



**AHMEDNAGAR
FORGINGS
LIMITED**

34th ANNUAL REPORT
2010 - 2011



AHMEDNAGAR FORGINGS LIMITED

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Board of Directors

Mr. Arvind Dham	<i>Chairman</i>
Mr. S. 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

Ms. Divya Pandita

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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 is hereby given that **Thirty Fourth** Annual General Meeting of the members of the Company will be held on Saturday, the **31st December 2011** at the Registered Office of the Company situated 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 receive, consider and adopt the Audited Balance Sheet of the company as at 30th June, 2011 and Profit and Loss Account for the year ended on that date together with Director's and Auditor's Report thereon.
2. To appoint a Director in place of **Mr. Arvind Dham**, who retires by rotation & being eligible offers himself for re-appointment
3. To appoint a Director in place of **Mr. Vivek Kumar Agarwal** 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

Sd/-

(S. Rajagopalan)

Whole Time Director

Place : New Delhi

Date : 12th November, 2011

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 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. prior to the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 28th December, 2011 to 31st December, 2011 (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 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 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 up to a day preceding 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 30th, 2012.**
 - 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 27th, 2011.**
 - b) In respect of shares held in electronic form, to beneficial owners as furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited(CDSL) as at the end of business hours on **December 27th, 2011.**



10. Consequent upon the introduction of Section 205A of the Companies Act, 1956, and introduction of Section 205C by the Companies (Amendment Act) 1999, the amount of dividend which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund established by the Central Government, Shareholders who have not en-cashed their dividend warrant(s) so far for the financial year ended 30th June, 2004 or any subsequent financial years are requested to make their claim to the R&T Agents of the Company. According to the provisions of the Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.
11. 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. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participants.
- 12. 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 Agents, with their ECS mandate in the prescribed form, which is available elsewhere in the Annual Report or can be obtained from the Registrar & Share Transfer Agents.

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

Name	Mr. Arvind Dham
Date of Birth	15 th March, 1961
Qualification	B.Arch. from Chandigarh College of Architecture, Punjab University.
Profession	Industrialist
Expertise	Setting up New Projects
Other Directorships	1. Amtek India limited 2. Amtek Auto Limited 3. Amtek Crankshafts India Limited 4. Amtek Ring Gears Ltd. 5. Symbios Personnel Advices and Services Ltd.
Name	Mr. Vivek Agarwal
Date of Birth	15 th June 1970
Qualification	Master of Finance and Control
Profession	Service
Expertise	Finance and Accounts
Other Directorships	1. Suyaan Transmission Ltd.

By order of the Board
For Ahmednagar Forgings Limited

Sd/-

(S. Rajagopalan)

Whole Time Director

Place : New Delhi
Date : 12th November, 2011

Directors' Report

AHMEDNAGAR FORGINGS LIMITED



TO

THE MEMBERS,
AHMEDNAGAR FORGINGS LIMITED

Your Directors have pleasure in presenting the **Thirty Fourth** Annual Report and the Audited Accounts of the Company for the year ended **30th June 2011**.

FINANCIAL INFORMATION

(Rs. in Lacs)

PARTICULARS	Year ended 30th June 2011	Year ended 30th June 2010
Sales & Other Income	93725	66533
Expenditures	73497	52788
Gross Profit Before Depreciation	20228	13745
Depreciation	4995	4332
Profit Before Tax	15233	9413
Tax Expenses	4418	3004
Profit after Tax	10815	6409
Add : Accumulated Profit	4835	3304
Balance available for appropriation	15650	9713
APPROPRIATIONS:		
Transfer to General Reserve	5000	4000
Transfer to Debenture Redemption Reserve	—	—
Transfer to F.C.C.B. Redemption Reserve	—	—
Proposed Dividend on Equity Shares	735	735
Dividend & tax for Previous year(not appropriated in previous year)	—	22
Corporate Dividend Tax	119	122
Surplus Carries to Balance Sheet	9796	4834

BUSINESS PERFORMANCE

During the year under review, the Turnover of the Company was Rs. 93,725 Lacs compared to the previous year of Rs. 66,533 Lacs, recording an increase of 40.8% year on year. The Profit after Tax of the Company for the year is Rs. 10,815/- Lacs as compared to the previous year of Rs. 6,409 Lacs, recording an increase of 68.74% year on year. The Company has a strong reserve position of Rs. 58,496 Lacs.

DIVIDEND

The Board of Directors is pleased to recommend a dividend of 20 % of the face value of each equity share for the financial year 2010-11 for shareholder approval. This corresponds to Rs. 2.00 per equity share each with a face value of Rs. 10.00 each fully paid up. The proposed dividend, if approved, at the ensuing Annual General Meeting, would result in appropriation of Rs. 854 Lacs (including Corporate Dividend Tax of Rs. 119 Lacs) out of the Profits after Tax. The Company has made a transfer of Rs. 5,000 Lacs to the General Reserve.

The Register of members and share transfer books shall remain closed from 28th December 2011 to 31st December 2011 (both days inclusive), for the purpose of Annual General Meeting and payment of the dividend.

