



# **Amforge Industries Limited**

**40<sup>TH</sup> | ANNUAL REPORT  
2011-2012**



## **Amforge Industries Limited**

### **Annual Report 2011 - 2012**

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#### **Board of Directors:**

- (1) Shri. Puneet Makar
- (2) Shri. Yogiraj Makar
- (3) Shri. Fali Mama
- (4) Shri. Rakesh Khanna
- (5) Shri. Sunil Aggarwal
- (6) Shri. Bhushanlal Gupta

#### **Registered / Corporate Office:**

108-111, Raheja Chambers  
Free Press Journal Marg  
Nariman Point, Mumbai – 400021.

Telephone: 022-66365962  
Fax : 022- 66365964

Website: [www.amforgeindia.com](http://www.amforgeindia.com)  
Emails: [amfcosec@mtnl.net.in](mailto:amfcosec@mtnl.net.in) /  
[secretarial@amforgeindustries.com](mailto:secretarial@amforgeindustries.com)

#### **Registrar & Transfer Agents:**

M/s. Sharex Dynamic (India) Pvt Ltd.  
Unit-1, Luthra Industrial Premises  
Safed Pool, Andheri-Kurla Road  
Andheri (E), Mumbai-400072.

Telephone: 022-28515644.  
Fax: 022-28512885.

Website: [www.sharexindia.com](http://www.sharexindia.com)  
Email - [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)

#### **Solicitors :**

Mulla & Mulla, Craigie Blunt & Caroe  
Mulla House,  
51, M.G. Road, Fort  
Mumbai – 400023.

#### **Auditors :**

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

40th Annual General Meeting on Friday, the 28th September, 2012 at 2.30 p.m at Maharashtra Chamber of Commerce, Babasaheb Dahanukar Hall, Orion House, 6th Floor, 12, K.Dubash Road, Fort, Mumbai-400001.

## Notice

Notice is hereby given that the **40th Annual General Meeting of Amforge Industries Limited** will be held on Friday, the 28th September, 2012 at 2.30 p.m. at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Oricon House, 6th Floor, 12, K. Dubhash Road, Fort, Mumbai – 400 001 to transact the following items of business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and Profit & Loss Account for the year ended on that date, together with the reports of the Directors and the Auditors.
2. To appoint a Director in place of Shri. Rakesh Khanna, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Bhushanlal Gupta, who retires by rotation and, being eligible, offers himself for re-appointment
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS:**

5. To consider and, if thought fit to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

**“RESOLVED THAT** Shri. Puneet Makar be and is hereby reappointed as “Managing Director” of the Company for a further period of three years, w.e.f. 2nd February, 2012.”

**“RESOLVED FURTHER THAT** pursuant to the approval of the Remuneration Committee accorded in their meeting held on 1st February, 2012 and subject to approval of the Shareholders of the Company by means of Special Resolution and pursuant to the provisions of Sections 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, the following remuneration be paid to Shri. Puneet Makar:

1. **Salary :** ₹ 150,000/- per month.
2. **Commission:** It shall not be more than 1% of net profits of the company.
3. **Perquisites:**

Perquisites including allowances, if any, may be paid in such a form and to such an extent as may be decided by the Board from time to time so that the remuneration including perquisites shall not exceed 5% of net profits of the Company and in the year of absence of profits or inadequacy of profits, the value of these perquisites shall not exceed ₹1,00,000/- per month or ₹12,00,000 per annum -

#### **a) Housing :**

i) The expenditure by the Company on hiring unfurnished accommodation subject to the ceiling of sixty per cent of the salary over and above ten per cent payable by Shri. Puneet Makar.

ii) In case the accommodation owned by the Company is provided, Shri. Puneet Makar shall pay to the Company ten per cent of his salary.

iii) In case no accommodation is provided by the Company, Shri. Puneet Makar shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing-i.

**Explanation:**

The Expenditure incurred by the Company on gas, electricity water and furnishings will be evaluated as per the Income Tax Rules, 1962.

**b) Medical Reimbursement:**

Expenses incurred for self and family subject to a ceiling of one month's salary in a year or five months' salary over a period of five years. In case of Medical expenses incurred abroad, on special treatment, the same may be paid / reimbursed in addition to the above subject to the provisions in the Act/Rules in this regard and as may be approved by the Board.

**c) Leave Travel Concession:**

For self and family once in a year incurred in accordance with the rules of the Company.

**d) Club Fees**

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

**e) Personal Accident Insurance**

Premium not to exceed ₹ 4000/- per annum.

**Explanation:**

"Family" means the spouse, the dependent children and dependent parents.

**4. Contribution to Provident Fund, Etc.**

Contribution to Provident Fund, Superannuation fund or Annuity Fund shall be as per the Rules of such Funds in force but, however, the amount so contributed will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

**5. Gratuity:**

Gratuity payable shall not exceed half a month's salary for each completed year of service. The amount so contributed will not be included in the computation of ceiling on perquisites.

