



Amforge Industries Limited





Amforge Industries Limited

Annual Report 2009-2010

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BOARD OF DIRECTORS:

Shri. Puneet Makar
Shri. Yogiraj Makar
Shri. Fali P. Mama
Shri. Bhushan Lal Gupta
Shri. Rakesh Khanna
Shri. Sunil K. Aggarwal

REGD / CORPORATE OFFICE :

108 -111, Raheja Chambers
Free Press Journal Marg
Nariman Point, Mumbai – 400021.
Tel : 022-66365962
Fax : 022- 66365964
Email: amfcosec@mtnl.net.in /
secretarial@amforgeindustries.com
Web: www.amforgeindia.com

WORKS:

32-D-2- MIDC Area
Chinchwad, Pune-411019
Maharashtra State.

AUDITORS :

M/s. Bansal & Associates
Chartered Accountants
Rajendra Chambers,
Nanabhai Lane
Fort, Mumbai – 400001.

SOLICITORS :

M/s. Mulla & Mulla, Craigie Blunt & Caroe
Mulla House,
51, M.G. Road
Fort, Mumbai – 400 023.

38TH ANNUAL GENERAL MEETING

on Thursday, the 30th September, 2010
at 2.30 p.m.

At Maharashtra Chamber of Commerce,
Babasaheb Dahanukar Hall,
Oricon House, 6th Floor 12, K.Dubash Road,
Fort, Mumbai-400001

REGISTRAR & TRANSFER AGENTS:

M/s. Sharex Dynamic (India) Pvt Ltd.
Unit-1, Luthra Industrial Premises
Safed Pool, Andheri-Kurla Road
Andheri (E), Mumbai-400072.
Tel: 022-28515644. Fax: 022-28512885.
Email - sharexindia@vsnl.com

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

NOTICE

Notice is hereby given that the **38TH ANNUAL GENERAL MEETING of AMFORGE INDUSTRIES LIMITED** will be held on Thursday, the 30th September, 2010 at 2.30 p.m. at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Oricon House, 6th Floor, 12, K. Dubhash Road, Fort, Mumbai – 400001 to transact the following ordinary business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date, together with the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. Fali P. Mama, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. B.L. Gupta, 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.

By Order of the Board of Directors

Puneet Makar
Chairman & Managing Director

Registered Office:
108-111, Raheja Chambers
Free Press Journal Marg
Nariman Point
Mumbai - 400 021.

Place: Mumbai
Date: 02-09-2010

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 Register of Members and the Share Transfer Books of the Company will remain closed from 23rd September, 2010 to 30th September, 2010 (both days inclusive).
- c) 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.
- d) Members, having the shares in physical form, are requested to notify immediately any change in their addresses to the Company's Registrar and Transfer Agents, Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Safed Pool, Andheri-Kurla Road, Andheri (E), Mumbai – 400 072 alongwith proof of address like copy of ration card, electric / telephone bills, driving licences, bank passbook, etc. since it is mandatory to give effect.
- e) 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.

DETAILS OF DIRECTORS BEING APPOINTED AT ANNUAL GENERAL MEETING
(In Pursuance of Clause 49 (VI) A of the Listing Agreements)

Name of Director	SHRI. FALI P. MAMA	SHRI. B L. GUPTA
Age	74	72
Qualification	B.Sc., LLB	M.Com. D.S.W., CAIIB
Date of Appointment	1-10-2003	24-3-2005
Expertise	Practicing as Management Consultant and is expert in purchase, commercial and operation areas.	Financial Appraiser Real Estate Development
Other Directorships	M/s. Mahindra Forgings Ltd M/s. Salil Investments Pvt. Ltd M/s. Nainesh Trading & Investment Co.Pvt.Ltd M/s. Viniyog Investment & Trading Co.Pvt Ltd M/s. Dujon Commercial Pvt.Ltd	-
Chairman / Member of the Committees	Member - Audit, Remuneration and Shareholders / Investors Grievance Committees of M/s. Amforge Industries Limited. Member – Audit, Share transfer & Shareholders / Investors Grievance Committees of M/s. Mahindra Forgings Limited.	Member - Remuneration Committee Chairman - Shareholders / Investors Grievance Committee of M/s. Amforge Industries Limited

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DIRECTORS' REPORT

To the Members

AMFORGE INDUSTRIES LIMITED

Your Directors hereby present the 38th Annual Report and audited statement of accounts for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

