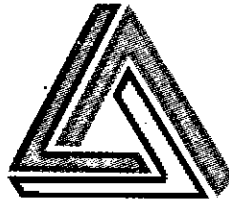


**AHMEDNAGAR  
FORGINGS  
LIMITED**

**33rd ANNUAL REPORT  
2009 - 2010**



# AHMEDNAGAR FORGINGS LIMITED

## 33rd ANNUAL REPORT

### 2009 - 2010

#### Board of Directors

Mr. Arvind Dham	<i>Chairman</i>
Mr. S. N. Rajagopalan	<i>Whole Time Director</i>
Mr. D. S. Malik	<i>Director</i>
Mr. S. E. Krishnan	<i>Director</i>
Mr. B. Lugani	<i>Director</i>
Mr. Gautam Malhotra	<i>Director</i>
Mr. Vivek Agarwal	<i>Director</i>

#### Company Secretary

Mr. Prabhjot Singh Ahluwalia

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#### Registered Office

Gat No. 614  
At Village : Kuruli  
Tal.: Khed,  
Dist.: Pune - 410 501

#### Works

- MIDC Area, Ahmednagar
- Chakan, Dist. Pune
- Kuruli, Dist. Pune
- Nalagarh, Distt. Solan, Himachal Pradesh

#### Auditors

M/s Manoj Mohan & Associates  
Chartered Accountants

#### Bankers

Andhra Bank  
Karur Vysya Bank Ltd.

#### Registrar & Transfer Agents

Beetal Financial & Computer  
Services Pvt. Ltd.  
Beetal House  
3rd Floor, 99, Madangir,  
Behind L.S.C., New Delhi-110062  
Tel.: 011-29255230  
Fax: 011-29252146  
E-mail: beetal@rediffmail.com

# Notice

AHMEDNAGAR FORGINGS LIMITED



Notice is hereby given that Thirty Third Annual General Meeting of the members of the Company will be held on Friday, the 31<sup>st</sup> December 2010 at Gat No. 614, Village Kuruli, Tal. Khed, Pune – 410 501 (Maharashtra) at 9.30 A.M. to transact the following business:

## ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company as at 30<sup>th</sup> June 2010 and Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Deshpal Singh Malik, who retires by rotation & being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mr. Sitaraman Easwara Krishnan, who retires by rotation & being eligible, offers himself for re-appointment
4. To declare dividend
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

By order of the Board  
For Ahmednagar Forgings Limited

Place : New Delhi  
Date : 24th November, 2010

Sd/-  
(S. N. Rajagopalan)  
Whole Time Director

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.
3. All documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days between 11.00 A.M. to 1.00 P.M.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 28<sup>th</sup> December 2010 to 31<sup>st</sup> December 2010 (both days inclusive) to decide the entitlement of Members for payment of dividend that may be declared at the Annual General Meeting.
5. Members are requested to furnish/update bank details to the Company/Registrar & Transfer Agents/ Depository Participant to enable the Company to print the same on the dividend warrants/to avail of ECS facility, whatever applicable.
6. The members are requested to bring their copies of Annual Report to the meeting, as the same will not be redistributed at the venue of Annual General Meeting.
7. The Members attending the General Meeting are requested to bring the enclosed attendance slip and deliver the same after filling in their folio number & Client ID-DP ID at the entrance of the meeting hall. Admission at the Annual General Meeting venue will be allowed only after verification of the signature in the attendance slip, Duplicate Attendance Slip will be issued at the Registered Office of the Company upto a day preceeding the day of Annual General Meeting.
8. Members who hold shares in de-materialized form are requested to bring their client ID and DP-ID number for the purpose of identification and attendance at the meeting.
9. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting shall be paid on or before January 30<sup>th</sup>, 2011.
  - a) To those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Registrar & Transfer Agents (R&T Agents) of the Company on or before December 27<sup>th</sup>, 2010.
  - b) In respect of shares held in electronic form, to those "deemed members" whose names appear in statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business hours of December 27<sup>th</sup>, 2010.


