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SHIVEDNAGAR FOREIGNERS LIMITED

21st Annual Report 1997-98

BOARD OF DIRECTORS	U. V. Patel	—	Chairman & Managing Director
	J. S. Mody	—	Joint Managing Director
	S. P. Mantri	—	Executive Director
	R. L. Soni	—	Director
	R. P. Gokhale	—	Nominee ICICI
	J. S. Pal	—	Nominee SICOM
	M. K. Patel	—	Director
	H. V. Amin	—	Director

COMPANY SECRETARY S. M. Mahajan

BANKERS State Bank of India
Bank of Baroda

FINANCIAL INSTITUTIONS SICOM Limited
The Industrial Credit & Investment Corporation of India Ltd.
The Sakura Bank Ltd.
Unit Trust of India

AUDITORS D. N. Shukla & Co.
Chartered Accountants
Mumbai - 400 023

SOLICITORS Eastley Lam & Co.
133, Jehangir Building,
Mahatma Gandhi Road, Fort,
Mumbai - 400 023

REGISTERED OFFICE AFL House,
347-A, Off. Dhole Patil Road,
Pune - 411 001

WORKS

- MIDC Area, Ahmednagar
- Chakan, Dist. Pune
- Asian Auto Parts, Ahmednagar
- Kuruli, Dist. Pune

AHMEDNAGAR FORGINGS LIMITED**21st Annual Report 1997- 98****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF AHMEDNAGAR FORGINGS LIMITED WILL BE HELD AT THE INSTITUTE OF ENGINEERS, 1332, SHIVAJINAGAR, J. M. ROAD, PUNE-411005. ON, WEDNESDAY, THE 23 RD DAY OF SEPTEMBER, 1998 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 together with Profit and Loss Account for the year ended on that date, and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. M. K. Patel who retires by rotation, and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. H. V. Amin who retires by rotation, and is eligible for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of the forthcoming meeting until the conclusion of the Twenty Second Annual General Meeting and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE MEETING.
2. The enclosed attendance slip should be brought by the Members / Proxies attending the meeting and handed over at the entrance of the Meeting Hall.

3. The Register of Members and Transfer Books of the Company will remain closed from Tuesday, the 15th day of September, 1998 to Wednesday, the 23rd day of September, 1998, both days inclusive.

4. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the dividend for the financial year 1993-94 paid by the company on 14/10/94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from Registrar of Companies (Maharashtra), Pune Stock Exchange Premises, PMT Commercial Building, Deccan Gymkhana, Pune - 411004.

All members who have either not received or have not encashed dividend warrants for the financial years 1994-95, 1995-96 and 1996-97 are requested to write to the Company for issuance of duplicate dividend warrants, mentioning relevant Registered Folio No(s) and year for which the dividend warrant is not received / encashed.

5. The Members are requested to intimate to the Company changes, if any, in their addresses at an early date.

By Order of the Board

S. M. Mahajan
Company Secretary

Place : Pune
Date : July 31, 1998

(REGISTERED OFFICE : AFL House, 347-A, off Dhole Patil Road, Pune - 411 001)

AHMEDNAGAR FORGINGS LIMITED

The company made revenue expenditure of Rs. 2.04 lacs on Research and Development activities which is 0.03% of total turnover of the company.

(b) Total foreign exchange used and earned :
Rs. in lacs
USED 422.28
EARNED 527.13

III FOREIGN EXCHANGE EARNINGS AND OUTGO

For & on behalf of the Board

(a) The Company is making special efforts to increase its export business and to develop new markets.

Place : Pune
Date : June 30, 1998. U.V. Patel
Chairman & Managing Director

ANNEXURE - B TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AS AMENDED, READ WITH THE COMPANIES (PARTICULARS OF THE EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998

Sr. No.	Name	Age	Designation & Nature of Duties	Gross Remuneration Rs.	Qualification	Experience	Date of Commencement of employment	Last employment held
1.	2.	3.	4.	5.	6.	7.	8.	9.
1.	Mr.U. V. Patel	58	Chairman & Managing Director	10,72,348	B.E. (Mech)	33	18/04/77	Pedco Industries
2.	Mr.J. S. Mody	57	Joint Managing Director	8,68,681	B. E. (Mech)	32	16/12/77	Indian Industrial Distributor
3.	Mr.Sushil P. Mantri	36	Executive Director	7,36,410	B.Com	17	16/09/96	Mantri Housing & Constructions Ltd.
4.	Mr. S. K. Bagchi *	57	Executive Director	4,72,154	B. E. (Mech)	34	01/08/90	Amforge Industries Ltd.
5.	Mr. P. S. Subramaniam*	54	Director (Technical)	3,58,502	B. Tech. Dip. Eng. MGMT (USA)	30	09/05/97	Amforge Industries Ltd.
6.	Mr. B. P. Patel *	50	Chief Executive (Technical)	1,64,416	B. E. (Mech)	30	01/09/97	Klockner Windsor (India) Limited

