



**AHMEDNAGAR  
FORGINGS  
LIMITED**

**35th ANNUAL REPORT**  
***2011 - 2012***



# AHMEDNAGAR FORGINGS LIMITED

## 35th ANNUAL REPORT

2011 - 2012

### Board of Directors

Mr. Arvind Dham	<i>Chairman</i>
Mr. S. 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 Kumar Agarwal	<i>Director</i>

### Company Secretary

Ms. Swati Ahuja

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### 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.

### 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 Fifth** Annual General Meeting of the members of the Company will be held on Friday, **the 28<sup>th</sup> December 2012** 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 business:

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30<sup>th</sup> June, 2012 and Statement of Profit and Loss for the year ended on that date together with Director's and Auditor's Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of **Mr. B. Lugani**, who retires by rotation & being eligible, offers himself for re-appointment
4. To appoint a Director in place of **Mr. Gautam Malhotra**, who retires by rotation & being eligible, offers himself for re-appointment.
5. To appoint the Auditors of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

**“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.”

By order of the Board  
**For Ahmednagar Forgings Limited**

Sd/-  
**(Arvind Dham)**  
Chairman

Place : New Delhi  
Date : 25<sup>th</sup> October, 2012

## **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 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. 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.**
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 prior to the date of meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from **26<sup>th</sup> December 2012 to 28<sup>th</sup> December 2012** (both days inclusive) to decide the entitlement of Members for payment of dividend that may be declared at the Annual General Meeting.
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 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 preceding 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. Non-resident Indian Members are requested to inform Beetal Financial & Computer Services Pvt. 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, account type, account number and address of the bank, if not furnished earlier.
10. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting shall be paid on or before **January 27<sup>th</sup>, 2013**.
  - 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 24<sup>th</sup>, 2012**.
  - 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 **December 24<sup>th</sup>, 2012**.
11. 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 30<sup>th</sup> June, 2005 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.
12. 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.
13. **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.
14. 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 permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering/updating their e-mail addresses for receiving electronic communications.



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

Name	<b>Mr. B. LUGANI</b>
Date of Birth	22 <sup>nd</sup> July 1955
Qualification	Chartered Accountant
Profession	Financial and Management Consultant
Expertise	Accounting, Taxation and Financial Matter
Other Directorships*	1. IFFCO- TOKIO General Insurance Company Limited 2. Amtek Auto Limited
Shareholding in the Company	NIL

Name	<b>Mr. GAUTAM MALHOTRA</b>
Date of Birth	3 <sup>rd</sup> March 1979
Qualification	B. E. (Computer Science), M.B. A.
Profession	Service
Expertise	Specialization in Acquisition
Other Directorships*	1. Amtek India Limited 2. Amtek Crankshafts (India) Limited 3. Amtek Laboratories Limited
Shareholding in the Company	NIL

\*This excludes Directorships of Private Limited Companies, Foreign Companies and Section 25 Companies and their Committee memberships.

By order of the Board  
**For Ahmednagar Forgings Limited**

Sd/-  
**(Arvind Dham)**  
Chairman

Place : New Delhi  
Date : 25<sup>th</sup> October, 2012



TO

THE MEMBERS,  
AHMEDNAGAR FORGINGS LIMITED

Your Directors have pleasure in presenting the **Thirty Fifth** Annual Report of your Company and the Audited Accounts for the year ended **30<sup>th</sup> June 2012**.

## BUSINESS SNAPSHOT

Ahmednagar Forgings is the second largest Forging Company in India with world class manufacturing facilities. These have significant locational advantages through their proximity to the automotive manufacturer hubs in the North and West regions of India. Ahmednagar Forgings has state-of-the-art facilities with presses, hammers, upsetters and ring rolling machines. It has an extensive product portfolio with a range of highly engineered components including camshafts, connecting rods, crankshaft, crown wheel pinion and front axle beam. The Company supplies components for passenger cars, light and heavy commercial vehicles, 2/3 wheelers and tractors. It also manufactures components for non-auto industry such as the railways and specialty vehicles. The Company serves diversified client base. Ahmednagar Forgings is well positioned in the Indian auto component market. The Company is also backed by number of leading investors.