**6. Encashment of leave at the end of the tenure:**

**7. Provision of car for use on Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephones and use of car for private purpose shall be billed by the Company to Shri. Puneet Makar."**

**"RESOLVED FURTHER THAT** the Board of Directors of the Company ("THE BOARD") be and is hereby authorized to vary Shri. Puneet Makar's designation and also alter, increase, or modify the terms and conditions of remuneration and or perquisites payable to him during the aforesaid period but so as not to exceed the maximum permissible limits specified in Schedule XIII of the Companies Act, 1956, for the time being and from time to time, in force."

**“RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits during Shri. Puneet Makar’s term of office, the remuneration mentioned above shall be payable as minimum remuneration subject to restrictions and conditions provided under Section II of Part II of Schedule XIII to the Act.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things as may be required to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolutions.”

By Order of the Board of Directors

Puneet Makar  
Chairman & Managing Director

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

Place: Mumbai  
Date: 13-08-2012

## **NOTES:**

- a) An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to item 5 and relevant details in respect of item 2 and 3 pursuant to clause 49 of the listing agreement are annexed.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A DULY COMPLETED PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from 21st September, 2012 to 28th September, 2012 (both days inclusive).
- d) Members, who desire any information as regards to the accounts, are requested to write to the Company, at least 10 days before the date of the meeting, so as to enable the Management to keep the information ready.
- e) Members holding shares in physical are requested to demat them immediately.
- f) Members are requested to notify change in address, if any, to the Company's Registrar & Transfer Agent / Depository Participants, for future correspondence.
- g) To support "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies by the central government, members are requested to register / update e-mail addresses so as to receive documents by electronic mode.
- h) Debentureholders' who have not claimed debenture interest / redemption, are requested to claim immediately since the amount remained unclaimed for more than 7 years shall be transferred to IEPF, pursuant to section 205C of the Companies Act, 1956.
- i) Members holding shares in the physical form are advised to avail the nomination facility in respect of their shares by filing the prescribed Form 2B (in duplicate). The prescribed form can be obtained from the Company's Registrar (R& TA). Members holding share in electronic form may contact the DP for recording their nomination.
- j) Members/ Proxies are requested to bring the attendance slip duly filled up and the copy of the Annual Report at the Annual General Meeting.

**ANNEXURE TO THE NOTICE PURSUANT TO THE PROVISIONS OF SECTION  
173(2) OF THE COMPANIES ACT, 1956  
EXPLANATORY STATEMENT**

**ITEM NO 5:**

Shri. Puneet Makar was re-appointed as Managing Director of the Company for a period of three (3) years w.e.f. 2nd February, 2012 by the Board of Directors in their meeting held on 1st February, 2012 and his remuneration was duly approved by the Remuneration Committee, as detailed remuneration prescribed in the special resolution at item no. 5 of the notice.

Shri. Puneet Makar (50), is a Graduate in Business Administration from the U.S.A. After his graduation, he entered into his family business of Amforge Industries Limited. The Company was into manufacturing of steel forgings viz. Crankshafts, Gears, Shafts, etc. catering to OEMs in India as well as overseas.

He was appointed as Joint Managing Director and later promoted to Chairman & Managing Director of the Company and has been serving the Company for the last two decades.

He has contributed his leadership qualities and dynamism to the growth of the Company, and undertaken a lot of tours all over the world to bring business and promotion of the products.

Where in any financial year, the Company incurs a loss or its profits are inadequate, the Company shall pay to Shri. Puneet Makar, the remuneration by way of salary and other allowances not exceeding the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

This resolution is being put up for the approval of the members as per the provisions of Schedule XIII of the Companies Act, 1956.

The above may be treated as an abstract under Section 302 of the Companies Act, 1956.

Shri. Puneet Makar himself and Shri. Yogiraj Makar, Directors of the Company, shall be deemed to be interested in the Resolution.

None of the directors, except Shri. Puneet Makar himself and Shri. Yogiraj Makar, are concerned or interested in this resolution.

By Order of the Board of Directors

Puneet Makar  
Chairman & Managing Director

Registered / Corporate Office:  
108-111, Raheja Chambers  
Free Press Journal Marg  
Nariman Point, Mumbai-400021

Place: Mumbai  
Date: 13-08-2012

## Details of Directors being appointed at Annual General Meeting (In Pursuance of Clause 49 (IV) (G) (i) of the Listing Agreements)