**AHMEDNAGAR FORGINGS LIMITED**

10. Consequent upon the introduction of section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in form No. 2B in duplicate (which will be made available on request) to the R&T Agents of the Company.

**11. Electronic Clearing Services (ECS) facility**

With respect to payment of dividend, the Company provides ECS facility to all members, holding shares in electronic/physical forms. Members holding shares in the physical form who wish to avail ECS facility may furnish to the Company/Registrar & Share Transfer Agent, their ECS mandate in the prescribed form, which is available elsewhere in the Annual Report or can be obtained from the Registrar & Share Transfer Agent of the Company.

**INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF THE DIRECTORS BEING RE-APPOINTED**

Name	Mr. D.S. Malik
Date of Birth	28 <sup>th</sup> May 1950
Qualification	B.E. (Mech Engg),
Profession	Service
Expertise	Vast experience in the field of project engineering & manufacturing of Auto Components and setting up of Greenfield projects.
Other Directorships	<ol style="list-style-type: none"> <li>1. Amtek India limited</li> <li>2. Amtek Auto Limited</li> <li>3. Amtek Railcar Limited</li> <li>4. WHF Precision Forgings Limited</li> <li>5. Adbhut Infrastructure Limited</li> </ol>
Shareholding in the Company	NIL

Name	Mr. Sitaraman Easwara Krishnan
Date of Birth	6 <sup>th</sup> June 1940
Qualification	B.E. (Mech Engg)
Profession	Service
Expertise	Development of Auto Components
Other Directorships	<ol style="list-style-type: none"> <li>1. Amtek Ring gears Limited</li> <li>2. Amtek Crankshaft (India) Limited</li> </ol>
Shareholding in the Company	NIL

By order of the Board  
For Ahmednagar Forgings Limited

Sd/-

Place : New Delhi  
Date : 24th November, 2010

(S. N. Rajagopalan)  
Whole Time Director

# Directors' Report

AHMEDNAGAR FORGINGS LIMITED



TO

THE MEMBERS,  
AHMEDNAGAR FORGINGS LIMITED

Your Directors have pleasure in presenting the Thirty third Annual Report and the Audited Accounts of the Company for the year ended 30<sup>th</sup> June 2010.

## FINANCIAL INFORMATION

(Rs. in Lacs)

PARTICULARS	Year ended 30th June 2010	Year ended 30th June 2009
Sales / Income from operations	66,532.91	51,755.67
Expenditures	52,788.00	43,507.53
Gross Profit	13,744.91	8,248.14
Depreciation	4,332.04	2,930.16
Profit Before Tax	9,412.87	5,317.98
Provisions for Taxation	3,004.25	1,726.24
Profit after Tax	6,408.62	3,591.74
Add. Accumulated Profit	3,304.15	4,120.96
Balance available for appropriation	9,712.77	7,712.70
<b>APPROPRIATIONS:</b>		
Transfer to General Reserve	4,000.00	4,000.00
Proposed Dividend on Equity Shares	735.00	349.20
Provision for Tax and cess on Dividend	122.07	59.35
Dividend & tax for previous year (Not appropriated in the previous year)	21.41	-
Surplus carried to Balance Sheet	4,834.29	3,304.15

## DIVIDEND

The Directors of your Company are pleased to recommend a dividend of Rs. 2/- per equity shares of Rs. 10/- each for the financial year 2009-10. The proposed dividend, if approved at the ensuing Annual General Meeting, would result in appropriation of RS. 857.07 Lacs (including Corporate Dividend Tax of Rs. 122.07 Lacs) out of the profits. The Company has made transfer of Rs. 4000 Lacs to the General Reserve.

The Register of members and share transfer books shall remain closed from 28<sup>th</sup> December 2010 to 31<sup>st</sup> December 2010 (both days inclusive), for the purpose of Annual General Meeting and payment of dividend.

## FINANCIAL PERFORMANCE

During the year under review, the Company has recorded an income of Rs. 66532.91 lacs as against a total income of Rs. 51755.67 lacs in the previous year thus recording an increase in income of 28.55% over the previous year. The profit after tax Company for the year stands at Rs. 6408.62 lacs as against the corresponding year figure of Rs. 3591.74 lacs thus registering increase of 78.43% on year to year basis. The Company has a strong reserve position of Rs. 48534.40 lacs.

