

## NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of MAHINDRA FORGINGS LIMITED will be held at, Rama Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020, on Tuesday, 23<sup>rd</sup> July, 2013 at 4.00 p.m. to transact the following business:

### ORDINARY BUSINESS

- 1) To receive and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Mohit Burman, who retires by rotation and, being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Harald Korte, who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Oliver Scholz, who retires by rotation and, being eligible, offers himself for re-appointment.
- 5) To re-appoint Messrs. B. K. Khare & Co., Chartered Accountants (Firm Registration No. 105102W), the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.

### SPECIAL BUSINESS

- 6) To consider and if thought fit, to pass with or without modification(s), the following resolution, as a Special Resolution:  
“**RESOLVED THAT** pursuant to Section 258, 259 and all other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government and other regulatory authorities, approval of the members be and is hereby accorded for increasing the maximum number of Directors of the Company from twelve to sixteen and for substituting the existing article no. 139 of the Articles of Association of the Company by the following article:  
‘Article 139  
Until otherwise determined by a general meeting of the Company and subject to the provision of the Act, the number of directors shall not be less than three or more than sixteen.’  
**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as ‘the Board’, which term shall be deemed to include any Committee or person, which the Board may constitute/ nominate to exercise its powers conferred under this resolution), be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit.”

### Notes:

- a) **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956, IS ANNEXED HERETO.**
- b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- c) The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from Monday 15<sup>th</sup> July, 2013 to Tuesday, 23<sup>rd</sup> July, 2013 (both days inclusive).
- e) The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Karvy Computershare Private Limited, “Karvy House”, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034.
- f) Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to Karvy Computershare Private Limited at the above mentioned address.
- g) Members are requested to write to the Company Secretary at least ten days before the Meeting for obtaining any information as regards accounts and operations of the Company so that the same could be compiled in time.
- h) Members are requested to:
  - (i) intimate to the Company or Registrar and Transfer Agents, Karvy Computershare Private Limited at the above mentioned address, changes if any, in their registered address for correspondence, at an early date, in case of shares held in physical form;
  - (ii) intimate to respective Depository Participant, about changes, if any, in the registered addresses at an early date, in case of shares held in dematerialised form;
  - (iii) quote their Folio numbers or Client ID and DP ID numbers in all correspondence;
  - (iv) Members who hold shares in dematerialised mode are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting;
  - (v) Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.

i) Appointment/Re-appointment of Directors:

In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed/re-appointed, Members are requested to kindly refer to the Chapter on Corporate Governance in the Annual Report.

j) Shareholding of Directors seeking appointment/re-appointment:

Mr. Mohit Burman holds 19,761 shares in the Company. Mr. Harald Korte and Mr. Oliver Scholz do not hold any shares in the Company.

The Directors of the Company are not inter-se related to each other.

k) The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 *inter-alia* stating that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode. In that case, the company is required to obtain email addresses of its members for sending the notice / documents through email by giving an advance opportunity to every member to register his email address and changes therein, if any, from time to time with the company.

The Company expects whole hearted support from its members towards Green Initiative of the MCA and request all its members to communicate their email ID and changes thereto from time to time to the Depository Participant / Company's Registrar & Share Transfer Agent, to enable the Company to send all its reports, notices and all other communication to its members via email.

**Please note that you, as a member of the Company, will continue to be entitled to be furnished, free of cost, with a copy of the Annual Report of the Company and all other communication that may be sent to you electronically, upon receipt of a specific request from you.**

**By Order of the Board**

**Krishnan Shankar**

**Company Secretary & Head – Legal**

15<sup>th</sup> June, 2013

**Registered Office:**

Mahindra Towers,

P. K. Kurne Chowk,

Worli, Mumbai - 400 018.

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

**ITEM NO. 6**

The Company along with Mahindra & Mahindra Limited (including its subsidiaries/associate entities Mahindra Hinoday Industries Limited, Mahindra Ugine Steel Company Limited, Mahindra Gears International Limited, Mahindra Investments (India) Private Limited, Mahindra Overseas Investment Company (Mauritius) Limited and Mahindra Composites Limited) have forged an alliance with CIE Automotive S. A. (including its subsidiaries Participaciones Internacionales Autometal Dos, S. L. and Autometal S. A.), for consolidating their automotive components business globally.