## FINANCIAL INFORMATION

(Rs. in Lacs)

Particulars	Year ended 30th June 2012	Year ended 30th June 2011
Sales/other Income from Operations	121843	93724
Expenditures	98577	73496
<b>Gross Profit Before Depreciation</b>	<b>23266</b>	20228
Deprecation	6130	4995
<b>Profit Before Tax</b>	<b>17136</b>	15233
Provisions for Taxation	5049	4418
<b>Profit after Tax</b>	<b>12087</b>	10815
Add: Accumulated Profit	9796	4834
<b>Balance available for appropriation</b>	<b>21883</b>	15649
<b>APPROPRIATIONS:</b>		
Transfer to General Reserve	17500	5000
Transfer to Debenture Redemption Reserve	Nil	Nil
Foreign currency convertible bond redemption reserve	Nil	Nil
Proposed Dividend on Equity Shares	368	735
Provision for Tax & CESS on dividend	60	119
Dividend and Tax for previous year (Not appropriated in previous year)	–	–
<b>Surplus carried to Balance Sheet</b>	<b>3956</b>	9796

## FINANCIAL PERFORMANCE

During the year under review, the total income of the Company was Rs. 121,843 Lacs compared to the previous year of Rs. 93,724 Lacs, recording an increase of 30% year on year. The Profit after Tax of the Company for the year was Rs. 12,087 Lacs as compared to the previous year of Rs. 10,815 Lacs, recording an increase of 11.76% year on year. The Company has a strong reserve position of Rs. 70156 Lacs.

## DIVIDEND

The Board of Directors is pleased to recommend a dividend of 10% of the face value of each Equity Share for the financial year 2011-12 for shareholder approval. This corresponds to Rs. 1.00 per equity share each with a face



value of Rs. 10.00 each fully paid up. The proposed dividend, if approved, at the ensuing Annual General Meeting, would result in appropriation of Rs. 428 Lacs (including Corporate Dividend Tax of Rs. 60 Lacs) out of the Profits after Tax. The Company has made a transfer of Rs. 17,500 Lacs to the General Reserve.

The Register of members and share transfer books shall remain closed from 26<sup>th</sup> December 2012 to 28<sup>th</sup> December 2012 (both days inclusive), for the purpose of Annual General Meeting and payment of the dividend.

## **DIRECTORS**

In accordance with Section 256 of Companies Act, 1956 and the Article of Association of the Company, Mr. B. Lugani & Mr. Gautam Malhotra, Directors of the Company shall retire by rotation and being eligible offer themselves for re-appointment. The board recommends their re-appointment at the ensuing Annual General Meeting.

Brief resumes of the Directors proposed to be reappointed, nature of their industrial expertise in specific functional areas and names of the Companies in which they hold directorships are provided in the notice forming part of the Annual Report. Further, the names of the Companies in which they hold the Membership/Chairmanship of the Committees of the Board, as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges are provided in the Corporate Governance Section of this Annual Report.

## **AUDITORS**

M/s. Manoj Mohan & Associates, Chartered Accountants, New Delhi, Auditor of the Company, hold office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment.

The Company has received letter from M/s. Manoj Mohan & Associates, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified from such appointment in terms of Section 226 of the Companies Act, 1956.

## **AUDITORS' REPORT**

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

## **EXTERNAL COMMERCIAL BORROWING**

During the year under review, the Company raised a foreign currency loan of US\$ 20 Million for a period of 5 years through External Commercial Borrowings ("ECB") for Capital Expenditure of the Company.

## **FIXED DEPOSITS**

During the year under review, the Company did not accept any fixed deposits under Section 58A and 58AA of the Companies Act, 1956.

