



**AHMEDNAGAR
FORGINGS
LIMITED**

31st ANNUAL REPORT
2007 - 2008



AHMEDNAGAR FORGINGS LIMITED

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Board of Directors

Mr. Arvind Dham	<i>Chairman</i>
Mr. S. N. 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>Additional Director</i>

Company Secretary

Mr. Prabhjot Singh Ahluwalia

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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 First Annual General Meeting of the members of the Company will be held on Wednesday, the 31st December 2008 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 consider and adopt the Audited Balance Sheet of the Company as on 30th June 2008 and Profit and Loss Account for the year ended on that date together with Directors and Auditors Report thereon.
2. To appoint a Director in place of Shri Arvind Dham, who retires by rotation & being eligible offers himself for re-appointment.
3. To declare dividend.
4. To appoint Auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution.**

“RESOLVED THAT Mr. Vivek Agarwal, who was appointed as an Additional Director, of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act 1956, and in respect of whom the Company has received a notice under Section 257 of the Companies Act 1956 in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

6. **To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to Section 198, 269, 309, 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Mr. Sowmya Narayanan Rajagopalan be and is hereby appointed as Whole Time Director of the Company with effect from 25th October 2008 for a period of Five years on the following terms and conditions :

(a) Period

Five Years (From 25th October 2008 to 24th October 2013)

(b) Nature of Duties

Mr. Sowmya Narayanan Rajagopalan, Whole Time Director, shall devote sufficient time and attention to the business of the Company. He shall have control of and full executive responsibility for the general conduct and management of business and affairs of the Company. He shall exercise all such powers as may be granted and entrusted to or required by him for the proper discharge of his duties.

(c) Remuneration :

Mr. Sowmya Narayanan Rajagopalan, shall be entitled to following emoluments, benefits and perquisites during the period of his employment subject to the ceiling limit laid down in Section 198, 309 and Schedule XIII of the Companies Act, 1956.

(d) Salary :

Salary not exceeding Rs.3,00,000 per month to be fixed by the Board of Directors from time to time.

(e) Perquisites :

Mr. Sowmya Narayanan Rajagopalan, will be entitled to following perquisites and allowances :

Category – A

- Rent Free Furnished Accommodation or house rent allowance or 60% of salary in lieu thereof;
- Medical reimbursement and medical insurance for him and his family;
- Club Fee (Subject to a Maximum of 3 Clubs and not including admission and life membership fee)



- Insurance and any other general allowance and perquisites in accordance with the rules of the Company or as may be agreed to by the Board of Directors..
- For the above purpose "family" means spouse and dependent children.

Category – B

- Contribution to Provident Fund to the extent these singly or put together are not taxable under the Income Tax, 1961;
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service;
- Encashment of leave at the end of the tenure.

Category – C

The Company shall provide and make available a car of such horse power and make, as may from time to time be determined by the Company, along with driver, and shall bear and pay all garage rent, repairs, maintenance running and other costs and charges whatsoever, in connection with the use of such car.

- The Company shall provide telephone facility at his residence.
- Provision of a car for use on Company's business and telephone at residence will not be considered perquisites.
 - Personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company.
 - The amount of the aforesaid perquisites and allowances will be restricted to an amount equal to the annual salary.

(f) Where in any financial year the Company has no profit or profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Schedule XIII to Companies Act, 1956, as may be amended from time to time.

(g) In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may, in its discretion, increase the remuneration payable to him, subject to obtaining such approvals as may be required.

(h) Other Terms :

- He shall not become interested or otherwise concerned directly or through his wife and/or children in any selling agency of the Company without the prior approval of the Central Government.
- He shall be entitled to reimbursement of all actual expenses including on entertainment and traveling incurred in the course of the company's business.
- The appointment may be terminated by Mr.Sowmya Narayanan Rajagopalan or the Company by giving not less than three months prior notice in writing."

"RESOLVED FURTHER THAT in the event of no profit or the profit of the Company being inadequate, the Whole Time Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limit specified above and shall be entitled for Annual increments as per the rules and policies of the Company."

By order of the Board
For AHMEDNAGAR FORGINGS LIMITED

Place : New Delhi
Date : 1st December 2008

Sd/-
(S. N. Rajagopalan)
Whole Time Director

**NOTES :**

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **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.**
3. **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.**
4. 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.
5. The Register of Members and Share Transfer Book of the Company will remain closed from Saturday, 27th December 2008 to Wednesday, 31st December 2008 (both days inclusive) to decide the entitlement of Members for Payment of Dividend that may be declared at the Annual General Meeting.
6. 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.
7. The member 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.
8. 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 upto a day preceding the day of Annual General Meeting.
9. Members who hold shares in de-materialised form are requested to bring their client ID and DP-ID number for the purpose of identification and attendance at the meeting.
10. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting shall be paid on or before January 30, 2009.
 - 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 27, 2008.
 - b) In respect of shares held in electronic form, to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business of December 27, 2008.
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.
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	15th March 1961
Qualification	B.Arch., MBA
Expertise	Setting up New Projects
Other Directorships	Amtek Auto Limited Amtek India Limited Amtek Casting India Ltd WHF Precision Forgings Limited Amtek Crankshafts (India) India Ltd Amtek Ring Gears Ltd. Amtek Infrastructure Ltd. Amtek Railcar Ltd. Alliance Hydropower Ltd.

