

AHMEDNAGAR FORGINGS LIMITED



**24th Annual Report
2000-2001**

BOARD OF DIRECTORS	U. V. Patel	-	Chairman & Managing Director
	J. S. Mody	-	Joint Managing Director
	R. L. Soni	-	Director
	S. P. Mantri	-	Director
	M. K. Patel	-	Director
	H. V. Amin	-	Director
	R. P. Gokhale	-	Nominee (ICICI Ltd.)

COMPANY SECRETARY S. M. Mahajan

BANKERS State Bank of India
Bank of Baroda

**REGISTRAR &
TRANSFER AGENTS
MCS LIMITED,**
116 / 118, AKSHAY COMPLEX,
OFF DHOLE PATIL ROAD,
PUNE - 411001.
Tel: 020 - 6129597

FINANCIAL INSTITUTIONS ICICI Ltd.
Sumitomo Mitsui Banking Corporation
(formerly known as The Sakura Bank Ltd)

AUDITORS D.N.Shukla & Co.
Chartered Accountants
Mumbai - 400 023

SOLICITORS Eastley Lam & Co.
133, Jehangir Building,
Mahatma Gandhi Road, Fort,
Mumbai - 400 023

REGISTERED OFFICE AFL House,
347 - A, off Dhole Patil Road,
Pune - 411 001.

WORKS ● MIDC Area, Ahmednagar ● Chakan, Dist. Pune
● Asian Auto Parts, Ahmednagar ● Kuruli, Dist. Pune

AHMEDNAGAR FORGINGS LIMITED**24TH ANNUAL REPORT 2000 - 2001****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE TWENTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF **AHMEDNAGAR FORGINGS LIMITED** WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT AFL HOUSE, 347-A, OFF DHOLE PATIL ROAD, PUNE 411001 ON **MONDAY, THE 24TH DAY OF SEPTEMBER 2001 AT 11.00A.M.** TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 together with Profit and Loss Account for the year ended on that date, and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Mahendra Kantilal Patel who retires by rotation, and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. Haren Vitthalbhai Amin who retires by rotation, and is eligible for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of the forthcoming meeting until the conclusion of the Twenty Fifth Annual General Meeting and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.
2. The enclosed attendance slip should be brought by the Members / Proxies attending the Meeting and handed over at the entrance of the Meeting Hall.
3. The Register of Members and Transfer Book of the Company will remain closed from, **Saturday the 15th day of September, 2001 to Monday**

the **24th day of September 2001**, both days inclusive.

4. The Company has transferred the unclaimed dividend declared for the financial year ended on 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, Members who have not yet claimed the same, may claim it directly from Registrar of Companies (Maharashtra), 3rd floor, PMT Commercial Building, Deccan Gymkhana, Pune - 411 004.

All members who have either not received or have not encashed dividend warrants for the financial year 1995-96 and/or 1996-97 are requested to write to the Company for issuance of duplicate dividend warrants, mentioning relevant Registered Folio No(s) and year(s) for which the dividend warrant is not received / encashed.

5. The Members are requested to intimate to the Company changes, if any, in their addresses at an early date.

By Order of the Board

S. M. Mahajan
D.G.M(Corp. Affairs) &
Company Secretary

Place : Pune
Date : June 16, 2001

AHMEDNAGAR FORGINGS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS OF
AHMEDNAGAR FORGINGS LIMITED

The Directors hereby present their Twenty Fourth Annual Report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

	2000-2001 Rs. Lacs	1999-2000 Rs. Lacs
Profit before Depreciation	106.04	751.81
Less: i) Depreciation	511.27	600.67
ii) Provision for Taxation	----	13.63
iii) Loss from partnership firm	257.74	----
Net Profit/(Loss)	(662.97)	137.51
Add : Balance brought forward from previous year	143.03	5.52
Profit Available for Appropriation	(519.94)	143.03
APPROPRIATIONS		
Transfer from Debenture Redemption Reserve	(20.00)	--
Transfer from General Reserve	(500.00)	--
Balance carried forward	0.06	143.03
	(519.94)	143.03

2. DIVIDEND

Directors do not recommend any dividend for the year ended on March 31, 2001.