## EXPANSION OF CAPACITY

During the year under review, the Company has expanded its steel forging capacities from 165000 tpa to 225000 tpa by increasing the capacities at the existing plants.

## SHARE CAPITAL

During the year under review the Company has converted 18,30,000 warrants into equivalent number of equity shares of Rs. 10/- per share at a premium of Rs. 37/- per share aggregating to Rs. 6.45 Crores and allotted the same to the promoters of the Company, in accordance with Chap. VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations 2009.



## AHMEDNAGAR FORGINGS LIMITED

### DIRECTORS

Mr. Deshpal Singh Malik & Mr. Sitaraman Easwara Krishnan retire at the ensuing Annual General meeting and being eligible offer themselves for re-appointment.

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under clause 49 of the Listing Agreements with the Stock Exchanges in India, are provided in the notice forming part of the Annual Report.

### AUDITORS

The Auditors of the Company M/s Manoj Mohan & Associates, Chartered Accountants, Delhi hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. A Certificate from Auditors have been received to the effect that their appointment, if made, would be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

Notes forming part of accounts, which are specifically referred to by the auditors in their report, are self explanatory and therefore, do not call for any further comments.

### SHARE CAPITAL AUDIT

As per the directive of the Securities and Exchange Board of India (SEBI) M/s Iqneet Kaur & Co., Company Secretaries, New Delhi, undertakes a Share Capital Audit on quarterly basis. The purpose of the audit is to reconcile the total shares held in CDSL, NSDL and in physical form with the admitted, issued and listed capital of the Company.

The Share Capital Audit Report as submitted by the Auditor on quarterly basis were forwarded to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited where the shares of the Company are listed.

### FIXED DEPOSITS

During the year under review, the Company has not accepted any public deposits under Section 58 A & 58 AA of the Companies Act, 1956.

### DEMATERIALISATION OF SHARES

The Company's equity shares are available for dematerialization on both the depositories viz., NSDL & CDSL. Shareholders may be aware that SEBI has made trading in your Company's shares mandatory, in dematerialized form. As on 30<sup>th</sup> June 2010 3,58,64,362 equity shares representing 97.59 % of your Company's Equity share capital have been dematerialised.

### LISTING AT STOCK EXCHANGES

The shares of Company are listed on Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

The Company has paid the annual listing fee to the Stock Exchanges for the year 2010 - 2011.

### STATUTORY INFORMATION

- Particulars of Employees under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 may be taken as Nil.
- Statutory details of Energy Conservation and Technology Absorption, R & D activities and Foreign Exchange Earning and Outgo, as required under Section 217(1) (e) of the Companies Act, 1956 and rules prescribed there under i.e. the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are given in the Annexure and form part of this Report (Please refer Annexure- I)

### CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Director's Report and a certificate from the Company's auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 VII of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.





## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of financial condition including the results of operations of the Company for the year under review as required under Clause 49 of the Listing Agreement with Stock Exchanges is presented in a separate section forming part of the Annual Report.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby stated and confirmed :-

- That in the preparation of the annual accounts for the financial year ended 30th June 2010 the applicable accounting standards have been followed;
- That the Directors had selected such accounting policies and applied them consistently and made judgments 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 the year under review;
- 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; and
- That the Directors had prepared the annual accounts on a going concern basis.

## INDUSTRIAL RELATIONS

During the year under review, the relations between the Management and the workmen were highly cordial.

## INVESTOR RELATIONS

Your Company always endeavors to keep the time of response to shareholders' requests/grievances at the minimum. Priority is accorded to address all the issues raised by the shareholders and provide them a satisfactory reply at the earliest possible time. The shareholders' and investors' Grievances committee of the Board meets periodically and reviews the status of the redressal of investors' grievances. The shares of the Company continue to be traded in Electronic Form and the De-materialisation arrangement exists with both the depositories, viz., National Securities Depository Limited and Central Depository Services (India) Limited.

