,23,368 Equity Shares of Rs.10/- each at a premium of Rs.25/- per such equity share.

However, your Company is still experiencing shortage of funds for its working capital requirement which is being managed by resorting to inter corporate deposits.

DIRECTORS

The following Nominee Directors ceased to be Directors of the Company:

1. Shri. Anil Supanekar (ICICI Bank Ltd.) on satisfaction of debt, in full.
2. Smt. Nirmala Ananth (UTI)

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

Shri. R. N. Singh was nominated by Industrial Investment Bank of India (IIBI) for the period from 29.07.2003 to 05.07.2004 and Shri. Kishore Chakraborty from 05.07.2004 onwards.

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In order to broad-base the Board of Directors of the Company, Shri. Fali P. Mama was appointed Additional Director of the Company w.e.f. 01. 10.2003 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.

DELISTING OF EQUITY SHARES FROM DELHI AND AHMEDABAD STOCK EXCHANGES

Pursuant to the Shareholders' Special Resolution in terms of the provisions of SEBI (De-listing of Securities) Guidelines, 2003, Equity Shares and 14% NCDs issued to the public have been voluntarily de-listed from Delhi and Ahmedabad Stock Exchanges in March and February, 2004, respectively. Henceforward, the Equity Shares and 14% NCDs of the Company will continue to be traded on the Stock Exchange, Mumbai only having nationwide trading terminals.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, 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, 2004 and of the profit of the Company for the year ended 31st March, 2004.
- 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 re-appointment. 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.

AUDITORS' REPORT

The Directors give the following comments on para 4 (e) of the Auditors' Report.

The Directors, other than the Nominee Director and the director, appointed by the Company after the date of default, have acquired disqualification by reason of default in part redemption of debentures privately placed with the UTI Asset Management Co. Pvt. Ltd. (UTI) for more than one year by virtue of Section 274 (1)(g) of the Companies Act, 1956.

The Company has submitted proposals after proposals being improvement over previous proposal at the advice of UTI Asset Management Co. Pvt. Ltd. The last such restructuring proposal given by the Company is under active consideration of UTI Asset Management Co. Pvt. Ltd.

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

Place : Mumbai,
Dated : 31st August, 2004

PUNEET MAKAR
Chairman & Managing Director

ANNEXURE - 1 TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSES

Macro and Micro Economics of Forging Industry

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.

Annual Report 2003-2004

The Forging Industry produces mainly for Automobile Industry as such, the 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.

For the Forging Industry, a "do or die" situation was prevailing in Financial Years 2000-01 and 2001-02 and for Amforge it ended with net loss of Rs.22.00 crores and Rs.16.00 crores, respectively, in the said years. This was by reason of slowdown in user industry; multiplication of overheads due to multi-location manufacturing units, unfocussed product range with majority of low value added products; a bloated workforce; and huge interest outgo.

However, initiatives taken by the management of the Company resulted in a "turn-around" in Financial Years 2002-03 and 2003-04 ending in net profits of Rs.4.00 crores and Rs.11.00 crores, respectively.

The Re-organization Process: over past three years

Erstwhile, a family run Company (over 4 decades) sees consolidation in 2002 with Shri. Puneet Makar, CMD, acquiring 52% controlling stake and initiating business restructuring. The serious re-look at business priorities led to closure of Khopoli facility while plant and machinery at Faridabad plant were sold to Wheels India Ltd. It also led to exit of low-end products like flanges and couplings to focus exclusively on more value-added products like crank-shafts, connecting rods, steering knuckles, etc. It resolved to rationalize fixed costs and avoid repetitive overheads by focusing on Chinchwad and Chakan Plants. The major VRS was launched leading to the number of workers coming down from 1500 in the year 2001 to approximately 850 in the year 2004. Concentration of efforts and resources on settlement/restructuring of entire debts took five lenders out and the remainders giving comfort resulting in low servicing of debts and better services.

In May 2004, there was a capital infusion of Rs.8.50 crores including premium of Rs.6.00 crores.

The Results

Large external opportunity for volume growth in domestic auto industry with spurt in the activities of the Automobile industry. Strong competitive positioning in 20-40 kg crankshafts. Got ready for export markets with QS9000 and 14001 accreditation. Debottlenecking and rationalization of product mix lead to a 30% growth in Financial Year 2002-03 followed by a 40% growth in the year 2003-04.

Better operating margins from almost negative till recently.

Reduced Interest Cost both in percentage and absolute terms.

