



**AHMEDNAGAR
FORGINGS
LIMITED**

32nd ANNUAL REPORT
2008 - 2009



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>Director</i>

Company Secretary

Mr. Prabhjot Singh Ahluwalia

CONTENTS

Notice	3
Directors' Report	5
Corporate Governance Report	9
Management Discussion and Analysis Report	20
Auditor's Report	23
Balance Sheet	27
Profit & Loss Account	28
Cash Flow Statement	29
Schedules	30

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 Second Annual General Meeting of the members of the Company will be held on Thursday, the 31st December 2009 at Gate 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 at 30th June, 2009 and Profit and Loss Account for the year ended on that date together with Director's and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Gautam Malhotra, who retires by rotation & being eligible offers himself for re-appointment
3. To appoint a Director in place of Mr. B. Lugani, who retires by rotation & being eligible offers himself for re-appointment
4. To declare dividend.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

By order of the Board
For Ahmednagar Forgings Limited

Place : New Delhi
Date : 2nd December, 2009

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

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 / HERSELF 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.**
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.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 28th December 2009 to 31st December 2009 (both days inclusive).
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 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 proceeding 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. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting shall be paid on or before January 30, 2010
 - 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 28, 2009



- b) In respect of shares held in electronic form, to those “deemed members” whose names appear in 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, 2009
10. 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.

11. 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. Gautam Malhotra
Date of Birth	03rd March, 1979
Qualification	B.E. (Computer Science), M.B.A
Expertise	Specialization in Acquisitions
Other Directorships	<ol style="list-style-type: none"> 1. Alliance Integrated Metaliks Limited 2. W.L.D Investments Pvt. Limited 3. Amtek India limited 4. Kamakshi Silk Mills Pvt. Limited 5. Innovative Build Tech Private Limited 6. Anubhav Holdings Private Limited 7. Zealous Developers Private Limited 8. Alders Khannas International Private Limited 9. Juvenile Estate Developers Private Limited

Name	Mr. B.Lugani
Date of Birth	27th July, 1955
Qualification	Chartered Accountant
Expertise	Accounting, Tax and Financial Matter
Other Directorships	<ul style="list-style-type: none"> • Amtek Auto Limited • City Swingers Impex Pvt. Ltd. • Vishal Mechanical Works Pvt. Ltd.

By order of the Board
For Ahmednagar Forgings Limited

Place : New Delhi
Date : 2nd December, 2009

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 Second Annual Report and the Audited Accounts of the Company for the year ended 30th June 2009.

FINANCIAL INFORMATION

(Rs. in Lacs)

PARTICULARS	Year ended 30th June 2009	Year ended 30th June 2008
Sales/ Income from operations	51,755.67	66105.85
Expenditures	43,507.53	54931.11
Gross Profit	8248.14	11,174.74
Deprecation	2930.16	1970.20
Profit Before Tax	5317.98	9204.54
Provisions for Taxation	1726.24	2686.88
Profit after Tax	3591.74	6517.66
Add. Accumulated Profit	4120.96	2011.85
Balance available for appropriation	7712.70	8529.51
APPROPRIATIONS:		
Transfer to General Reserve	4000.00	4000.00
Proposed Dividend on Equity	349.20	349.20
Provision for Dividend Tax	59.35	59.35
Surplus carried to Balance Sheet	3304.15	4120.96

DIVIDEND

The Directors of your Company are pleased to recommend a dividend @10 % for the year 2008-09 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 28th December 2009 to 31st December 2009 (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 an income of Rs. 51,755.67 lacs as against Rs. 66,105.85 lacs in the previous year thus recording a decrease of 21.71% over the previous year. The profit after tax of the Company for the year stands at Rs. 3591.74 lacs as against the previous year figure of Rs. 6517.66 lacs. The Company has a strong reserve position of Rs. 43,143.98 lacs.

SHARE CAPITAL

Subsequent to the year under review, the Company issued and allotted 18,30,000 warrants convertible into equivalent number of equity shares of Rs.10/- per share at a premium of Rs.37/- per share aggregating to Rs. 8.60 Crores to the promoter of the Company on preferential basis.

Further, to the end of the financial year, the Company has converted the above mentioned 18,30,000 warrants into equivalent number of equity shares of Rs. 10/- per share at a premium of Rs. 37/- per share aggregating to Rs. 8.60 Crores and allotted the same to the promoter of the Company.

DIRECTORS

Mr. Gautam Malhotra, & Mr. B.Lugani retire at the ensuing Annual General meeting and being eligible offer themselves for re-appointment.

Brief resume of the Directors proposed to be appointed/reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board



Committees, as stipulated under clause 49 of the Listing Agreements with the Stock Exchanges in India, are provided in notice forming part of the Annual Report.

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 2009 3,40,10,674 Equity Shares representing 97.39 % of your Company's Equity share capital has been de-materialised.

LISTING AT STOCK EXCHANGE

The shares of Company are listed on 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 2009 - 2010.