## **CASH FLOW STATEMENT**

As required by Clause 32 of the Listing Agreement a Cash Flow Statement is annexed and forms part of the Annual Report.

## **DEMATERIALIZATION OF SHARES**

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE 425A01011. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by the Securities and Exchange Board of India (SEBI).

The equity shares of the Company are actively traded on BSE and NSE.

## **Status of Dematerialisation of Shares**

As on 30<sup>th</sup> June 2012, 35955148 representing 97.84% of your Company's paid up Equity Share Capital has been de-materialised.

## **LISTING AT STOCK EXCHANGE**

The equity shares of Company are listed on The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Company has paid its annual listing fee to the stock exchanges for the financial year 2012 - 2013.



## **RECONCILIATION OF SHARE CAPITAL AUDIT**

The Securities and Exchange Board of India has directed that all issuer companies shall submit a certificate reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/ paid up capital. The said certificate, duly certified by a qualified chartered accountant/ company secretary is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

The Share Capital Audit Reports as submitted by M/s Iqneet Kaur & Company, Company Secretaries, on quarterly basis were forwarded to the Stock Exchanges where the Equity Shares of the Company are listed.

## **STATUTORY INFORMATION**

- Particulars 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 statutory auditors confirming compliance of Corporate Governance norms as stipulated in clause 49 VI of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis of the Company's 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 Exchanges is presented in a 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 for the financial year ended on 30.06.2012, 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 2012 and of the profit 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 for the financial year ended on 30.06.2012 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.



**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 wish to place on record the sincere and dedicated efforts of all the members of the Company's team that has made it possible to achieve excellent growth. Your Directors also take this opportunity to offer their sincere thanks to the Financial Institutions, Banks and other Government Agencies, our valued customers and the investors for their continued support, co-operation and assistance

Your Directors also wish to acknowledge the contribution made by the employees at all levels and above all the trust and confidence reposed by the shareholders.

By order of the Board  
**For Ahmednagar Forgings Limited**

Sd/-  
**(Arvind Dham)**  
Chairman

Place : New Delhi  
Date : 25<sup>th</sup> October, 2012



**ANNEXURE- I TO THE DIRECTORS' REPORT 2011-2012**

**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 : i) Reduction in process time  
ii) Higher productivity  
iii) 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 Absorbtion:**

- a) Efforts in brief towards technology absorbtion : 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 Europe 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)

	<b>Current Year</b>	<b>Previous Year</b>
Foreign Exchange Used :	<b>429.50</b>	14.78
<b>IV. Conservation of Energy</b>	<b>Current Year</b>	<b>Previous year</b>
<b>A. Power &amp; Fuel consumption</b>		
<b>1. Electricity Purchased</b>		
Purchased Units (in Lacs)	<b>333.10</b>	244.51
Total Amt. (Rs in Lacs)	<b>2,065.31</b>	1,669.43
Average Rate Per Unit (Rs.)	<b>6.20</b>	6.83
<b>2. Own generation through Generator</b>		
FO/LDO (Ltrs)		
Quantity- K.Litres	<b>3,224.95</b>	3,666.34
Total Cost (Rs in Lacs)	<b>1,376.04</b>	1,614.31
Average Rate Per Liter (Rs)	<b>42.67</b>	44.03
LPG (Kgs.)		
Quantity- Kg.	<b>9.06</b>	8.28
Total Cost (Rs in Lacs)	<b>584.90</b>	403.26
Average Rate Kgs. (Rs)	<b>48.73</b>	48.73
<b>B. Consumption Per Unit of Production</b>		
Auto Components (MTs)	<b>136,306.00</b>	112,125.00
Cost/M.Ton	<b>2,953.83</b>	3,288.29



## 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 optimum combination of Executive and Non Executive Directors with more than half the Directors being Non-Executive. 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 of 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, 2012:-**

#### Non Executive Chairman Mr. Arvind Dham

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

### B. Pecuniary Relationship

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

### C. Attendance Record of Board Meetings

During the year under review, **Four** Board meetings were held on **11/08/2011, 12/11/2011, 14/02/2012 and 12/05/2012**. The Board members were given appropriate documents and information in advance of each Board meeting.