* For part of the Year

- Gross Remuneration includes salary, allowances, commission, Company's contribution to P. F., superannuation, reimbursement of Medical Expenses and perquisites evaluated in accordance with Income Tax Rules, 1962.
- The conditions of employment are contractual.
- Shri. U. V. Patel, Chairman & Managing Director is related to Shri. H. V. Amin, Director of the company.

For & on behalf of the Board

Place : Pune
Date : June 30, 1998.

U. V. Patel
Chairman & Managing Director



AUDITORS' REPORT

TO THE MEMBERS OF AHMEDNAGAR FORGINGS LTD.

We have audited the attached Balance Sheet of AHMEDNAGAR FORGINGS LIMITED, as at March 31, 1998 and the Profit & Loss Account of the Company for the year ended on that date and report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of the books;
3. The Balance Sheet & the Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
4. In our opinion and to the best of our information and according to the explanations given to us, accounts read together with the other notes attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - a) in the case of the Balance Sheet of the state of the affairs of the Company as at March 31, 1998 and,
 - b) in the case of the Profit & Loss Account of the Profit for the year ended on that date.
5. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board under Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we state that :
 1. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets. As explained to us, physical verification of fixed assets was conducted by the management at the year end. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No serious discrepancies were noticed in the course of such verification.
 2. None of the Fixed Assets have been revalued during the year.
 3. The stock of finished goods , stores, spare parts, raw material and components have been physically verified at regular intervals during the

period and also at the year end by the management, except for stocks lying with third parties for which confirmations from the parties have been obtained. In our opinion the frequency of verification is reasonable.

4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business
5. The discrepancies noticed on such verification which were not significant between the physical stocks and the book records have been properly dealt within the books of accounts.
6. On the basis of our examination of stock records , we are of the opinion that the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans , secured or unsecured to the Companies, firms or other parties listed in the registers maintained under Section 301 and 370 (1-C) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to the companies, firms or other parties listed in the registers maintained under Section 301 and 370 (1-C) of the Companies Act, 1956.
9. Employees, and other Parties to whom loans and advances in the nature of loans have been given by the company are repaying the principle amount as stipulated and are also regular in payment of interest where applicable.
10. In our opinion and according to the information and explanations given to us during the course of the audit, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchases of stores, raw material including components, plant and machinery, equipments and other similar assets and to the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, material and service made in pursuance of contracts or arrangements entered in the register maintained U/S 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services at which transactions for similar goods or services have been made with other parties.

AHMEDNAGAR FORGINGS LIMITED

12. As explained to us, the company has a reasonable system for the determination of unserviceable or damaged stores and materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted deposits from public and hence the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, are not applicable.
14. In our opinion reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company does not have any by-products.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
16. The Central Government has not prescribed maintenance of cost records under Section 209 (i) of the Companies Act, 1956.
17. According to the records of the Company Provident Fund dues have been regularly deposited during the year with the appropriate authorities. As explained to us the provisions of Employees' State Insurance Act, 1948 are not applicable to the Company.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty, Excise duty, were outstanding as at the date of the Balance Sheet for a period of more than six months from the date they become payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligation or in accordance with the generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (O) of Sub Section (1) of Section - 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. As per the information and explanations given to us, there were no damaged items in the case of goods traded by the company during the accounting year.