3. OPERATIONS

During the year, your Company produced 13141 M.Ts of Steel Forgings against 17845 M.Ts in the previous year. The Company achieved a turnover of Rs. 81.88 Crores against previous year's turnover of Rs. 106.63 Crores.

During the year under review, the Company's sales of Steel Forgings in domestic market was 12412 M.Ts as compared to 16296 M.Ts in the

previous year and exports stood at 582 M.Ts against 864 M.Ts in the previous year. The overall industrial scene continues to be gloomy. As reported earlier the company is taking all the necessary steps to reduce its production and operational costs as well overall expenditure. The Company is also taking various other measures like reducing non performing assets and to improve the overall working.

4. EXPANSION

As reported in the previous year's Director's Report, the fourth press at the Company's Plant at Kuruli will be commissioned shortly. It is proposed to add one more press in the same plant.

5. FINANCE

During the year under review, the Company repaid to the Financial Institutions and Bank term loans amounting to Rs. 912.92 lacs.

The company is meeting all its statutory obligations and till today there is no default in payment of interest as well as principle amount. As at 31st March, 2001 there were no outstanding deposits.

6. DIRECTORS

In accordance with the Articles of Association of the Company Mr Mahendra Kantilal Patel and Mr. Haren Vitthalbhai Amin retires by rotation at the conclusion of the Twenty Fourth Annual General Meeting of the Company and is eligible for reappointment.

Mr. J. S. Pal was associated with the company as Nominee Director of SICOM Ltd.. Company has repaid in full, the loan availed from SICOM Limited. Consequently SICOM Limited withdrawn the Nominee Director. The Directors put on record their appreciation for positive contribution of Shri J.S. Pal during his tenure as Nominee Director.

7. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2 AA) OF THE COMPANIES ACT, 1956.

The Directors hereby confirm,

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with

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proper explanation related to material departures;

2. that 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 at the end of the financial year and of the profit or loss of the company for that period;
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the directors had prepared the annual accounts on a going concern basis.

8. CORPORATE GOVERNANCE

The guidelines on corporate governance as per listing agreement with Stock Exchanges are applicable to the Company from the year 2001-2002. The Company is taking necessary steps to comply with these guidelines as under.

- Audit Committee comprising of Mr. Mahendra K. Patel, Mr. Sushil P. Mantri, Mr. Ravindra P. Gokhale (Nominee ICICI Ltd.), directors of the company has been constituted on 16th June 2001.
- Shareholders Grievance Committee comprising of Mr. Haren V. Amin, Mr. Mahendra K. Patel, Mr. Ravindra P. Gokhale (Nominee ICICI Ltd.), directors of the company has been constituted on 16th June 2001.
- The company proposes to increase number of Directors to implement guidelines on constitution of the Board of Directors.

9. DEPOSITORY FACILITY IN RESPECT OF EQUITY SHARES

The delivery of the Equity Shares of your Company has become mandatory for all investors in dematerialised form w.e.f. 28th August 2000. The members can avail this facility as per their requirement.

10. LISTING OF SHARES ON STOCK EXCHANGES & INFORMATION REGARDING REGISTRAR & TRANSFER AGENTS

The Shares of your company are listed on the following Stock Exchanges. The Company has paid the Annual Listing Fees to all these Stock Exchanges within the prescribed time.

Pune Stock Exchange Ltd.

"Shivleela Chambers",
752, Sadashiv Peth,
R. B. Kumbhkar Marg,
Pune 411 030

The Stock Exchange - Mumbai

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Ltd.

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra - (East),
MUMBAI 400 051

The Ahmedabad Stock Exchange Ltd.