	(Rs. in 000's)	
	<u>2009-10</u>	<u>2008-09</u>
Gross Revenue	4518.16	274718.84
Gross Profit before Interest, Depreciation, Amortization and Tax	(37196.89)	(63646.64)
Interest	(2206.51)	(5154.52)
Operating Profit (Loss) before Depreciation & Amortization	(39403.40)	(68801.16)
Depreciation	(9349.82)	(9691.74)
Operating Profit/(Loss) for the year	(48753.22)	(78492.90)
Other Extra Ordinary Gains (Net)	(4630.75)	(3077.77)
Profit / (Loss) for the year	(53383.97)	(81570.67)
Prior Period's adjustments (Net)	(637.17)	(819.00)
Net Profit / (Loss)	(54021.14)	(82389.67)
Provision for Current Tax(Wealth Tax)	0	(70.00)
Provision for Fringe Benefit Tax	(62.00)	(2014.00)
Provision for Deferred Tax	1235.00	36755.00
Profit / (Loss) after Tax	(52848.14)	(47718.67)
Balance Profit/(Loss) brought forward from previous year	(309234.58)	(261516.90)
Balance carried to Balance Sheet	<u>(362082.72)</u>	<u>(309234.58)</u>
EPS (Rs.)	<u>(3.57)</u>	<u>(3..22)</u>

FINANCIALS :

During the year under review, your Company's gross revenue is Rs. 4518.16 thousands [Previous Year: Rs. 274718.84 thousands Gross Profit / (Loss) before interest, depreciation and tax amounted to Rs.(37196.89) thousands [Previous Year: Rs.(63646.64) thousands Operating Cash Profit / (Loss) before depreciation and amortization is Rs. (39403.40) [Previous Year Rs. (68801.16) thousands]. The Net Loss came to Rs.54021.14 thousands [Previous Year: Rs. 82389.67 thousands].

The plant was closed in 2008 due to recession particularly in the automobile industries. Subsequently a lock out was declared in May 2009, due to workers unrest.

DIVIDEND:

In view of the losses, current and accumulated, no dividend is recommended for the year.

PUBLIC DEPOSITS AND LOANS / ADVANCES:

The Company has not accepted any deposits from the Public or its employees during the financial year.

During this financial year, the subsidiary company (Dujon Commercial Private Limited) had issued 14,00,000 (Fourteen Lacs) Equity shares of Rs.10/- (Rupees Ten only) each at a premium of Rs.65/- (Rupees Sixty-five only) each aggregating to Rs.10,50,00,000/- (Rupees Ten Crores Fifty Lacs only) to the Company against the loan availed from the holding company.

DIRECTORS:

During this year Shri. Vijay S. Choksi, Director of the Company resigned from the Board w.e.f. 1-9-2009.

Shri. Fali P. Mama, who retires by rotation and being eligible, offers himself for re-appointment, subject to retirement by rotation

Shri. B.L. Gupta, who retires by rotation and being eligible, offers himself for re-appointment, subject to retirement by rotation

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. appropriate accounting policies have been selected and applied 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, 2010 and loss of the Company for the year ended on that date.
- iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and other irregularities.
- iv. the annual accounts have been prepared on a going concern basis.

SUBSIDIARY COMPANY:

The statement pursuant to Section 212 of the Companies Act, 1956, containing details of subsidiaries of the Company, forms part of the Annual Report.

In view of the exemption received u/s.212(8) of the Companies Act, 1956 from Central Government vide letter No. 47/214/2010-CL-III dated 22-07-2010, the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary Company is not annexed. Shareholders who wish to have a copy of the full report and accounts of the subsidiary company (Dujon Commercial Private Limited) will be provided on receipt of a written request from them. These documents will also be available for inspection by any shareholder at the registered office of the Company on any working day during business hours. The consolidated Financial Statements presented by the Company include financial results of the subsidiary Company.

AUDITORS:

M/s. Bansal & Associates, Chartered Accountants 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.

AUDITORS' REPORT :

The Directors give the following comments on para 3 of the Auditors' Reports.

The Management has produced all other available records and documents for verification for the audit purposes for the year under review except some records lying at Chinchwad plant for which the access was not available consequent to lock out. However, the Management does not envisage any material discrepancy(ies) in the financial statements due to the same.

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 annexed to this report, as Annexure-1.