Capital Expenditure Plan in place to capture available growth potential. Necessary borrowing ties-ups are on anvil.

Segment wise Performance

The Company has only one segment and that is 'forgings'. As such the whole of the performance of the Company is attributable to one segment only.

Forging - Growth-oriented Sector

India is ranked as the second fastest economy in the world after China despite its adherence to democratic values and process. In its April, 2004 Report, Moody's has predicted a 6.5% growth rate for the next decade. It has a huge middle-class of over 25 crores with rapidly rising disposable incomes. India has largest resource of low-cost technically qualified manpower in the world. There will be growth in the industrial production - growth in auto industry. Forging sector is ancillary to auto industry.

India is fast emerging as a preferred source of auto components, especially forgings and castings.

With Superhighways, antipollution norms, cheap credit, consumerism and middle class aspirations, by 2009, India is expected to add 15 lacs commercial vehicles (with US\$ 4.1 billion revenue opportunity per annum) 60 lacs passenger cars and utility vehicles (US\$ 8.2 billion opportunity per annum) 350 lacs two-wheeler and 3 wheelers (US\$ 4.8 billion per annum). The quality of auto component exports has enabled Indian industries to open up a US\$ 1 trillion global market. Even if India were to capture a 1% market share, auto component exports would rise to US\$ 10 billion annually (current export is US\$800 million). This huge revenue opportunity along with the cost rationalization and export initiatives undertaken by the players will lead to stupendous earnings growth over the next few years.

Advantage: Amforge

Involved and totally focused on forging business since past four decades having top ratings from the key customers;

Key player and one of the most competitive manufacturers of crank shafts and connecting rods;

Technologically equipped with modern Press-lines. Strong design capabilities. Commitment to honour customers' schedule;

Units located in close vicinity of major customers and proximity to JNPT/Mumbai Port for Exports;

All quality accreditations in place, excellent up-scaling potential;

Next to industry leader (Bharat Forge) and poised to and can grow at much faster pace;

Remains a preferred vendor to leading OEMs in India;

Sole supplier of crankshafts to leading brands of cars and majority supplier of connecting rods and crankshafts to leading branded cars;

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Strategic relationship with many big and renowned players in bi-wheeler segment;
Major presence in earthmoving and tractor industries which are beginning to look up; and
Looking upward with exports to potential countries like UK, USA and Germany.

Risks and Concerns

The economic spurt and industrial growth are playing their positive role as is evident from the present scenario. The Government is also going ahead with its liberalization policies and making the resources available. However, in its effort to mop-up revenue, the Government has increased excise duty on steel by 4 percentage point adding fuel to the soaring prices of steel. Moreover, there is also increase in the excise duty leviable on cars by 4 percentage point. However, looking to the few thousands it going to add to the price of a car, it is expected that it will not act as a deterrent to the aspirations of a consumer.

Internal Control System and their Adequacy

Independent firm of Chartered Accountants has been appointed to carry out internal audit functions to ensure adherence to various policies and procedures already introduced and followed in the Company. This is also ensuring compliances with various statutory requirements. The internal control systems have been reviewed by the Audit Committee.

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.

For and on behalf of the Board of Directors

Place : Mumbai,
Dated : 31st August, 2004

PUNEET MAKAR
Chairman & Managing Director

ANNEXURE - 2 TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

Amforge, in its efforts to uphold the highest standard of corporate governance in its working has formed, adopted and implemented the Code of Conduct for prevention of insider trading. This has led to transparency in one of the several aspects of its business dealings. Amforge continue to uphold strong belief in heightening the stakeholders' values.

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.

BOARD OF DIRECTORS

Composition and Category of Directors

Sr. No.	Category	Name of Director	Remarks
1	Promoter & Executive	Shri Puneet Makar	Chairman & Managing Director
2	Promoter & Non-Executive	Shri Yogiraj Makar	Chairman - Emeritus
3	Independent and Non-Executive Director	Shri. Fali P. Mama	Appointed as Director w.e.f. 01-10-2003
4	Nominee Director (ICICI Bank Ltd. - Lender)	Shri Anil Supanekar	Resigned on 25.9.2003
5	Nominee Director (UTI - Lender)	Smt Nirmala Ananth	Resigned on 19-12-2003
6	Nominee Director (IIBI-Lender)	Shri. R.N. Singh	Nominee Director from 29-7-2003 to 5.7.2004
7.	Nominee Director (IIBI-Lender)	Shri. Kishore Chakraborty	Nominee Director from 5.7.2004