Kamdhenu Complex,
Opp. Sahajanand College,
Panjarapole,
Ahmedabad 380 015

Registrar & Transfer Agents :

MCS Limited

Unit : Ahmednagar Forgings Limited
Akshay Complex, 1st floor,
116-118, Off Dhule Patil Road,
Near Ganesh Mandir,
Pune 411 001

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(l) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, is given in the Annexure A which forms an integral part of this report.

AHMEDNAGAR FORGINGS LIMITED

12. PERSONNEL

Particulars as per Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable as there is no employee drawing remuneration more than Rs. 12 lacs as prescribed vide GSR 839(E), dated 25/10/2000 vide Rule 1 A of Companies (Particulars of Employees) Rules, 1975.

The workers of the Company's plant at Ahmednagar were on strike from November 2000 to May 2001. This has hampered the production and profitability of the company during the year under review. In May 2001 the dispute was resolved amicably and the Ahmednagar Plant has resumed the production. This may marginally affect the profitability of the company during the next financial year ending on 31st March 2002.

The Industrial relations at all the other plants of the Company i.e. Chakan Plant, Kuruli Plant and Asian Auto Parts (a division) remained cordial during the year.

13 AUDITORS

M/s D.N. Shukla & Co. retire as Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

14. APPRECIATION

The Directors wish to place on record their sincere appreciation for the positive co-operation received by the Company from the Financial Institutions Banks, Customers, Suppliers, Vendors, Investors and Company's Employees at all levels.

For & on behalf of the Board

Place : Pune
Date : June 16, 2001

U. V. Patel
Chairman &
Managing Director

ANNEXURE - A TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

CONSERVATION OF ENERGY

Various steps and measures are continuously being taken to further reduce the consumption of electricity and fuel. The above measures have resulted in savings in consumption of power and fuel.

- The company is continuing its efforts for the conservation of energy.
- Total energy consumption and consumption per unit of production as per Form A of the Annexure to the Rules.:

(A) Power and Fuel Consumption :

	2000-2001	1999-2000
Electricity purchased :		
Purchased Units in lacs	107.99	135.04
Total Amount - Rs. in Lacs	493.97	573.94
Average Rate per Unit - Rupees	4.57	4.25
Furnace Oil / L. D. O.:		
Quantity - K. Liters	4117	5966
Total Cost - Rs. in Lacs	430.41	475.54
Average rate per ltr/Rs.	10.45	7.97

(B) Consumption per Unit of Production

Production - tonnes	13141	17845
Electricity - units / tonne	881	757
Furnace Oil - ltrs /tonne	336	334

II TECHNOLOGY ABSORPTION

Research and Development :
The Company made revenue expenditure of Rs. 2 lacs on Research and Development activities which is 0.02% of total turnover of the Company.

III FOREIGN EXCHANGE EARNINGS AND OUTGO

- The Company is making special efforts to increase its export business & to develop new markets.
- Total foreign exchange used and earned :

	2000-2001 Rs. Lacs	1999-2000 Rs. Lacs
USED	157.31	119.84
EARNED	303.99	460.98

For & on behalf of the Board

Place : Pune
Date : June 16, 2001

U. V. Patel
Chairman &
Managing Director



AUDITORS' REPORT

TO THE MEMBERS OF
AHMEDNAGAR FORGINGS LTD.