For D. N. Shukla & Co.
Chartered Accountants

Mumbai
June 30, 1998

D. N. Shukla
Partner

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HIGHLIGHTS

Rs. in lacs

	1998	1997	1996	1995	1994	1993
A) INCOME						
Sales & Other Income	7286.30	9715.65	8322.94	6124.57	5261.62	5213.30
Profit before Depreciation	292.23	1099.78	1047.31	685.38	523.64	538.86
Dividend	—	200.00	200.00	101.22	82.08	82.08
Dividend Rate	—	25%	25%	30%	27%	27%
Earning per share (Rupees)	0.25	7.74	9.24	13.52	9.94	8.90
B) ASSETS EMPLOYED						
Gross Fixed Assets (including capital WIP)	7389.81	6167.09	4826.92	2654.75	2195.17	1505.15
Net Fixed Assets	5908.33	4940.51	3966.40	2058.89	1759.97	1184.61
Investments	286.69	293.85	290.46	261.26	10.75	7.75
Net Working Capital	4328.42	4017.14	3907.82	3698.50	2159.12	1771.30
Misc. Expenses	48.64	59.35	70.06	80.77	36.40	41.60
	10572.08	9310.85	8234.74	6099.42	3966.24	3005.26
C) FINANCED BY						
i) Borrowed Funds						
From Banks	2544.73	1926.11	1476.34	1342.35	1093.24	833.26
From Others	3632.06	3087.32	2780.07	1348.91	1501.48	1022.05
	6176.79	4933.43	4256.41	2691.26	2594.72	1855.31
ii) Shareholders' Funds						
Shareholders' Investment	202.40	202.40	202.40	202.40	106.25	106.10
Bonus Shares	597.60	597.60	597.60	197.60	197.60	197.60
Reserves	3595.29	3577.42	3178.33	3008.16	1067.67	846.25
Net Worth	4395.29	4377.42	3978.33	3408.16	1371.52	1149.95
Total	10572.08	9310.85	8234.74	6099.42	3966.24	3005.26

AHMEDNAGAR FORGINGS LIMITED**BALANCE SHEET AS AT MARCH 31, 1998**

	Schedule	Rupees (in lacs)	As at March 31, 1998 Rupees (in lacs)	As at March 31, 1997 Rupees (in lacs)
FUNDS EMPLOYED				
SHAREHOLDERS' FUNDS				
Share Capital	1		800.00	800.00
Reserves and Surplus	2		3595.29	3577.42
LOAN FUNDS				
Secured Loans	3		5105.15	3177.45
Unsecured Loans	4		1071.64	1755.98
			<u>10572.08</u>	<u>9310.85</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	7389.81		6167.09
Less : Depreciation		<u>1481.48</u>		<u>1226.58</u>
			5908.33	4940.51
INVESTMENTS	6		286.69	293.85
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	7	2988.03		2494.37
Receivables	8	1752.24		2253.49
Cash & Bank Balances	9	61.30		143.30
Loans & Advances	10	993.38		852.31
		<u>5794.95</u>		<u>5743.47</u>
Less :				
CURRENT LIABILITIES AND PROVISIONS	11			
Current Liabilities		1466.53		1506.18
Provisions		<u>—</u>		<u>220.15</u>
		<u>1466.53</u>		<u>1726.33</u>
NET CURRENT ASSETS			4328.42	4017.14
MISC. EXPENSES TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED	12		48.64	59.35
			<u>10572.08</u>	<u>9310.85</u>
NOTES ON ACCOUNTS	17			

As per our report of even date

For D. N. Shukla & Co.
Chartered AccountantsD. N. Shukla
PartnerS. M. Mahajan
Company SecretaryMumbai
June 30, 1998

For and on behalf of the Board of Directors

U. V. Patel - Chairman & Managing Director

J. S. Mody - Joint Managing Director

S. P. Mantri - Executive Director

R. L. Soni - Director

Pune
June 30, 1998

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1998

	Schedule	1997-98 Rupees (in lacs)	1996-97 Rupees (in lacs)
INCOME			
Income From Operation and	13	<u>7286.30</u>	<u>9915.65</u>
Other Income		<u>7286.30</u>	<u>9915.65</u>
EXPENDITURE			
Excise Duty		867.04	1133.44
Materials Consumed &			
Manufacturing Expenses	14	4370.91	5862.68
Employees Emoluments	15	750.22	651.32
Other Expenses	16	1005.90	1168.43
Depreciation		<u>272.15</u>	<u>376.73</u>
		7266.22	9192.60
Profit for the year before Taxation		20.08	723.05
Less : Provision for Taxation (includes Rs.0.10 lacs Previous year -Rs. 3.83 lacs)		2.21	103.96
Add : Balance brought forward from previous year		44.11	45.02
AMOUNT AVAILABLE FOR APPROPRIATION		<u>61.98</u>	<u>664.11</u>
APPROPRIATIONS			
Proposed Dividend		—	200.00
Dividend Distribution Tax		—	20.00
General Reserve		—	400.00
Balance carried forward to the Balance Sheet		61.98	44.11
		<u>61.98</u>	<u>664.11</u>
NOTES ON ACCOUNTS	17		

As per our report of even date

For D. N. Shukla & Co.
Chartered AccountantsD. N. Shukla
PartnerS. M. Mahajan
Company SecretaryMumbai
June 30, 1998

For and on behalf of the Board of Directors

U. V. Patel - Chairman & Managing Director

J. S. Mody - Joint Managing Director

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R. L. Soni - Director

Pune
June 30, 1998