



**AHMEDNAGAR
FORGINGS
LIMITED**

35th ANNUAL REPORT
2011 - 2012



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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 Kumar Agarwal	<i>Director</i>

Company Secretary

Ms. Swati Ahuja

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Registered Office

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

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.
IDBI 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 Fifth** Annual General Meeting of the members of the Company will be held on Friday, **the 28th December 2012** 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, 2012 and Statement of Profit and Loss for the year ended on that date together with Director's and Auditor's Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of **Mr. B. Lugani**, who retires by rotation & being eligible, offers himself for re-appointment
4. To appoint a Director in place of **Mr. Gautam Malhotra**, who retires by rotation & being eligible, offers himself for re-appointment.
5. To appoint the Auditors of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT M/s Manoj Mohan & Associates, Chartered Accountants (Registration No. 009195C) be and is hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as fixed by the Board of Directors.”

By order of the Board
For Ahmednagar Forgings Limited

Sd/-
(Arvind Dham)
Chairman

Place : New Delhi
Date : 25th October, 2012

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. CORPORATE MEMBERS ARE REQUESTED TO SEND A DULY CERTIFIED COPY OF THE BOARD RESOLUTION/POWER OF ATTORNEY AUTHORIZING THEIR REPRESENTATIVE TO ATTEND AND VOTE ON THEIR BEHALF AT THE ANNUAL GENERAL 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 date of meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from **26th December 2012 to 28th December 2012** (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 Annual 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 upto 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. Non-resident Indian Members are requested to inform Beetal Financial & Computer Services Pvt. Ltd. immediately on:
 - a) the change in the residential status on return to India for permanent settlement.
 - b) the particulars of the bank accounts maintained in India with complete name of bank, branch, account type, account number and address of the bank, if not furnished earlier.
10. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting shall be paid on or before **January 27th, 2013**.
 - 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 24th, 2012**.
 - 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 of **December 24th, 2012**.
11. 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, 2005 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.
12. 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.
13. **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.
14. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed Companies to share documents with its shareholders thorough an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering/updating their e-mail addresses for receiving electronic communications.



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

Name	Mr. B. LUGANI
Date of Birth	22 nd July 1955
Qualification	Chartered Accountant
Profession	Financial and Management Consultant
Expertise	Accounting, Taxation and Financial Matter
Other Directorships*	1. IFFCO- TOKIO General Insurance Company Limited 2. Amtek Auto Limited
Shareholding in the Company	NIL

Name	Mr. GAUTAM MALHOTRA
Date of Birth	3 rd March 1979
Qualification	B. E. (Computer Science), M.B. A.
Profession	Service
Expertise	Specialization in Acquisition
Other Directorships*	1. Amtek India Limited 2. Amtek Crankshafts (India) Limited 3. Amtek Laboratories Limited
Shareholding in the Company	NIL

*This excludes Directorships of Private Limited Companies, Foreign Companies and Section 25 Companies and their Committee memberships.

By order of the Board
For Ahmednagar Forgings Limited

Sd/-
(Arvind Dham)
Chairman

Place : New Delhi
Date : 25th October, 2012

Directors' Report

AHMEDNAGAR FORGINGS LIMITED



TO

THE MEMBERS,
AHMEDNAGAR FORGINGS LIMITED

Your Directors have pleasure in presenting the **Thirty Fifth** Annual Report of your Company and the Audited Accounts for the year ended **30th June 2012**.

BUSINESS SNAPSHOT

Ahmednagar Forgings is the second largest Forging Company in India with world class manufacturing facilities. These have significant locational advantages through their proximity to the automotive manufacturer hubs in the North and West regions of India. Ahmednagar Forgings has state-of-the-art facilities with presses, hammers, upsetters and ring rolling machines. It has an extensive product portfolio with a range of highly engineered components including camshafts, connecting rods, crankshaft, crown wheel pinion and front axle beam. The Company supplies components for passenger cars, light and heavy commercial vehicles, 2/3 wheelers and tractors. It also manufactures components for non-auto industry such as the railways and specialty vehicles. The Company serves diversified client base. Ahmednagar Forgings is well positioned in the Indian auto component market. The Company is also backed by number of leading investors.

