



**AHMEDNAGAR  
FORGINGS  
LIMITED**

**36th ANNUAL REPORT**  
***2012 - 2013***



# AHMEDNAGAR FORGINGS LIMITED

## 36th ANNUAL REPORT

### 2012 - 2013

## Board of Directors

Mr. Sanjiv Bhasin	<i>Chairman</i>
Mr. S. Rajagopalan	<i>Whole Time Director</i>
Mr. Arvind Dham	<i>Director</i>
Mr. Gautam Malhotra	<i>Director</i>
Mr. D. S. Malik	<i>Director</i>
Mr. S. E. Krishnan	<i>Director</i>
Mr. B. Lugani	<i>Director</i>
Mr. Vivek Kumar Agarwal	<i>Director</i>

## CONTENTS

Notice .....	3
Directors' Report .....	10
Corporate Governance Report .....	15
Management Discussion and Analysis Report .....	28
Auditors' Report .....	34
Balance Sheet .....	38
Statement of Profit & Loss .....	39
Cash Flow Statement .....	40
Notes to Financial Statement .....	41

## Company Secretary

Ms. Swati Ahuja

## Registered Office

Gat No. 614  
At Village : Kuruli  
Tal.: Khed,  
Dist.: Pune - 410 501  
(Maharashtra)

## 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.  
IDBI Bank Ltd.  
ICICI 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.: 011-29961281-83  
Fax: 011-29961284  
E-mail: beetal@rediffmail.com



Notice is hereby given that **Thirty Sixth** Annual General Meeting of the members of the Company will be held on Friday, **the 21<sup>st</sup> day of March, 2014** at the Registered Office of the Company situated at Gat No. 614, Village Kuruli, Tal. Khed, Pune – 410 501 (Maharashtra) at **9.30 A.M.** to transact the following businesses:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 30<sup>th</sup> September, 2013 and Statement of Profit and Loss Account for the period ended on that date together with Director's and Auditor's Report thereon.
2. To appoint a Director in place of **Mr. D. S. Malik**, who retires by rotation & being eligible offers himself for re-appointment.
3. To appoint a Director in place of **Mr. S. E. Krishnan** 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 the next Annual General Meeting and to fix their remuneration.

**“RESOLVED THAT** M/s Manoj Mohan & Associates, Chartered Accountants (Registration No. 009195C) be and is hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as fixed by the Board of Directors.”

## SPECIAL BUSINESS

6. **To consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution :**

**“RESOLVED THAT** Mr. Sanjiv Bhasin, who was appointed as an Additional Director in the meeting of the Board of Directors of the Company and who holds office as such upto the date of Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose Mr. Sanjiv Bhasin, as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

7. **To consider and if thought fit, to pass with or without modification(s), 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. S. Rajagopalan be and is hereby appointed as Whole Time Director of the Company with effect from 26<sup>th</sup> October, 2013 for a period of Five Years on the following terms and conditions :

### (a) Period

Five Years (From 26<sup>th</sup> October, 2013 to 25<sup>th</sup> October, 2018)

### (b) Nature of Duties

Mr. S. Rajagopalan, Whole Time Director, shall devote sufficient time and attention to the business of the Company. He shall have control of 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. S. Rajagopalan, Whole Time Director, 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 60 lacs per annum to be fixed by the Board of Directors from time to time.



**(e) Perquisites**

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

**Category – A**

- Rent Free Furnished Accommodation or house rent allowance at 60% of salary in lieu thereof;
- Medical reimbursement and medical insurance for the said employee 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 and the said employee.
- For the above purpose “family” means spouse and 2 dependent children of the said employee.

**Category – B**

- Contribution to Provident Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1956;
- 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 to the said employee a car of such horse power and make, as may from time to time be determined by the Company, along with Chauffeur, 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 by the said Employee.
- The Company shall provide the said employee with a 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 to the said employee.
- The amount of the aforesaid perquisites and allowances will be restricted to an amount equal to the annual salary of the said employee.