Name	Mr. Vivek Agarwal
Date of Birth	15/06/1970
Qualification	Master of Finance and Control
Expertise	Finance and Accounts
Other Directorships	Ashika Developers Pvt. Ltd. Chandini Realtors Pvt. Ltd. Dhanpat Properties Pvt. Ltd. Dilkhush Buildtech Pvt. Ltd. Ghanshyam Realtors Pvt. Ltd. Kusham Real Estate Pvt. Ltd. Laser Realtors Pvt. Ltd. Praysh Buildtech Pvt. Ltd. Rista Developers Pvt. Ltd. Radhika Buildprop Pvt. Ltd. Suyaan Transmission Pvt. Ltd.

Name	Mr. Sowmya Narayanan Rajagopalan
Date of Birth	04/07/1950
Qualification	P.G. Diploma in Management , Mechanical Engineer with a P.G. Diploma in SPC & OR
Expertise	Setting up of new projects, Quality Control, Marketing etc.
Other Directorships	Nil

**Annexure to Notice****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO.5**

Mr. Vivek Agarwal was co-opted as an Additional Director in the Board Meeting held on 25th October 2008 and holds office upto the date of Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member alongwith requisite deposit, signifying his intention to propose the name of Mr. Vivek Agarwal as a candidate for the office of Director of the Company. Mr. Vivek Agarwal, aged about 38 years, has a vast and rich experience of more than 15 years in the field of accounts and finance. His guidance and advice has contributed to the progress of the Company.

The Board considers it desirable that the Company should continue to avail services of Mr. Vivek Agarwal as a Director and accordingly recommends this resolution for your approval.

None of the Directors except Mr. Vivek Agarwal is concerned or interested in the said resolution

ITEM NO. 6

Mr. A. K. Syal has been the Managing Director of the Company since 31.07.2006, Upon his resignation, the Board recorded its appreciation for his dedication, foresightedness and leadership to bring the Company this far.

In place of Mr. A. K. Syal , Mr. Sowmya Narayanan Rajagopalan was appointed as a Whole Time Director of the Company on 25th October, 2008 for a period of 5 years.

Mr. Sowmya Narayanan Rajagopalan, born on 04th July, 1950, is a Mechanical Engineer with a Post Graduate in Statistical & Quality Control and Operation & Research. He has also completed Post Graduate Diploma in Management. He has vast experience in the field of setting of new auto component projects, Marketing, Materials Management, production, quality control and Research and Development.

The Remuneration Committee (constituted by the Board) as also the Board of Directors have duly considered and approved the terms of remuneration payable to Mr. Sowmya Narayanan Rajagopalan. A copy of the said Resolution is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on working days of the Company.

The appointment of Mr. Sowmya Narayanan Rajagopalan as Whole Time Director and the remuneration payable to him is subject to approval of shareholders. Therefore, your Directors recommend the Resolution for your approval.

Mr. Sowmya Narayanan Rajagopalan is deemed to be concerned or interested in the resolution as it pertains to his appointment and the remuneration payable to him. Save and except Mr. Sowmya Narayanan Rajagopalan, none of the other Directors of the Company is in any way, concerned or interested in the said resolution.

By order of the Board
For AHMEDNAGAR FORGINGS LIMITED

Place : New Delhi
Date : 1st December 2008

Sd/-
(S. N. Rajagopalan)
Whole Time Director

Directors' Report

AHMEDNAGAR FORGINGS LIMITED



To

The Members,
AHMEDNAGAR FORGINGS LIMITED

Your Directors have pleasure in presenting the Thirty First Annual Report and the Audited Accounts of the Company for the year ended 30th June 2008.

FINANCIAL INFORMATION

(Rs. in Lacs)

PARTICULARS	Year ended 30th June 2008	Year ended 30th June 2007
Total Income	66,105.85	59,996.50
Expenditures	54,931.11	49,026.87
Gross Profit	11,174.74	10,969.63
Depreciation	1,970.20	1,211.41
Profit Before Tax	9,204.54	9,758.22
Tax Expenses	2,686.88	3,165.01
Profit after Tax	6,517.66	6,593.21
Add. Accumulated Profit	2,011.85	195.95
Balance available for appropriation	8,529.51	6,789.16
APPROPRIATIONS:		
Transfer to General Reserve	4,000.00	4,000.00
Proposed Dividend on Equity	349.20	664.40
Corporate Dividend Tax	59.35	112.91
Surplus carried to Balance Sheet	4,120.96	2,011.85

DIVIDEND

The Directors of your Company are pleased to recommend a dividend @ 10 % for the year 2007-08 i.e. Rs. 1.00 per equity shares on fully paid up equity shares of Rs. 10/- each. The proposed dividend, if approved at the ensuing Annual General Meeting, would result in appropriation of Rs. 408.55 Lacs (including Corporate Dividend Tax of Rs. 59.35 Lacs) out of the profits. The Company has made transfer of Rs. 4000 Lacs to the General Reserve.