As a part of the global alliance, Participaciones Internacionales Autometal Dos, S. L. along with CIE Automotive S. A. and Autometal S. A. will be acquiring a majority stake in the Company, after receipt of necessary regulatory approvals and the mandatory open offer process prescribed under the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and among other rights, will be entitled to have its representation on the Board of the Company. In view thereof the Articles of Association of the Company will have to be revised to increase the number of directors from the existing 12 to 16.

The limit for maximum number of directors prescribed in Article 139 of the Articles of Association of the Company is twelve. The Articles of Association are therefore sought to be amended in the manner as set out in the resolution. In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company. Section 259(b) of the Companies Act, 1956 provides that any increase in the number of directors beyond the maximum limit requires the permission of the Central Government. The Company will apply to the Central Government for the increase in the number of directors from the existing maximum of 12 Directors to a maximum of 16 Directors.

The existing and draft amended Articles of Association of the Company will be available for inspection by the members at the Registered Office of the Company between 10 a.m. and 12 noon on all working days (except Saturdays, Sundays and Public Holidays) upto the date of this Annual General Meeting.

None of the Directors of your Company is concerned or interested in this resolution.

The Board recommends the resolution for approval of the members.

**By Order of the Board**

**Krishnan Shankar**

**Company Secretary & Head – Legal**

15<sup>th</sup> June, 2013

**Registered Office:**

Mahindra Towers,

P. K. Kurne Chowk,

Worli, Mumbai - 400 018.

# MAHINDRA FORGINGS LIMITED

Registered Office : Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400 018.

## Attendance Slip

I hereby record my presence at the 14<sup>th</sup> Annual General Meeting of the Company at Rama Matumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai – 400020 on Tuesday, 23<sup>rd</sup> July, 2013 at 4.00 p.m.

Name of the Member	
No. of Shares	
Registered Folio No.	
Client ID No.	
DP ID No.	
Name of the Proxy	
Signature of the Member or Proxy	

Note: The Member/Proxy/Representative attending the 14<sup>th</sup> Annual General Meeting is requested to bring this slip duly filled in and present the same at the entrance to the Meeting.

# MAHINDRA FORGINGS LIMITED

Registered Office : Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400 018.

## Proxy Form

I/We ..... of .....

in the District of ..... being a member/members of the above named Company hereby

appoint ..... of .....

in the District of ..... or failing him/her .....

of ..... in the district of .....

as my/our proxy/proxies to vote for me/us on my/our behalf at the 14<sup>th</sup> Annual General Meeting of the Company to be held at Rama Matumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai – 400020 on Tuesday, 23<sup>rd</sup> July, 2013 at 4.00 p.m. and at any adjournment thereof.

Signed this ..... day of .....2013

Registered Folio No. : .....

Client ID No. : .....

DP ID No. : .....

No. of Shares : .....

Affix a  
15 paise  
Revenue  
Stamp

Signature of the Member

**Note:** This Proxy Form in order to be effective should be duly filled in, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The proxy need not be a member of the Company.







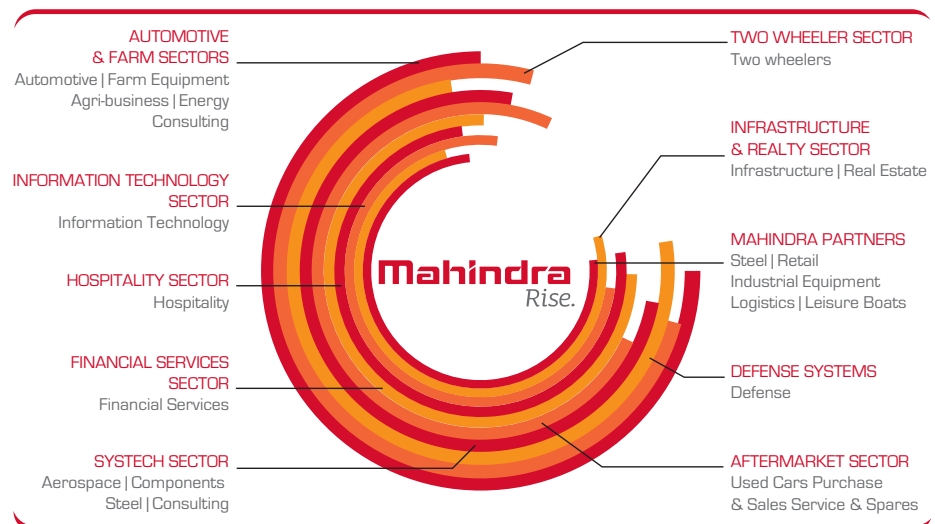
Systech was created in 2004 to capitalise on the opportunities presented by the growth of the Indian automobile component industry as a result of increasing domestic vehicle production as well as the growing emphasis on Low Cost Country (LCC) sourcing for Global Automotive OEMs.