**(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 of the 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 minor children in any sole 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 travelling incurred in the course of the Company’s business.
- The appointment may be terminated by Mr. S. 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 profits of the Company are 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.”

8. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :-**

“**RESOLVED THAT** subject to the provisions of Section 180 (1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (corresponding to Section 293 (1) (d) of the Companies Act, 1956) consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee thereof) for the borrowing by the Board from time to time, subject to any restriction imposed by the terms of the agreements as may have been entered into or may be entered into from time to time for grant of any assistance to the Company, of all moneys deemed by them to be requisite or proper for the purpose of carrying on the business of the Company so, however, that the total amount of such borrowing shall not exceed Rs. 10,000 Crores (Rupees Ten Thousand Crores Only) notwithstanding that the moneys to be borrowed together with the money’s already borrowed by the Company (apart from temporary loans, if any, obtained from the Company’s bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital and free reserves of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

9. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :-**

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (corresponding to Section 293 (1) (a) of the Companies Act, 1956) (including any statutory modifications or re-enactment thereof, for the time being in force) and such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company ( hereinafter called “ the Board” and which term shall be deemed to include any Committee, which the Board may have constituted or hereinafter constitute to exercise its powers including powers conferred by this resolution and with the power to delegate such authority to any person or persons) to mortgage or lease and/or create charge in addition to charge created/ to be created by the Company, on all or any of the moveable and/or immoveable, tangible and/or intangible properties of the Company, wherever situate, both present and future, with such ranking as the Board may in its absolute discretion decide, on such terms and conditions and at such time or times or in such form and manner as it may deem fit, in favour of various Financial Institutions/ Banks /Trustees for the Bond and/or Debenture holders etc. (hereinafter referred as “the lenders” to secure any Term Loans / Cash Credit Facilities / Debenture / Bonds or the like, obtained/ to be obtained from any of the aforesaid lenders not exceeding Rs. 10,000 Crores (Rupees Ten Thousand Crores Only) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other moneys payable by the Company to the aforesaid lenders in term of loan agreement(s) and/or any other document(s) entered into/ to be entered into between the Company and the lenders(s)/agent(s)/ trustee (s) in respect of the aforesaid financial facilities including bank guarantee facility.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to negotiate and finalize with the lenders, terms and conditions, including the nature and ranking of charge and/or mortgage, documents for creation of mortgage and/or charge and to do all such acts, deeds, matters and things incidental thereto and to execute all such documents or writings as may be considered necessary for giving effect to this Resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby further authorized to settle any issue relating to security/ documentation etc., with the concerned lenders as may be considered appropriate by it.

By order of the Board  
For AHMEDNAGAR FORGINGS LIMITED

Sd/-  
(SANJIV BHASIN)  
CHAIRMAN

Place : New Delhi  
Date : 13<sup>th</sup> February, 2014



NOTES:

1. **A MEMBER OF THE COMPANY 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. **CORPORATE MEMBERS ARE REQUESTED TO SEND A DULY CERTIFIED COPY OF THE BOARD RESOLUTION/POWER OF ATTORNEY AUTHORIZING THEIR REPRESENTATIVE TO ATTEND AND VOTE ON THEIR BEHALF AT THE ANNUAL GENERAL MEETING.**
4. **AN EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND CORRESPONDING TO SECTION 173(2) OF THE COMPANIES ACT 1956 IS ANNEXED HERETO.**
5. 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 prior to the date of Annual General Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from **19<sup>th</sup> March 2014 to 21<sup>st</sup> March 2014** (both days inclusive) to decide the entitlement of Members for payment of dividend that may be declared at the Annual General Meeting.
7. Members are requested to furnish/update bank details to the Company/Registrar & Transfer Agents/ Depository Participants to enable the Company to print the same on the dividend warrants to avail of ECS facility, whatever applicable.
8. 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.
9. The Members attending the Annual 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 preceeding the day of Annual General Meeting.
10. 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 this Annual General Meeting.
11. Non-resident Indian Members are requested to Inform Beetal Financial & Computer Services (P) Ltd. immediately on:
  - a) The change in the residential status on return to India for permanent settlement.
  - b) The particulars of the Bank Accounts maintained in India with complete Name of bank, branch, and account type, account number and address of the bank, if not furnished earlier.
12. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting shall be paid on or before **20<sup>th</sup> April, 2014.**
  - 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 **18<sup>th</sup> March, 2014.**
  - b) In respect of shares held in electronic form, to beneficial owners as furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business hours of **18<sup>th</sup> March, 2014.**
13. Consequent upon the introduction of Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment Act) 1999, the amount of dividend which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund established by the Central Government. Shareholders who have not en-cashed their dividend warrant(s) so far for the Financial Year ended 30th June 2006 or any subsequent financial years are requested to make their claim to the R&T Agents of the Company. According to the provisions of the Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.