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

Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Arvind Dham	4	NO
Mr. D. S. Malik	4	NO
Mr. S.E. Krishnan	3	NO
Mr. B. Lugani	2	NO
Mr. S. Rajagopalan	4	YES
Mr. Gautam Malhotra	4	NO
Mr. Vivek Agarwal	3	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 are as under :-**

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	5	3	–
Mr. S. Rajagopalan	Executive - Whole Time Director	1	–	–
Mr. D.S. Malik	Non Executive	5	2	1
Mr. S.E. Krishnan	Independent & Non Executive	2	2	1
Mr. B. Lugani	Independent & Non Executive	2	2	–
Mr. Gautam Malhotra	Non Executive	3	2	–
Mr. Vivek Agarwal	Independent & Non Executive	2	–	–

Mr. Arvind Dham, is Chairman and Director and Mr. D.S. Malik is the Managing Director of the Amtek Auto Limited, the holding company of Ahmednagar Forgings Limited.

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

\*\* In accordance with Clause 49, Memberships/Chairmanships of only Audit Committee and Shareholders/Investor's Grievance Committee in all Public Limited Companies have been considered.

### **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 provided by the Listing Agreement and none of the Directors is disqualified for appointment as Director under any provision of the Companies Act, 1956.

### **IV. AUDIT COMMITTEE**

The terms of reference of the Audit committee include those specified under revised clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956 such as

- to oversee the Company's financial reporting process and disclosure of its financial information,
- to recommend appointment of Statutory Auditors and fixation of audit fee,
- to review quarterly, half yearly and annual financial statements before submission to the Board and to advice and make recommendations to the Board on matters related to financial management of the Company, including Audit Reports,
- to review and discuss with Auditors about internal control system, major accounting policies & practices reviewing Companies financial and Risk management policies in compliance with Stock Exchange and legal requirements concerning financial statements and
- to carry out any other functions as is mentioned in the terms of reference to the Audit Committee.

Presently, the Audit Committee comprises of three members. All the members of the committee viz. Mr. B. Lugani (Chairman), Mr. S.E. Krishnan and Mr. D.S. Malik are Non-Executive Directors out of which two are Independent Directors. The Chairman of the Audit Committee is an Independent Director. The constitution of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the members of the Audit Committee have requisite accounting and financial management expertise.



During the year, the committee met **4** times and the attendance of each member at the meetings was as under:

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

The Head of Finance, Internal Auditors and Statutory Auditors are invited to the Audit Committee meetings from time to time. Further, representatives from various departments of the Company also attended the meetings as and when desired by the members of the committee and clarified questions raised at the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

#### V. REMUNERATION COMMITTEE

The Board has constituted a Remuneration Committee, which presently comprises of three Non-Executive Directors viz. Mr. S. E. Krishnan (Chairman), Mr. Vivek Kumar Agarwal and Mr. B. Lugani. The committee has been constituted to review/recommend the annual salary, commission, service agreement and other employment conditions for the Executive/Whole time/Managing 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.

During the year under review, only **one** meeting of the Remuneration Committee was held in which all the members were present.

**(A) The details of the remuneration paid to the Executive Director for the year ended June 30, 2012 is given below:-**

Wholetime Director	Salary* (Rs. in Lacs)	Commission	Total (Rs. in Lacs)	Service Contract
Mr. S. Rajagopalan	33.29	–	33.29	5 Years

1. Remuneration includes Salary, Bonus, Contribution to Provident Fund and all other perquisites taxable or non-taxable.
2. Appointment is contractual.
3. Information about qualification and last employment is based on particulars furnished by the employee.
4. The above employee is not a relative of any Director of the Company.