DIRECTORS

In accordance with Section 256 of Companies Act, 1956 and the Article of Association of the Company, Mr. Arvind Dham & Mr. Vivek Agarwal Directors of the Company retire at the ensuing Annual General meeting and being eligible offer themselves for re-appointment. The board recommends their reappointment.

Brief resumes of the Directors proposed to be reappointed, nature of their industrial expertise in specific functional areas and names of the Companies in which they hold directorships are provided in the notice forming part of the Annual Report. Further, the names of the Companies in which they hold the membership of the Committees



of the Board, as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges are provided in the Corporate Governance Section of this Annual Report.

AUDITORS

The Statutory Auditors of the Company M/s Manoj Mohan & Associates, Chartered Accountants, Delhi having firm registration No. 009195C hold office until the conclusion of the next Annual General Meeting and are recommended for reappointment. A Certificate from the 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.

AUDITORS' REPORT

Notes forming part of Annual Accounts, which are specifically referred to by the Statutory 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 Board of India (SEBI) M/s Iqneet Kaur & Company, Company Secretaries, New Delhi, undertakes a Share Capital Audit on a quarterly basis. The purpose of the audit is to reconcile the total number of shares held in CDSL, NSDL and in physical form with the admitted, issued and listed capital of the Company.

The Share Capital Audit Reports as submitted by M/s Iqneet Kaur & Company, Company Secretaries, New Delhi, on a quarterly basis were forwarded to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited where the equity shares of the Company are listed.

FIXED DEPOSITS

During the year under review, the Company did not accept any fixed deposits under Section 58A and 58AA of the Companies Act, 1956.

DE-MATERIALISATION OF SHARES

The Company's equity shares are available for de-materialization on both the depositories viz., NSDL and CDSL. Shareholders may be aware that SEBI has made trading in your company's shares mandatory, in de-materialized form. As on 30th June 2011, 35,939,921 equity shares representing 97.8% of your Company's paid up equity share capital has been de-materialised.

LISTING AT STOCK EXCHANGE

The equity shares of Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Company has paid its annual listing fee to the stock exchanges for the financial year 2011 - 2012.

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 the certificate from the Company's statutory auditors confirming compliance of Corporate Governance norms as stipulated in clause 49 VI of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis of the Company's 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 exchange 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 on 30.06.2011, 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 2011 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 for the financial year ended on 30.06.2011 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 : 12th November, 2011

Sd/-
(Arvind Dham)
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT 2010-2011****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
ii) Process design & improvement for various products |
| b) Benefits derived as result | : | i) Reduction in process time
ii) Higher productivity
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 Absorbition:

- | | | |
|--|---|--|
| a) Efforts in brief towards technology absorbition | : | 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
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 :	14.78	9.79
IV. Conservation of Energy	Current Year	Previous year
A. Power & Fuel consumption		
1. Electricity Purchased		
Purchased Units (in Lacs)	244.51	178.10
Total Amt. (Rs in Lacs)	1,669.43	1,238.16
Average Rate Per Unit (Rs.)	6.83	6.95
2. Own generation through Generator		
Quantity- K.Litres	3,666.34	4,670.43
Total Cost (Rs in Lacs)	1,614.31	1,629.04
Average Rate Per Liter (Rs)	44.03	34.88
B. Consumption Per Unit of Production		
Auto Components (MTs)	112,125.00	79,031.00
Cost/M.Ton	3,288.29	3,627.94

Report on Corporate Governance

ANNEXURE I

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Ahmednagar Forging Limited 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, 2011:-**

**Non Executive Chairman
Mr. Arvind Dham**

Promoter Director	Whole Time Director	Non Executive Director	Non Executive and Independent Director
Mr. Arvind Dham	Mr.S. 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 independent Directors vis-à-vis the Company.

C. Attendance Record of Board Meetings

During the year under review, Five Board meetings were held on 10/08/2010, 30/10/2010, 24/11/2010, 11/02/2011, 29/04/2011, The Board members are given appropriate documents and information in advance of each Board meeting.

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

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



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	5	3	–
Mr. S. Rajagopalan	Executive - Whole Time Director	0	–	–
Mr. D.S. Malik	Non Executive	5	2	1
Mr. S.E. Krishnan	Independent & Non Executive	2	2	1
Mr. B. Lugani	Independent & Non Executive	2	2	–
Mr. Gautam Malhotra	Independent & Non Executive	2	2	–
Mr. Vivek Agarwal	Independent & Non Executive	1	–	–

Mr. Arvind Dham, is Chairman and Director and Mr. D.S. Malik is the Managing Director of the Amtek Auto Limited, the holding company of Ahmednagar Forgings Limited.

* 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 provided by the Listing Agreement and none of the Directors is disqualified for appointment as director under any provision of the Companies Act, 1956.

IV. AUDIT COMMITTEE

Presently the Audit Committee comprises of three 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	Member	5
Mr. D.S. Malik	Member	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.