Name of Director	Shri. Rakesh Khanna	Shri. Bhushanlal Gupta	Shri Puneet Makar
Date of birth	14-1-1952	13-1-1938	12-8-1962
Qualification	B.Com (Hons), FCA	M.Com. D.S.W., CAIIB	BBA (USA)
Date of Appointment	29-1-2009	24-3-2005	1-10-1994
Expertise	Chartered Accountant Served the industry and profession in various capacities across various reputed over 3 decades	Financial Appraiser Real Estate Development	Corporate Strategy, Financial Management and affairs of the Company
Other Directorships	Foundation for Promotion of Sports & Games. Geecee Ventures Limited GCIL Finance Limited Mangal Keshav Capital Ltd Mangal Keshav Distributors Ltd Mangal Keshav Holdings Ltd Mangal Keshav Ins. Brokers Ltd Mangal Keshav Securities Ltd MK Commodity Brokers Ltd Caprihans India Limited	-	Viniyog Investment & Trading Co.Pvt.Ltd  Bonjur Investment & Trading Co. Pvt. Ltd  Salil Investments Private Ltd
Chairman/ Member of the Committees	<b><u>Chairman - Audit Committee</u></b> Mangal Keshav Holding Ltd Mangal Keshav Securities Ltd Mangal Keshav Capital Ltd Gee-Cee Ventures Limited Caprihans India Limited	<b>Chairman</b> Shareholders / Investors Grievance Committee of Amforge Industries Limited up to 31 <sup>st</sup> January, 2012.	<b>Member</b> Shareholders / Investors Grievance Committee of. Amforge Industries Limited.
	<b><u>Member - SIGC</u></b> Mangal Keshav Ins. Brokers Ltd. Mangal Keshav Distributions Ltd Gee-cee Venture Limited Caprihans India Limited		



## Directors' Report

To:

The Members,  
**AMFORGE INDUSTRIES LIMITED**

Your Directors hereby present the 40th Annual Report and audited statement of accounts for the year ended 31st March, 2012.

### FINANCIAL HIGHLIGHTS:

(₹ in 000's)

	2011-12	2010-11
Total Income	43961.08	22836.36
Earning before Interest, Depreciation, Exceptional items and Tax.	(29724.07)	(77769.00)
Less: Depreciation	3855.80	8862.53
Profit / (Loss) before Interest, Exceptional items and tax	(33579.87)	(86631.53)
Less: Interest and Finance cost	7267.79	8862.53
Profit / (Loss) before Exceptional items and tax	(40847.66)	(95595.95)
Less: Exceptional items	55596.56	19179.76
Profit / (Loss) before tax	14748.90	(76416.19)
Provision for Current Tax	3030.27	36.13
Provision for Deferred Tax	19558.00	(22446.00)
Profit / (Loss) after Tax	(7839.37)	(54006.32)
Balance of Profit / (Loss) brought forward from previous year	(416089.04)	(362082.72)
(Loss) carried to Balance Sheet	(423928.41)	(416089.04)

### FINANCIALS:

During the year under review, your Company registered a total income of ₹ 43961.08 thousands as against ₹ 22836.36 thousands in the previous year and Earning Profit / (Loss) before Interest, Depreciation, Exceptional items and tax (₹ 29724.07) thousands as against (₹ 77769) thousands in the previous year. The Profit before tax for the year is ₹ 14748.90 thousands as against Loss of (₹ 76416.19) thousands in the previous year.

### DIVIDEND:

No dividend is recommended due to accumulated losses for the year under review.

### PUBLIC DEPOSITS:

The Company has not accepted any deposits from the public during the financial year.

### DIRECTORS:

Shri. Rakesh Khanna, who retires by rotation and being eligible, offers himself for re-appointment.  
Shri. Bhushanlal Gupta, who retires by rotation and being eligible, offers himself for re-appointment.

Shri. Puneet Makar has been reappointed as Managing Director of the Company for a period of three (3) years w.e.f. 2nd February, 2012 by the Board of Directors in their meeting held on 1st February, 2012 on the terms and conditions including remuneration, as approved by the Remuneration Committee of the Board of Directors, subject to approval of the shareholders of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:-

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. Appropriate accounting policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March, 2012 and of the loss of the Company for the year ended on that date.
- iii. Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

**AUDITORS:**

M/s. Bansal & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment in accordance with the provisions of the Companies Act, 1956.

**AUDITORS REPORT:**

The Directors give the following comments on Para - 4 of the Auditor's Report:

The production at Chinchwad plant was suspended, from December, 2008 due to the major recession in the automobile industry. In May, 2009 a lock out had to be declared at the plant, because of labour unrest. Since there was no manufacturing activity at the plant and in order to settle the workmen's dues, which were overburdening the Company's financials, the assets of the Chinchwad plant were disposed off.

As far as Accumulated losses, these were mainly due to the absence of revenue from the manufacturing operations, and the expenses incurred on settlement of the workmen's and other statutory dues. With regard to the Debt Assignment, the Board of Directors after due consideration and based on the commercial viability, decided to assign the debt.

Subsequent to the disposal of the assets at its plant, the Company continues its trading activities, and is also exploring other business avenues, in terms of the Memorandum of Association of the Company.