**(B) The details of the remuneration to the Non Executive Director provided as per accounts for the year ended June 30, 2012 are given below:-**

Non Executive Director	Sitting Fee (Rs.)	Commission	Total (Rs.)
Mr. Arvind Dham	Nil	–	Nil
Mr. B. Lugani	13000	–	13000
Mr. S.E. Krishnan	15000	–	15000
Mr. D.S. Malik	Nil	–	Nil
Mr. Gautam Malhotra	Nil	–	Nil
Mr. Vivek Agarwal	7000	–	7000

None of the Non-executive Directors hold any shares of the Company.



## **VI. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Board has constituted a Shareholders'/ Investors' Grievance Committee, presently comprising of three Directors under the chairmanship of Mr. S. E. Krishnan, a Non Executive and Independent Director, the other members in the committee being, Mr. B. Lugani & Mr. Arvind Dham. The committee has been constituted to specifically look into redressal of shareholders' and investors' grievances such as transfer, dividend, and de-materialization related matters.

During the year, the committee met **four** times. All the members were present in all the meetings.

Total number of complaints received and replied to the satisfaction of shareholders during the year under review were **15**. As on 30<sup>th</sup> June 2012, there were **nil** complaints pending with the Company.

The Company has also adopted a code of internal procedures and conduct for prevention of insider trading in the shares of the Company, pursuant to Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended. The Board has authorized the committee to monitor the compliances as required under the various Regulations as stipulated by the Code.

The Board has designated Company Secretary as the Compliance Officer to monitor the share transfer process and liaise with the regulatory authorities.

## **VII. SHARE TRANSFER COMMITTEE**

The Board has delegated the powers to approve transfer of the shares to Share Transfer Committee. The Committee held **12** meetings during the year and approved transfer of the shares lodged with the Company.

The committee deals with the following matters:

- Transfer/transmission of shares;
- Issue of new share certificates / Duplicate share certificates;
- Review of de - materialisation of shares.
- All other matters relating to transfer of shares.

## **VIII. GENERAL BODY MEETINGS**

### **I. The last three Annual General Meetings were held as under:-**

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>	<b>Special Resolutions Passed</b>
2010-11	Gat No.614, At Village Kuruli Tal.: Pune-410 501	31.12.2011	9.30 A.M.	Nil
2009-10	Gat No.614, At Village Kuruli Tal.: Pune-410 501	31.12.2010	9.30 A.M.	Nil
2008-09	Gat No.614, At Village Kuruli Tal.: Pune-410 501	31.12.2009	9.30 A.M.	Nil

II. During the year under review No Extraordinary General Meeting of the shareholders of the Company was held.

III. During the last year, no resolution was put through postal ballot.

## **IX. DISCLOSURES**

### **(A) Basis of related Party Transaction**

During the year under review there were no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.

### **(B) Whistle Blower Policy**

The Company encourages an open door policy where employees have access to the Head of the business / function. In terms of Company's Code of Conduct, any instance of non adherence to the code/ any other observed unethical behavior are to be brought to the attention of the immediate reporting authority, who is required to report the same to the Head of Corporate Human Resources.

Further, We hereby affirm that no personnel have been denied access to the Audit Committee.



No penalties, or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

The Company has complied with all mandatory requirements of the revised Clause 49 of the Listing Agreement, as amended from time to time. Further, the Company has also complied with the non-mandatory requirement relating to constitution of Remuneration Committee, Shareholder Rights and establishing the Whistle Blower Policy.

#### (C) Code of Business Conduct and Ethics for Directors and Management Personnel

The Board has prescribed a Code of Conduct ("Code") for all Board Members and Senior Management of the Company. The Code has been posted on the website of the Company ([www.amtek.com](http://www.amtek.com)). All Board Members and Senior Management personnel have confirmed compliance with the Code for the year 2011-12. A declaration to this effect signed by the Wholetime Director & CEO of the Company is provided elsewhere in the Annual Report.