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)

CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Director's Report and the certificate from the Company's auditors confirming compliance of Corporate Governance norms as stipulated in clause 49 VI of the Listing Agreement with the Stock Exchanges is included in the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of 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 Exchange is presented in 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, 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 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

Place : New Delhi
Date : 02nd December, 2009

Sd/-
(Arvind Dham)
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT 2008-2009****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 | : | 1. Reduction in process time
2. Higher productivity
3. 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 Absorbition:

- | | | |
|--|---|--|
| a) Efforts in brief towards technology absorbition | : | 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 UK 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 :	87.76	506.62
IV. Conservation of Energy	Current Year	Previous year
A. Power & Fuel consumption		
1. Electricity Purchased		
Purchased units (in Lacs)	164.58	254.80
Total Amt. (Rs in Lacs)	709.99	1,370.85
Average Rate Per Unit (Rs)	4.31	5.38
2. Own generation through Generator		
Quantity- K.Litres	5,815.23	4,970.99
Total Cost (Rs in Lacs)	1782.96	1349.58
Average Rate Per Liter (Rs)	30.66	27.15
B. Consumption Per Unit of Production		
Auto Components (MTs)	53,343.00	58,724.00
Cost/M.Ton	4,673.43	4,632.56

Corporate Governance Report

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Ahmednagar Forging Limited has implemented and continuously strives to improve the Corporate Governance practices which attempt to meet stakeholders' expectations and Company's societal commitments through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making and conducting business and finally with strict compliance with regulatory guidelines on governance.

II. BOARD OF DIRECTORS

The Business of the Company is managed by the Board of Directors. The functions of the Board include formulation of strategic business plans, budgets, setting up goals and evaluation of performance, approving corporate philosophy and mission, monitoring corporate performance against strategic business plans, overseeing operations, recruitment of senior management personnel, review of material investment and fixed assets transactions, ensuring compliance with laws and regulations, keeping shareholders informed regarding plans, strategies and performance of the Company and other important matters.

The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Executive Director along with a team of professionals manages the day-to-day operations of the Company. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business, industry and finance. The Board of Directors has the ideal composition with more than half the Directors being non-executive Directors. Since the Company has a Non Executive Chairman, the Board's composition meets the stipulated requirement of at least one third of the Board comprising independent Directors who have no professional and/or business relationship with the Company.

A. Composition of Directorships

The constitution of the Board as on June 30, 2009:-

Non Executive Chairman
Mr. Arvind Dham, Chairman

Promoter Director	Managing Director	Non Executive Director	Non Executive and Independent Director
Mr. Arvind Dham	Mr. S.N. Rajagopalan	Mr. D. S. Malik	Mr. B. Lugani Mr. S. E. Krishnan Mr. Gautam Malhotra Mr. Vivek Agarwal

B. Pecuniary Relationship

There is no pecuniary relationship or transaction of the non-executive Directors vis-à-vis the Company.

C. Attendance Record of Board Meetings

During the year under review, Six Board meeting were held on 31.07.2008, 25.10.2008, 01.12.2008, 30.01.2009, 30.04.2009 and 25.05.2009. The Board members are given appropriate documents and information in advance of each Board meeting.

The attendance record of all the Directors on the Board is as under:-

Director	No. of Board Meetings attended	Attendance at last AGM	Attendance at last EGM
Mr. Arvind Dham	4	NO	NO
Mr. D. S. Malik	4	NO	NO
Mr. S.E. Krishnan	3	NO	NO
Mr. B. Lugani	3	NO	NO
Mr. S.N. Rajagopalan	5	YES	YES
Mr. Gautam Malhotra	5	NO	NO
Mr. Vivek Agarwal	4	YES	YES



D. Directors of the Company having directorship in other Companies, Membership/Chairmanship in committees (as prescribed under Corporate Governance) across all Companies in which they are directors.

Name of Director	Category of Directorship	No. of other directorships held in Other Public Companies*	No. of Membership in other companies committees **	
			Member	Chairman
Mr. Arvind Dham	Non Executive – Chairman	7	3	–
Mr. S.N. Rajagopalan	Executive - Whole-Time Director	0	–	–
Mr. D. S. Malik	Non Executive	6	2	1
Mr. S. E. Krishnan	Independent & Non Executive	3	3	1
Mr. B. Lugani	Independent & Non Executive	1	4	1
Mr. Gautam Malhotra	Independent & Non Executive	2	–	–
Mr. Vivek Agarwal	Independent & Non Executive	1	–	–

Mr. Arvind Dham, is Chairman and Director of the Holding Company, Amtek Auto Limited, Mr. D.S. Mailk is the Managing Director of the holding company.

* This excludes directorship held in Private Companies, Foreign Companies and Companies formed under section 25 of the Companies Act, 1956

** The Committee of Directors includes Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of Directors only. This does not include Memberships/Chairmanship in committees of Private Limited Companies.

III. BOARD PROCEDURES

The members of the Board have been provided with the requisite information as per Listing Agreement well before the Board Meeting and the same was dealt with appropriately.

All the Directors who are in various committees are within the permissible limit of the Listing Agreement and none of the Directors are disqualified for appointment as Director under any provision of the Companies Act, 1956.

IV. AUDIT COMMITTEE

The Board of the Company has constituted Audit Committee, comprising of three directors. All the members of the committee viz. Mr. B. Lugani (Chairman), Mr. S.E. Krishnan and Mr. D.S. Malik are Non-Executives Directors. The constitution of the Audit Committee meets the requirement of section 292A of the Companies Act, 1956 and the Listing Agreement. The power and role of the Audit Committee is as per the guidelines set out in the Listing Agreement and as prescribed under section 292A of the Companies Act, 1956.

During the year, the committee met 4 times and the attendance of members at the meetings was as follows:

Name of Member	Status	No. of Meetings attended
Mr. B. Lugani	Chairman	4
Mr. S. E. Krishnan	Director	4
Mr. D. S. Malik	Director	4

V. REMUNERATION COMMITTEE

The Board has constituted a Remuneration Committee, comprising three Non-Executive Directors viz. Mr. S. E. Krishnan (Chairman), Mr. Gautam Malhotra and Mr. B. Lugani. The committee has been constituted to review and approve the annual salaries, commission, service agreement and other employment conditions for the Executive Directors.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.