With the promise of creating an automotive supplier that could lead in “Systems and Technologies”, Systech was formed by combining a few Mahindra group companies with a series of acquisitions in India and around the world. As part of the Mahindra Group, Systech not only benefits from the automotive heritage of its parent and access to world-class resources, but also inherits Mahindra’s principled approach to corporate governance

and management processes.

Today, Systech offers a variety of components and services to the automotive and other ground-based mobility industries around the world. Our portfolio includes Castings, Forgings, Stampings, Gears, Rings, Magnetic Products, Steel, Composites, Engineering and Contract Sourcing services. Our network of plants and offices around the world services customers located in North America, Europe and Asia.

With INR 5000 Crores (USD 926 M / EUR 725 M) in 2012 - 2013 Sales, we are one of India’s largest automotive component groups and a global leader in automotive forgings.





Dear Shareholder:

Last year in my message, we observed that the world economy was going through an uncertain phase, but we still remained optimistic about the future. The year gone by was even more turbulent than the one before it. Our key markets — Europe and India — were especially impacted; Europe is still trying to resolve its economic challenges and India needs a boost of confidence and investor-friendly moves from the government to restore the country to a faster growth trajectory.

As a result of the underlying economic factors, Systech India business growth in F13 was relatively flat and continued uncertainty in Europe made for a challenging business environment there. As we look to the coming year, we hope to see a positive trend in India but Europe will remain an uncertain marketplace.

In the “OneSystech” automotive component businesses, our focus for India remains on business growth built around capacity investment and a strong operational excellence model. Our Forgings and Castings businesses are stepping up their operational performance while Stampings and Gears are investing for growth with new manufacturing facilities. Across the board, we are focused on cost containment in order to improve profitability. And the results are showing.

In Europe, we will need to consolidate our operations in order to manage the challenge of sudden changes in business conditions. We are seeing closer cooperation between our Europe and India teams and they are accelerating their efforts to transfer appropriate products from Europe to India to leverage the India cost advantage. We expect to see our European operations to bring the India team’s cost reduction approach to their operations in order to restore health.

Last year, we announced the investment by Mitsui and Sanyo into our MUSCO Steel business. I am happy to report that we are making good progress on making Mahindra Sanyo a leader in the Special Steel market in India.

As you can plainly see, the last year has been an eventful one for us at Systech and we are thankful to the scores of employees who put in the hard work to sell, design, produce, and deliver our products. We also want to thank you for investing with us and your confidence in us.

Yours sincerely

Hemant Luthra  
President, Systech Sector

- 1) Engine Gears
- 2) Crankshaft
- 3) Exhaust Manifold
- 4) Dash Panels
- 5) Motor Magnets
- 6) Passive Engine Antennas

- 1) Roof
- 2) Window Outers

- 1) Structural Members

- 1) Hood

- 1) Assembly for front fascia

- 2) Bumper

- 1) Fender

- 2) Transmission Gears & Shafts

- 3) Transfer case Gears & Shafts

- 1) Door Outer

- 2) Centre Console

- 1) Gear Carrier Housing

- 2) Differential case housing

- 1) Wheel Cover

- 2) Wheel Hubs

- 3) Steering Knuckles



- 1) Camshafts
- 2) Transmission Gear & Shafts
- 3) Steel Pistons
- 4) Turbocharger housing
- 5) Control Arms
- 6) Crankshafts
- 7) NVH Covers
- 8) Motor Magnets

- 1) Stamped Cabin Components



- 1) Gear Carrier Housing

- 1) Axle Beams
- 2) Chassis & Steering Components

- 1) Stub Axles



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## Board of Directors

Hemant Luthra - Chairman

K. Ramaswami - Managing Director

Zhooben Bhiwandiwalla

V.K.Chanana

Mohit Burman

Fali P. Mama

Nikhilesh Panchal

Harald Korte

Oliver Scholz

Daljit Mirchandani

Ajay Mantry - Chief Financial Officer

Krishnan Shankar - Company Secretary & Head- Legal

## Committees of the Board

Audit Committee

V. K. Chanana

Mohit Burman

Zhooben Bhiwandiwalla

Nikhilesh Panchal

Fali P. Mama

Daljit Mirchandani

Remuneration / Compensation Committee

Mohit Burman

Hemant Luthra

V. K. Chanana

Nikhilesh Panchal

Daljit Mirchandani

Share Transfer and Shareholders' / Investors'