## EMPLOYEE WELFARE

Your Company demonstrated that it is a caring organization by continuing to devise and implement several welfare measures for the employees and their families. Employee welfare programmes and schemes were implemented with utmost zeal and they were constantly reviewed and improvements were made wherever necessary.

## ACKNOWLEDGEMENT

Your Directors would like to place on record their appreciation for the contribution made by the employees at all levels, who, through their competence, hard work, solidarity, co-operation, support and commitment have enabled the Company to achieve its strong growth.

Your Directors acknowledge with thanks the continued support and valuable co-operation extended by the business constituents, investors, vendors, bankers and shareholders of the Company. Your Directors also take this opportunity to offer their sincere thanks to the Financial Institutions, Banks and other Government Agencies for their continued support and assistance.

By order of the Board  
For Ahmednagar Forgings Limited

Place : New Delhi  
Date : 24th November, 2010

Sd/-  
(Arvind Dham)  
Chairman



## ANNEXURE TO THE DIRECTORS' REPORT 2009-2010

### A. INFORMATION REQUIRED UNDER SECTION 217(I) (e) OF THE COMPANIES ACT, 1956

#### I. Research & Development (R&D)

- |  |   |  |
|--|---|--|
| a) Specific area in which (R&D) carried out by the Company | : | i) Product design & development<br>ii) Process design & improvement for various products |
| b) Benefits derived as result                              | : | i) Reduction in process time<br>ii) Higher productivity<br>iii) Consistent quality       |
| c) Future plan of action in Mfg. Process & operation       | : | To achieve better yield by way of cost reduction through higher level of automation      |

#### II. Technology Absorption:

- |  |   |  |
|--|---|--|
| a) Efforts in brief towards technology absorption  | : | The Company has indigenised and absorbed technological changes as advised by collaborators in the past.                    |
| b) Benefits derived as a result of above efforts e.g product   | : | i) Cost reduction to savings in raw material dies & moulds & power & fuel<br>ii) Increase in productivity & better quality |
| c) In case of imported technology (import) during the last 6 years reckoned from the beginning of the financial year | : | N.A  |

#### III. Foreign Exchange Outgo:

Activities Relating to Exports: Initiatives taken to increase exports; developments of new export markets for products and services; and export plans.

The Company has strategic alliance with its group Companies in Europe and USA, to increase its share of business in the international market, which has access to all automobile majors in the U.S and European market and existing supplier, business relationship.

	(Rs in Lacs)	
	Current Year	Previous Year
Foreign Exchange Used :	9.79	87.76
IV. Conservation of Energy	Current Year	Previous year
<b>A. Power &amp; Fuel consumption</b>		
1. Electricity Purchased		
Purchased Units (in Lacs)	178.10	164.58
Total Amt. (Rs in Lacs)	1,238.16	709.99
Average Rate Per Unit (Rs.)	6.95	4.31
2. Own generation through Generator		
Quantity- K.Litres	4,670.43	5,815.23
Total Cost (Rs in Lacs)	1,629.04	1782.96
Average Rate Per Liter (Rs)	34.88	30.66
<b>B. Consumption Per Unit of Production</b>		
Auto Components (MTs)	79,031.00	53,343.00
Cost/M.Ton	3,627.94	4,673.43



# Report on Corporate Governance

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has implemented and continuously strives to improve the Corporate Governance practices which attempt to meet stakeholders expectations and Company's societal commitments through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making and conducting business and finally with strict compliance with regulatory guidelines on governance.

## II. BOARD OF DIRECTORS

The Business of the Company is managed by the Board of Directors. The functions of the Board include formulation of strategic business plans, budgets, setting up goals and evaluation of performance, approving corporate philosophy and mission, monitoring corporate performance against strategic business plans, overseeing operations, recruitment of senior management personnel, review of material investment and fixed assets transactions, ensuring compliance with laws and regulations, keeping shareholders informed regarding plans, strategies and performance of the Company and other important matters.

The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Executive Director along with a team of professionals manages the day-to-day operations of the Company. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business, industry and finance. The Board of Directors has the optimum combination of executive and non executive directors with more than half the Directors being non-executive. Since the Company has a Non Executive Chairman, the Board's composition meets the stipulated requirement of at least one third of the Board comprising of Independent Directors who have no professional and/or business relationship with the Company.