14. 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. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participants.
15. **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.
16. The Ministry of Corporate affairs (vide circular nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a '**Green Initiative in Corporate Governance**' and allowed Companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permit Companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail address for the said purpose. Members are requested to support this Green Initiative by registering / updating their e-mail addresses for receiving electronic communications.
17. The Company Published its Audited Financial Result for 15 months period commencing from **01<sup>st</sup> July, 2012** and ending on **30<sup>th</sup> September, 2013**.

**INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED/RE-APPOINTED**

Name	<b>Mr. D. S. Malik</b>
Date of Birth	28 <sup>th</sup> May, 1950
Qualification	B.E. ( Mechanical Engineering)
Profession	Service
Expertise	Vast experience in the field of project engineering & manufacturing of auto components and setting up of Greenfield projects
Other Directorships*	1. Amtek Auto Limited 2. Amtek India Limited 3. Adhbhut Infrastructure Limited 4. WHF Precision forgings Limited 5. Amtek Railcar Limited
Shareholding in the Company	NIL

Name	<b>Mr. S. E. Krishnan</b>
Date of Birth	6 <sup>th</sup> June, 1940
Qualification	B.E. ( Mechanical Engineering)
Profession	Service
Expertise	Development of Auto Components
Other Directorships*	1. ARGL Limited. 2. ACIL Limited.
Shareholding in the Company	NIL





Name	<b>Mr. Sanjiv Bhasin</b>
Date of Birth	31 <sup>st</sup> August, 1957
Qualification	M.Com, Chartered Accountant
Profession	Service
Expertise	Accounts and Financial Matters
Other Directorships*	1. Adhbhut Infrastructure Ltd. 2. IDMA Laboratories Ltd. 3. Rollatainers Ltd.
Shareholding in the Company	NIL

Name	<b>Mr. Sowmya Narayanan Rajagopalan</b>
Date of Birth	04 <sup>th</sup> July, 1950
Qualification	P.G Diploma in Management, Mechanical Engineer with a P.G. Diploma in SPC & OR
Profession	Service
Expertise	Setting up of New Projects, Quality Control, Marketing etc.
Other Directorships*	1. Suyaan Transmissions Ltd. 2. First Forge Ltd.
Shareholding in the Company	Nil

\*This excludes Directorships of Private Limited Companies, Foreign Companies, and Section 25 Companies and Alternate Directorships.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND CORRESPONDING TO SECTION 173(2) THE COMPANIES ACT, 1956.**

### **ITEM NO. 6**

Mr. Sanjiv Bhasin was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 13<sup>th</sup> August, 2013, to hold the office upto the date of Annual General Meeting.

The Board of Directors of the Company is of the view that considering the qualifications, vast knowledge, ability, background and experience of Mr. Sanjiv Bhasin, it would be in the interest of the company to appoint him as Director of the Company.

Hence, the Board of Directors recommends this resolution for approval.

None of the Directors of the Company except Mr. Sanjiv Bhasin is interested in the resolution.