The Register of members and share transfer books shall remain closed from 27th December 2008 to 31st December 2008 (both days inclusive), for the purpose of Annual General Meeting and payment of dividend.

FINANCIAL PERFORMANCE

During the year under review, the company has recorded a turnover of Rs.66,105.85 lacs as against a total income of Rs. 59,996.50, thus recording a growth of more than 10% over the previous year. The profit after tax of the Company for the year stands at Rs.6,517.66 lacs as against the corresponding year figure of Rs. 6593.21 lacs. The Company has strong reserve position of Rs. 38,231.97 lacs.

EXPANSION OF CAPACITY

During the year under review, the Company has expanded its forging capacities from 110000 TPA 165000 TPA by increasing the capacities at the existing plants.

SHARE CAPITAL

During the year under review, the Company has allotted 17,00,000 equity shares of Rs. 10- per share at a premium of Rs. 230/- per share aggregating to Rs. 40.80 Crores to promoters of the Company.

In addition to the above the Company also issued and allotted 38,00,000 warrants convertible into equivalent number of equity shares of Rs.10/- per share at a premium of Rs.230/- per share aggregating to Rs. 91.20 Crores to the promoter group companies on preferential basis.

MERGER

The Board of Directors of the Company in its meeting held on July 31 2008 have approved the merger of Ahmednagar Forgings Limited with Amtek Auto Limited. The merger is subject to various approvals including approval of the shareholders and creditors of the respective companies, the Bombay High Court, Stock Exchanges



and other concerned authorities. The Appointed date of merger is proposed to be 1st July, 2007 or such other date as the Board and/or Shareholders of the Company may approve or Hon'ble High Court may direct/fix.

As per the scheme of Arrangement, the shareholders of Ahmednagar Forgings Limited will get 56 equity shares of Rs. 2/- each (fully paid up) of Amtek Auto Limited against 100 shares of Rs. 10/- each (fully paid up) of Ahmednagar Forgings Limited held by them.

The amalgamation of the Companies will result in increased business synergies with common production facilities, management personnel, financial, marketing and other resources. The merger will also enable pooling of resources of the aforesaid companies to their common advantage, resulting in more productive utilization of the said resources, operational efficiencies, greater economies of scale, reduction in overhead and other expenses, which would result the businesses to be carried on more economically and efficiently and thus beneficial for all the stakeholders.

The amalgamation would result into emergence of a strong and focused consolidated entity to manage the business more advantageously and thereby increase in the profitability and net worth of the Stakeholders.

DIRECTORS

Shri Arvind Dham retires at the ensuing Annual General meeting and being eligible offers himself for re-appointment. Brief particulars of his resume are given in the Notice of Annual General Meeting.

Pursuant to section 260 of the Companies Act 1956 and Article of Association of the Company. Mr. Vivek Agarwal was appointed as an additional director w.e.f. 25th October 2008. Mr. Vivek Agarwal would hold office upto the date of the ensuing Annual general Meeting. The Company has received a notice in writing from a member of the Company along with deposit as required under the provisions of Section 257 of the Companies Act, 1956 expressing his intention to propose the appointment of Mr. Vivek Agarwal as Director liable to retire by rotation.

Mr. A.K. Syal has been the Managing Director of the Company since 31.07.06. He tendered his resignation for personal reasons but during his tenure, he along with his team put the Company on the global map of highly successful and efficient auto companies.

Upon his resignation, Board of Directors has appointed Mr. Sowmya Narayanan Rajagopalan as Whole Time Director of the Company w.e. f. 25th October 2008, for a period of five years. A proposal for the appointment of Mr. Sowmya Narayanan Rajagopalan as Whole Time Director is being placed before members for approval at the Annual General Meeting.

AUDITORS

The Auditors of the Company M/s Manoj Mohan & Associates, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. Certificate from 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.

Notes forming part of accounts, which are specifically referred to by the Auditors in their report, are self explanatory and therefore, do not call for any further comments.

FIXED DEPOSITS

During the year under review, the Company did not accept deposits under section 58-A 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 & CDSL. Shareholders may be aware that SEBI has made trading in your company's shares mandatory, in de – materialized form. As on 30th June 2008, 3,22,96,104 Equity Shares representing 92.49 % of your Company's Equity shares capital have been de-materialised.

LISTING AT STOCK EXCHANGE

The shares of Company are listed at The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

The Company has paid the annual listing fee to the Stock Exchanges for the year 2008 - 2009.

STATUTORY INFORMATION

- Particular 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)
- Certificate received from the Auditors of the Company regarding Compliance of conditions of Corporate Governance, as required under clause 49 VII of the Listing Agreement, is Annexed and forms part of this report. (Please refer Annexure – II).
- As required under clause 49 IV F of the listing Agreement, Management Discussion and Analysis Report is Annexed and forms part of this report (Please refer Annexure – III).

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, the applicable accounting standards had been followed;
- That the Directors had selected such accounting policies and applied them 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 at the end of the financial year 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 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 meet periodically and review 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

Sd/-
(Arvind Dham)
Chairman

Place : New Delhi
Date : 1st December 2008