### A. Composition of Directorships

The constitution of the Board as on June 30, 2010:-

Non Executive Chairman  
Mr. Arvind Dham

Promoter Director	Whole Time Director	Non Executive Director	Non Executive and Independent Director
Mr. Arvind Dham	Mr. S.N. Rajagopalan	Mr. D.S. Malik Mr. Gautam Malhotra	Mr. B. Lugani Mr. S.E. Krishnan Mr. Vivek Agarwal

### B. Pecuniary Relationship

There is no pecuniary relationship or transaction of the non-executive Directors vis-à-vis the Company.

### C. Attendance Record of Board Meetings

During the year under review, Five Board meetings were held on 30.07.2009, 31.10.2009, 02.12.2009, 29.01.2010, 30.04.2010. The Board members are given appropriate documents and information in advance of each Board meeting.

The attendance record of all the Directors on the Board is as under:-

Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Arvind Dham	3	NO
Mr. D. S. Malik	3	NO
Mr. S.E. Krishnan	4	NO
Mr. B. Lugani	4	NO
Mr. S.N. Rajagopalan	3	NO
Mr. Gautam Malhotra	3	YES
Mr. Vivek Agarwal	3	YES



**D. Directors of the Company having directorship in other Companies, Membership/Chairmanship in committees (as prescribed under Corporate Governance) across all Companies in which they are directors.**

Name of Director	Category of Directorship	No. of other directorships held in Other Public Companies*	No. of Membership in other companies committees **	
			Member	Chairman
Mr. Arvind Dham	Non Executive – Chairman	4	3	–
Mr. S.N. Rajagopalan	Executive - Managing Director	0	–	–
Mr. D.S. Malik	Non Executive	5	2	1
Mr. S.E. Krishnan	Independent & Non Executive	3	3	1
Mr. B. Lugani	Independent & Non Executive	1	4	1
Mr. Gautam Malhotra	Non Executive	2	–	–
Mr. Vivek Agarwal	Independent & Non Executive	1	–	–

Mr. Arvind Dham, is Chairman and Director of the Holding Company, Amtek Auto Limited, Mr. D.S. Mailk is the Managing Director of the holding Company.

\* This excludes directorship held in Private Companies, Foreign Companies and Companies formed under section 25 of the Companies Act, 1956

\*\*In accordance with clause 49, Membership/Chairmanships of only Audit Committee and Shareholders/Investor's Grievance Committee in all Public Limited Companies have been considered.

### III. BOARD PROCEDURES

The members of the Board have been provided with the requisite information as per Listing Agreement well before the Board Meeting and the same was dealt with appropriately.

All the Directors who are in various committees are within the permissible limit of the Listing Agreement and none of the Directors are disqualified for appointment as director under any provision of the Companies Act, 1956.

### IV. AUDIT COMMITTEE

Presently, the Audit Committee comprises of three member directors. All the members of the committee viz. Mr. B. Lugani (Chairman), Mr. S.E. Krishnan and Mr. D.S. Malik are non-executives directors out of which two are independent directors. The Chairman of the Audit Committee is an independent Director. The constitution of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and the Listing Agreement. All the members of the Audit Committee have requisite accounting and financial management expertise.

The terms of reference, role and power of the Audit Committee are in conformity with the guidelines as set out in the Clause 49 of the listing agreement and as prescribed under section 292A of the Companies Act, 1956.

During the year , the committee met 5 times and the attendance of each member at the meetings was as under:

Name of Member	Status	No. of Meetings attended
Mr. B. Lugani	Chairman	5
Mr. S. E. Krishnan	Director	5
Mr. D. S. Malik	Director	5

The Head of Finance, Internal Auditors and Statutory Auditors are invited to the Audit Committee meetings from time to time. Further, representatives from various departments of the Company also attended the meetings as and when desired by the members of the committee and clarified questions raised at the Audit Committee. The Company Secretary acts as the Secretary to the Committee.