We have audited the attached Balance Sheet of AHMEDNAGAR FORGINGS LIMITED, as at March 31, 2001 and the Profit & Loss Account of the Company for the year ended on that date and report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion, proper books of accounts as required by the Law have been kept by the Company so far as appears from our examination of the books;
3. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
4. In our opinion the Balance Sheet and Profit and Loss Account complies with Mandatory Accounting Standards referred to in sub Section (3 C) of Section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the directors as on 31st March, 2001, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the other notes attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - a) in the case of the Balance Sheet of the state of the affairs of the Company as at March 31, 2001 and
 - b) in the case of the Profit and Loss Account of the Loss for the year ended on that date.
7. As required by the Manufacturing and Other Companies (Auditor's report) Order 1988, issued by the Company Law Board Under Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we state that :
 1. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets. As explained to us, physical verification of fixed assets was conducted by the Management at the year end. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No serious discrepancies were noticed in the course of such verification.
 2. None of the Fixed Assets have been revalued during the year.
 3. The stock of finished goods, stores, spare parts, raw material and components have been physically verified at regular intervals during the period and also at the year end by the management, except for stocks lying with third parties for which confirmations from the parties have been obtained. In our opinion the frequency of verification is reasonable.
 4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 5. The discrepancies noticed on such verification which were not significant between the physical stocks and the book records have been properly dealt within the books of accounts.
 6. On the basis of our examination of stock records, we are of the opinion that the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 7. The Company has not taken any loans, secured or unsecured from the companies, firms or other parties listed in the registers maintained under Section 301 and 370 (1-C) of the Companies Act, 1956.
 8. The Company has not granted any loans, secured or unsecured to the Companies, firms or other parties listed in the registers maintained under Section 301 and 370 (1-C) of the Companies Act, 1956.
 9. Employees, and other parties to whom loans and advances in the nature of loans have been given by the Company except few cases are repaying the principle amount as stipulated and are also regular in payment of interest wherever applicable.
 10. In our opinion and according to the information and explanations given to us during the course of the audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of stores, raw material including components, plant and machinery, equipments and other similar assets and to the sale of goods.
 11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, material and service made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services at which transactions for similar goods or services have been made with other parties.
 12. As explained to us, the Company has a reasonable system for the determination of unserviceable or damaged stores and materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
 13. The Company has not accepted deposits from public and hence the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, are not applicable.
 14. In our opinion reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company does not have any by-products.
 15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 16. The Central Government has not prescribed maintenance of cost records under Section 209 (i) of the Companies Act, 1956.
 17. According to the records of the Company Provident Fund dues have been regularly deposited during the year with the appropriate authorities. As explained to us the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company.
 18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty, Excise duty, were outstanding as at the date of the Balance Sheet for a period of more than six months from the date they become payable.
 19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligation or in accordance with the generally accepted business practice.
 20. The Company is not a sick industrial company within the meaning of clause (o) of Sub Section (1) of Section - 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For D. N. Shukla & Co.
Chartered Accountants

P. J. MANKAD
Partner

Mumbai
June 16, 2001

AHMEDNAGAR FORGINGS LIMITED**BALANCE SHEET AS AT MARCH 31, 2001**

	Schedule	As at March 31 2001 Rupees (In Lacs)	As at March 31 2000 Rupees (In Lacs)
FUNDS EMPLOYED		Rupees (In Lacs)	
SHAREHOLDERS' FUNDS			
Share Capital	1	800.00	800.00
Reserves and Surplus	2	2998.37	3661.35
LOAN FUNDS			
Secured Loans	3	3332.89	4267.05
Unsecured Loans	4	1741.45	1576.83
		<u>8872.71</u>	<u>10305.23</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	7620.49	7580.35
Less : Depreciation		<u>2932.34</u>	<u>2443.57</u>
		4688.15	5136.78
INVESTMENTS	6	246.04	333.69
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	2751.40	2784.51
Receivables	8	2129.48	2787.70
Cash & Bank Balances	9	26.00	48.23
Loans & Advances	10	161.03	241.56
		<u>5067.91</u>	<u>5862.00</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	1145.91	1054.47
Provisions		----	----
		<u>1145.91</u>	<u>1054.47</u>
NET CURRENT ASSETS		3922.00	4807.53
MISC. EXPENSES TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED	12	16.52	27.23
		<u>8872.71</u>	<u>10305.23</u>
NOTES ON ACCOUNTS	18		

As per our report of even date

For D.N. Shukla & Co.
Chartered AccountantsP.J. Mankad
PartnerMumbai
June 16, 2001S.M. Mahajan
D.G.M. (Corp. Affairs) &
Company Secretary

For and on behalf of the Board of Directors

U. V. Patel - Chairman & Managing Director

J. S. Mody - Joint Managing Director

Pune
June 16, 2001