#### (D) Disclosure of Accounting Treatment :

In the preparation of financial statements for the year ended on 30<sup>th</sup> June, 2012 ; there was no treatment different from that prescribed in the applicable accounting standards that had been followed and the same has been confirmed in the Directors report.

#### (E) Board Disclosures – Risk Management :

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.

#### (F) Proceeds from preferential issues of warrants etc.

During the year under review the Company has not issued any shares or convertible instrument on preferential basis.

### X. MEANS OF COMMUNICATION

Results for quarter ended 30<sup>th</sup> September 2011, 31<sup>st</sup> December 2011, 31<sup>st</sup> March 2012 and 30<sup>th</sup> June 2012 have been published in English and Marathi newspapers (viz Business Standard and Kesari ).

The Company uploads its financial results, shareholding pattern and other information on the website of the Company i.e. [www.amtek.com](http://www.amtek.com)

A Management Discussion and Analysis Report which forms part of the Annual Report is given by means of a separate annexure and is attached to the Directors' Report.

### XI GENERAL SHAREHOLDERS INFORMATION

#### 1. ANNUAL GENERAL MEETING

Date	December 28, 2012
Day	Friday
Time and Venue	9.30 A.M, Gat No. 614, Village Kuruli, Tal.: Khed Distt. Pune-410 501 (Maharashtra)

#### 2. FINANCIAL CALENDER: (Tentative & Subject to change)

Financial year : 2012 - 2013	<b>July 1, 2012 to June 30, 2013</b>
First Quarter Results	Mid November, 2012
Second Quarter Results	Mid February, 2013
Third Quarter Results	Mid May, 2013
Fourth Quarter Results	Mid August, 2013



**3. DATES OF BOOK CLOSURE:** **Wednesday, December 26, 2012 to Friday, December 28, 2012**  
(Both days inclusive)

**4. DIVIDEND PAYMENT DATE:** **On or before January 27, 2013**

**5. LISTING ON STOCK EXCHANGES:**

The Shares of the Company are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

Listing fees for the year **2012-2013** has been paid to the Stock Exchanges within the stipulated time.

**6. STOCK CODE :**

BOMBAY STOCK EXCHANGE : **Security Code 513335**

NATIONAL STOCK EXCHANGE : **Trading Symbol AHMEDFORGE**

ISIN NO. for dematerialised shares : **INE 425A01011**

**6a. STOCK MARKET DATA**

Monthly high and low quotations of shares traded at National and Bombay Stock Exchanges for the year ended 30<sup>th</sup> June 2012.

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
July, 2011	127.00	115.00	127.00	114.10
August, 2011	124.00	100.20	124.95	99.05
September, 2011	117.45	102.20	119.80	102.10
October, 2011	106.00	94.90	109.90	94.80
November, 2011	107.85	85.10	107.70	89.50
December, 2011	96.30	78.25	96.90	76.55
January 2012	139.65	84.00	139.70	84.60
February, 2012	191.80	135.15	193.00	135.15
March, 2012	194.80	151.60	195.00	160.10
April, 2012	197.50	160.10	197.00	160.15
May, 2012	168.00	136.25	167.70	136.10
June 2012	149.35	134.35	151.50	134.00