Grievance Committee

Daljit Mirchandani

V. K. Chanana

Fali P. Mama

- Bankers

State Bank of India

Axis Bank Limited

- Auditors

B. K. Khare & Co.

Chartered Accountants

706/708, Sharda Chambers,

Mumbai - 400 020

- Factory

Gat No. 856 to 860

Chakan Ambethan Road

Taluka Khed, Dist. Pune- 410 501

- Registrar and Share Transfer Agents

Karvy Computershare Private Limited

Karvy House, 46, Avenue 4, Street No. 1

Banjara Hills, Hyderabad - 500 034 .

# DIRECTORS' REPORT

To,  
The Members,  
Mahindra Forgings Limited

Your Directors present the 14<sup>th</sup> Annual Report of the Company together with the audited statement of accounts of your Company for the year ended 31<sup>st</sup> March, 2013.

## Financial Highlights

(₹ in Lakhs)

Particulars	2012-13	2011-12
Total Income	44,455	43,468
Profit before Interest, Depreciation, Exceptional Items and tax	7,066	4,360
Less : Depreciation	2,744	2,392
Profit before Interest, Exceptional Items and tax	4,322	1,968
Less : Interest and Finance cost	568	1,134
Profit before Exceptional Items and Tax	3,754	834
Less: Exceptional items	-	156
Profit before tax	3,754	678
Profit for the year	4,087	678
Balance of Profit & Loss Account brought forward losses from earlier years	(12,434)	(13,112)
Loss carried to Balance Sheet	(8,347)	(12,434)

## Financials

During the year under review your Company registered a Total income of ₹ 44,455 Lakhs as against ₹ 43,468 Lakhs in the previous year and Profit before Interest, Depreciation, Exceptional items and tax of ₹ 7,066 Lakhs as against ₹ 4,360 Lakhs in the previous year. The net profit for the year stood at ₹ 4,087 Lakhs as against a net profit of ₹ 678 Lakhs over the previous year. The Total Income of the Company has grown by 2.2% over the previous year.

## Operations

During the year under review, your Company's operations in Europe were affected by a decline in sales compounded by significant operational problems at Schoeneweiss & Co. GmbH, Mahindra Forgings Europe AG's (MFE) second largest plant. These problems have been identified and are being addressed. The mixture of market decline and operational problems has resulted in MFE ending the year with negative EBITDA.

In India, your Company has focused on increasing profitability by improving plant operations in the areas of **Quality**, **Service**, **Cost** and **Technology** with specific bias to enhancing Machining capabilities. Productivity has increased due to increased utilization of press shop and increasing output/day. Input costs like power and oil costs have been reduced while internal rejections have been significantly controlled. The steps taken above have translated into continuously improving profitability quarter-wise in the last financial year. Your Company will strive to maintain this performance in the coming year.

## Changes in Share Capital and Issue of Shares

Pursuant to exercise of options under the Company's Employee Stock Option Scheme, your Company has allotted 4,250 equity shares of face value of ₹ 10/- each at an exercise price of ₹ 57/- per equity share. The aforesaid exercise of options has resulted in issued and subscribed equity capital increasing from ₹ 92,16,90,560 to ₹ 92,17,33,060.

However, the shareholding of Promoters in the Company as at 31<sup>st</sup> March, 2013 remains at 52.97%.

## Management Discussion and Analysis

A detailed analysis of the Company's performance is contained in the Management Discussion and Analysis Report which forms part of the Annual Report.

## Corporate Governance

Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. Your Company has been following good Corporate Governance procedures. A report on Corporate Governance along with a Certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

## Dividend

In view of past losses, your Directors do not recommend any dividend for the year.

## Stock Options

No Stock Options have been granted during the year under review.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure I to this Report.

## Industrial Relations

Industrial Relations generally remained cordial and harmonious throughout the year.

The Management Discussion and Analysis Report gives an overview of the developments in Human Resources/Industrial Relations during the year.

## Safety, Health and Environment Performance

Your Company has a Safety, Occupational Health and Environmental (SH&E) policy on occupational health, safety and environmental protection through which every employee is made responsible for the observance of the measures designed to prevent accidents, damage to occupational health and avoidable environmental pollutants.