FINANCIAL INFORMATION

(Rs. in Lacs)

Particulars	Year ended 30th June 2012	Year ended 30th June 2011
Sales/other Income from Operations	121843	93724
Expenditures	98577	73496
Gross Profit Before Depreciation	23266	20228
Deprecation	6130	4995
Profit Before Tax	17136	15233
Provisions for Taxation	5049	4418
Profit after Tax	12087	10815
Add: Accumulated Profit	9796	4834
Balance available for appropriation	21883	15649
APPROPRIATIONS:		
Transfer to General Reserve	17500	5000
Transfer to Debenture Redemption Reserve	Nil	Nil
Foreign currency convertible bond redemption reserve	Nil	Nil
Proposed Dividend on Equity Shares	368	735
Provision for Tax & CESS on dividend	60	119
Dividend and Tax for previous year (Not appropriated in previous year)	—	—
Surplus carried to Balance Sheet	3956	9796

FINANCIAL PERFORMANCE

During the year under review, the total income of the Company was Rs. 121,843 Lacs compared to the previous year of Rs. 93,724 Lacs, recording an increase of 30% year on year. The Profit after Tax of the Company for the year was Rs. 12,087 Lacs as compared to the previous year of Rs. 10,815 Lacs, recording an increase of 11.76% year on year. The Company has a strong reserve position of Rs. 70156 Lacs.

DIVIDEND

The Board of Directors is pleased to recommend a dividend of 10% of the face value of each Equity Share for the financial year 2011-12 for shareholder approval. This corresponds to Rs. 1.00 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. 428 Lacs (including Corporate Dividend Tax of Rs. 60 Lacs) out of the Profits after Tax. The Company has made a transfer of Rs. 17,500 Lacs to the General Reserve.

The Register of members and share transfer books shall remain closed from 26th December 2012 to 28th December 2012 (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. B. Lugani & Mr. Gautam Malhotra, Directors of the Company shall retire by rotation and being eligible offer themselves for re-appointment. The board recommends their re-appointment at the ensuing Annual General Meeting.

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/Chairmanship 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

M/s. Manoj Mohan & Associates, Chartered Accountants, New Delhi, Auditor of the Company, hold office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment.

The Company has received letter from M/s. Manoj Mohan & Associates, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified from such appointment in terms of Section 226 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.

EXTERNAL COMMERCIAL BORROWING

During the year under review, the Company raised a foreign currency loan of US\$ 20 Million for a period of 5 years through External Commercial Borrowings ("ECB") for Capital Expenditure of the Company.

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.

CASH FLOW STATEMENT

As required by Clause 32 of the Listing Agreement a Cash Flow Statement is annexed and forms part of the Annual Report.

DEMATERIALIZATION OF SHARES

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE 425A01011. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by the Securities and Exchange Board of India (SEBI).

The equity shares of the Company are actively traded on BSE and NSE.

Status of Dematerialisation of Shares

As on 30th June 2012, 35955148 representing 97.84% 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 2012 - 2013.



RECONCILIATION OF SHARE CAPITAL AUDIT

The Securities and Exchange Board of India has directed that all issuer companies shall submit a certificate reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/ paid up capital. The said certificate, duly certified by a qualified chartered accountant/ company secretary is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

The Share Capital Audit Reports as submitted by M/s Iqneet Kaur & Company, Company Secretaries, on quarterly basis were forwarded to the Stock Exchanges where the Equity Shares of the Company are listed.

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 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 on 30.06.2012, 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 2012 and of the profit 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 30.06.2012 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.

**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 wish to place on record the sincere and dedicated efforts of all the members of the Company's team that has made it possible to achieve excellent growth. Your Directors also take this opportunity to offer their sincere thanks to the Financial Institutions, Banks and other Government Agencies, our valued customers and the investors for their continued support, co-operation and assistance

Your Directors also wish to acknowledge the contribution made by the employees at all levels and above all the trust and confidence reposed by the shareholders.

By order of the Board
For Ahmednagar Forgings Limited

Sd/-
(Arvind Dham)
Chairman

Place : New Delhi
Date : 25th October, 2012



ANNEXURE- I TO THE DIRECTORS' REPORT 2011-2012

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 Absorbtion:

- | | | | |
|----|---|---|--|
| a) | Efforts in brief towards technology absorbtion | : | 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 :	429.50	14.78
IV. Conservation of Energy	Current Year	Previous year
A. Power & Fuel consumption		
1. Electricity Purchased		
Purchased Units (in Lacs)	333.10	244.51
Total Amt. (Rs in Lacs)	2,065.31	1,669.43
Average Rate Per Unit (Rs.)	6.20	6.83
2. Own generation through Generator		
FO/LDO (Ltrs)		
Quantity- K.Litres	3,224.95	3,666.34
Total Cost (Rs in Lacs)	1,376.04	1,614.31
Average Rate Per Liter (Rs)	42.67	44.03
LPG (Kgs.)		
Quantity- Kg.	9.06	8.28
Total Cost (Rs in Lacs)	584.90	403.26
Average Rate Kgs. (Rs)	48.73	48.73
B. Consumption Per Unit of Production		
Auto Components (MTs)	136,306.00	112,125.00
Cost/M.Ton	2,953.83	3,288.29