### **ITEM NO. 7**

Mr. S. Rajagopalan was appointed as Whole Time Director of the Company on October 26, 2008 for a period of five years. As per the terms and conditions, the tenure of Mr. S. Rajagopalan expires on October 25, 2013. However, the Board as a part of reconstitution of the Executive Management Structure, appointed him as Whole Time Director of the Company for a further period of 5 years w.e.f. October 26, 2013 on the terms and conditions set out in the notice. As the Whole Time Director of the Company, Mr. S. Rajagopalan takes care of Corporate strategy, brand equity, external contacts and other management matters in addition to the previous tasks of achieving annual business plans. The proposed resolution set out at Item No.7 and this explanatory statement may be treated as an abstract of the terms and conditions of appointment and remuneration payable to Mr. S. Rajagopalan in terms of Section 302 of the Companies Act, 1956.





Save and except Mr. S. Rajagopalan, no other Director is concerned or interested in the resolution. Your Directors, therefore, recommend the resolution for your approval.

**ITEM NO. 8**

The growing business operations and future growth plans require to enhance the present borrowing limit up to an amount of Rs.10,000 crores (Ten Thousand Crores), ( apart from temporary loans , if any, obtained from the Company's banker in the ordinary course of business). Such enhanced borrowing limit would also enable the company to borrow for its routine business purposes.

As per Section 180 (1) (c) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (corresponding to Section 293 (1) (d) of the Companies Act, 1956), your directors recommend this special resolution for your approval.

None of the director is concerned or interested in the proposed resolution.

**ITEM NO. 9**

The Company proposes to enhance the limit of mortgage of and/or creation of security on the moveable and/or immoveable properties of the Company, in order to commensurate the same with the borrowing limit as referred to in the resolution at Item No. 8.

As per the provisions of Section 180 (1) (a) of the Companies Act, 2013, (corresponding to Section 293 (1) (a) of the Companies Act, 1956) the Board of Directors of the Company cannot, except with the permission of the members of the Company, mortgage, lease and/or create charge in addition to charge created/ to be created by the Company, on all or any of the moveable and/or immoveable, tangible and/or intangible properties of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors is concerned or interested in the said resolution.

By order of the Board  
**For AHMEDNAGAR FORGINGS LIMITED**

Place : New Delhi  
Date : 13<sup>th</sup> February, 2014

Sd/-  
**(SANJIV BHASIN)**  
CHAIRMAN



TO

THE MEMBERS,  
AHMEDNAGAR FORGINGS LIMITED

Your Directors have pleasure in presenting the **Thirty Sixth** Annual Report on the performance of your Company and the Audited Accounts of the Company for the period ended **30<sup>th</sup> September, 2013**.

## FINANCIAL INFORMATION

(Rs. in Lacs)

PARTICULARS	Period Ended 30 <sup>th</sup> September 2013	Year Ended 30 <sup>th</sup> June 2012
<b>Sales/Income from Operations</b>	<b>176149.81</b>	<b>121843.14</b>
Expenditures	140658.95	98577.48
<b>Gross Profit Before Depreciation</b>	<b>35490.86</b>	<b>23265.66</b>
Depreciation	9794.87	6129.51
<b>Profit Before Tax</b>	<b>25695.99</b>	<b>17136.15</b>
Provisions for Taxation	8367.34	5048.86
<b>Profit After Tax</b>	<b>17328.65</b>	<b>12087.29</b>
Add: Accumulated Profit	3955.75	9795.58
Balance available for appropriation	21284.40	21882.87
<b>APPROPRIATIONS:</b>		
Transfer to General Reserve	12500.00	17500.00
Transfer to Debenture Redemption Reserve	Nil	Nil
Foreign Currency Convertible Bond Redemption Reserve	Nil	Nil
Proposed Dividend on Equity Shares	367.50	367.50
Provision for Tax & CESS on dividend	59.62	59.62
Dividend and Tax for previous year (Not appropriated in previous year)	-	-
<b>Surplus carried to Balance Sheet</b>	<b>8357.28</b>	<b>3955.75</b>

## FINANCIAL PERFORMANCE