MANAGEMENT DISCUSSION AND ANALYSES:

Pursuant to Clause-49 of the Listing Agreement with the Bombay Stock Exchange Limited, the Management Discussion and Analysis annexed to this report, as Annexure-2.

PERSONNEL:

Statement of particulars of employees, providing information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed to this report, as Annexure-3.

CORPORATE GOVERNANCE:

Pursuant to Clause-49 of the Listing Agreement, a report on Corporate Governance is annexed to this report, as Annexure-4.

COMPLIANCE CERTIFICATE:

Pursuant to Section 383A of the Companies Act, 1956, and Compliance certificate on Corporate Governance as per Listing Agreement, issued by Practising Company Secretary are annexed to this report, as Annexure-5 & 6.

CEO / CFO CERTIFICATION:

Pursuant to Clause- 49 V of the Listing Agreement with the Bombay Stock Exchange Limited, a certificate issued by CEO/ CFO of the Company for the financial year ended 31st March, 2010 is annexed to this report, as Annexure-7.

ACKNOWLEDGMENT:

Your Directors wish to place on record their sincere thanks to all shareholders and employees for their continued support and co-operation.

For and on behalf of the Board of Directors

Place : Mumbai

Date : 02-09-2010

Puneet Makar

Chairman & Managing Director

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ANNEXURE - 1 TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY.

a) Energy conservation measures taken.

No fresh steps were initiated since the plant is under lock out since May, 2009.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.
None.

Impact of the measures taken / to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Not applicable

c) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the schedule thereto for the year ended 31.03.2010.

	<u>* 2009-10</u>	<u>2008-09</u>
1. Power & Fuel Consumption		
Electricity – Purchased (KWH in lacs)	-	34
Total Amount (Rs.in 000's)	-	17679.00
Average rate per unit (Rs.)	-	5.23
2. Furnace Oil		
Quantity (Kilo litres)	-	301
Total Amount (Rs.in 000's)	-	9905.00
Average rate per litre (Rs.)	-	32.90
3. Light Diesel Oil		
Quantity (Kilo litre)	-	271
Total Amount (Rs.in 000's)	-	11903.00
Average rate per litre (Rs.)	-	42.92
4. Consumption per unit of Production		
Production (Tons)	-	2534
Fuel Used	Units	
Electricity	Kwh / Ton	1341
Furnace Oil	Lit / Ton	119
Light Diesel Oil	Lit / Ton	107

B. TECHNOLOGY ABSORPTION:

(i) Research and Development.

None. The Plant is under lock out.

(ii) Benefits derived as a result of the above efforts.

Not applicable

(iii) Future plans of action.

Not applicable.

(iv) Foreign Exchange Earnings and Outgo.

	<u>2009-10</u>	<u>2008-09</u>
		(Rs.in 000's)
FOB Value of Exports	-	20986.00
Foreign Currency outgo	-	096.00

* In the absence of operational activities at the plant due to lock out consumption figures are not applicable.

For and on behalf of the Board of Directors

Place : Mumbai

Date : 02-09-2010

Puneet Makar

Chairman & Managing Director

ANNEXURE - 2 TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The Company has only one segment and that is 'forgings'. Forging is a process of manufacturing where metal is pressed, pounded or squeezed under great pressure into high strength parts largely catering to automobile industry as such; the performance of the Forging Industry is very much dependent on the performance of the automobile industry which is, in turn, dependent on demand for vehicles.

Opportunities and Threats *

Outlook *

Risk and Concerns *

* The operations of the plant at Chinchwad was suspended due to recession in the automobile Industry in December, 2008. Subsequently, a lock out was declared in May, 2009 due to unrest among the workers.

In view of the present closure of the Chinchwad plant, the Management is actively considering proposals for manufacturing related activities along with other business by way of investments and financial activities so as to generate consistent income, thereby to enable the company to pursue other business activities from the Other Object Clause of the Memorandum of Association, the Company has passed resolutions by Postal Ballot pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, in July, 2010.

Internal Control Systems and adequacy:

The company has instituted adequate internal control procedure(s) commensurate with the nature of its business and the size of its operations for the smooth conduct of its business. This is also ensuring compliances with various statutory requirements. The internal control systems have been reviewed by the Audit Committee.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 02-09-2010

Puneet Makar
Chairman & Managing Director

ANNEXURE - 3 TO THE DIRECTORS' REPORT

Additional information as required U/s. 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 2010

Name & Designation	Qualification	Date of commencement of employment	Age / (Experience in years)	Remu-neration (subject to tax) (Rs in 000's)	Last employment held (Designation / Organization)
Puneet Makar Chairman & Mg. Director	BBA from USA	2-2- 2009	47 (17 years)	2919.60	1-10- 1994.Director - Amforge Industries Limited

For and on behalf of the Board of Directors

Place : Mumbai
Date : 02-09-2010

Puneet Makar
Chairman & Managing Director

ANNEXURE - 4 TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

1. The Company practices Corporate Governance as a continuing exercise.

2. Board of Directors:

During the year 2009-2010, the composition of the Board of Directors was such that it complied with the requirements of Independent and Non-Executive Directors.

The Directors of the Company are not holding the Directorships more than the ceiling prescribed nor are the memberships of committee on more than 10 committees and Chairman of more than 5 committees in across all the companies where they are directors.

Composition and Category of Directors:

Category	Name of Director	Remarks
Promoter & Executive Chairman & Managing Director	Shri. Puneet Makar	-
Promoter & Non-Executive Director	Shri. Yogiraj Makar	-
Non-Independent & Non-Executive Director	Shri. Fali P. Mama	-
Independent & Non-Executive Director	Shri. Sunil Aggarwal	-
Independent & Non-Executive Director	Shri. B.L. Gupta	-
Independent & Non-Executive Director	Shri. Rakesh Khanna	-
Independent & Non-Executive Director	Shri. Vijay Choksi	Resigned as Director w.e.f. 1-9-2009

The attendance of the Directors at the Meetings of Board of Directors held during the Financial Year 2009-2010 and the last Annual General Meeting is as follows:

Date of Board of Directors Meeting	Number of Directors Present
28-04-2009	6
31-07-2009	5
31-08-2009	5
30-10-2009	5
29-01-2010	6
30-09-2009 (AGM)	4

There is no gap of more than four months between two consecutive Board meetings.

Name of the Director	No. of Board Meeting attended	Attendance at the AGM
Shri. Puneet Makar	4	Present
Shri. Yogiraj Makar	4	-
Shri. Fali P. Mama	5	Present
Shri. B.L.Gupta	5	Present
Shri. Sunil K. Aggarwal	4	Present
Shri. Rakesh Khanna	5	-

Number of Directorships of other Companies and Membership of Board Committees:

Name of Director	No. of BoD'S of Other Companies	No. of Membership of BoD's Committees	No. of Chairmanship of BoD's Committees
Shri Yogiraj Makar	2	-	-
Shri Puneet Makar	5	-	-
Shri. Fali P. Mama	5	2	-
Shri. B.L Gupta	-	-	-
Shri. Sunil Aggarwal	2	-	-
Shri. Rakesh Khanna	12	8	4

None of the Directors holds any Equity Shares in the Company except Shri. Puneet Makar (Promoter Executive Director) holding 1830802 Equity Shares and Shri. Yogiraj Makar (Promoter-Non-Executive) including HUF holding 420306 Equity Shares and Shri. Fali P Mama (Non-Independent-Non-Executive) holding 2200 Equity Shares.

Shri. Puneet Makar has purchased 337771 Equity shares of the Company in March, 2010 from the open market and intimated to Bombay Stock Exchange Limited pursuant to Regulation 13(3) of the SEBI (Prohibition of Insider Trading) Regulations, 1992, within the stipulated period. Thus, his holding increased from 1830802 to 2168573 Equity Shares, as on 31-03-2010. However, the effect was given on 6th April, 2010.

3. Committees of Board of Directors:
Audit Committee:

Pursuant to Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has an Audit Committee of the Board of Directors. The Audit Committee was as under:

- Shri. Sunil K. Aggarwal - Chairman
- Shri. Rakesh Khanna - Member
- Shri. Fali P. Mama - Member

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 2009-2010 is as under:

Name of Directors	Date of Meetings				
	28-4-2009	31-7-2009	31-8-2009	30-10-2009	29-1-2010
Shri. S.K. Aggarwal	Present	-	Present	Present	Present
Shri. Rakesh Khanna	Present	Present	Present	Present	Present
Shri. Fali P. Mama	Present	Present	Present	Present	Present

4. Remuneration Committee:

- The Remuneration Committee was as under :
- Shri. Sunil Aggarwal - Chairman
- Shri. B.L. Gupta - Member
- Shri. Rakesh Khanna - Member
- Shri. Fali Mama - Member