**National Stock Exchange**

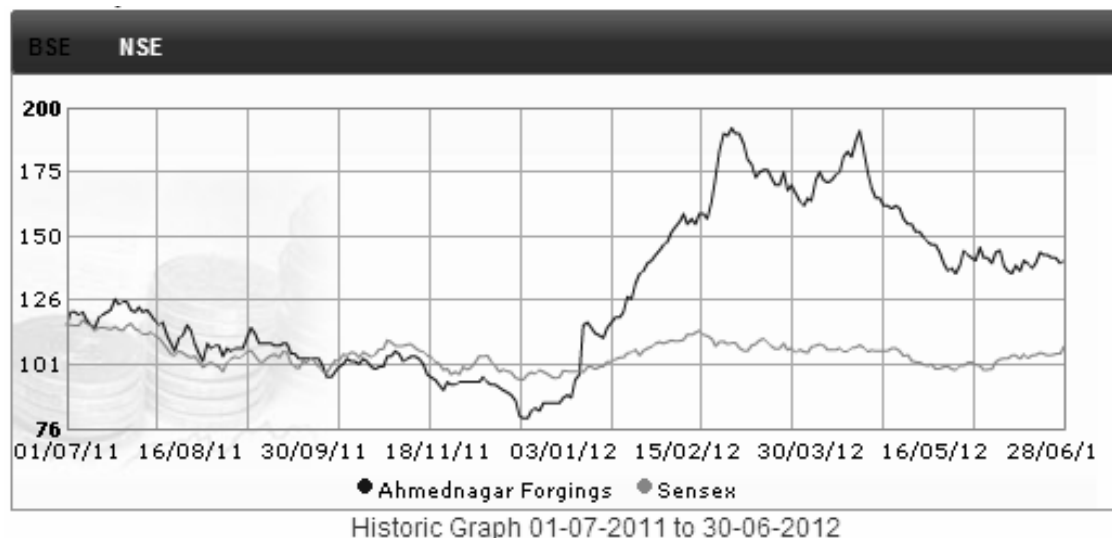


Historic Graph 01-07-2011 to 30-06-2012





**Bombay Stock Exchange**



**7. REGISTRARS AND TRANSFER AGENTS:**

Beetal Financial & Computer Services Pvt. Ltd.  
 BEETAL HOUSE, 3<sup>rd</sup> Floor, 99, Madangir,  
 Behind Local Shopping Centre, New Delhi - 110 062  
 Phone No. : 011 – 29961281-83  
 Fax No. 011 - 29961284  
 E-mail: beetal@rediffmail.com

**8. SHARE TRANSFER SYSTEM**

Shareholders / investors are requested to send share certificate(s) along with the share transfer deed in the prescribed Form 7B, duly filled in executed and affixed with the share transfer stamp, to the Company’s RTA. If the transfer documents are in order, the transfer of shares is registered within 15 days of receipt of transfer documents by Company’s RTA.

**9. DISTRIBUTION OF SHAREHOLDING AS ON JUNE 30, 2012**

No. of Shares held (Rs.10/- paid up)	Shareholders Number	% of Total	Total (in Rs.)	% of Total Shareholding
Up to 5000	6852	80.34	9472460	2.58
5001 10000	1111	13.03	7591380	2.06
10001 20000	270	3.17	3997270	1.09
20001 30000	92	1.08	2377530	0.65
30001 40000	42	0.49	1505780	0.41
40001 50000	31	0.36	1428470	0.39
50001 100000	70	0.82	5210310	1.42
100001 Above	61	0.71	335916800	91.40
<b>TOTAL :</b>	<b>8529</b>	<b>100.00</b>	<b>367500000</b>	<b>100.00</b>

**10. SHAREHOLDING PATTERN ON JUNE 30, 2012**

<b>Category Code</b>	<b>Category of Shareholder</b>	<b>Total Number of Shareholders</b>	<b>Total Number of Shares</b>	<b>Percentage</b>
(A)	Shareholding of Promoter and Promoter Group			
<b>(1)</b>	<b>Indian</b>			
	(a) Individual's/Hindu Undivided Family	0	0	0
	(b) Central Government/State Government(s)	0	0	0
	(c) Bodies Corporate	1	20196665	54.957
	(d) Financial Institutions / Banks	0	0	0
	(e) Any Other (specify)	0	0	0
	<b>Sub – Total (A) (1)</b>	<b>1</b>	<b>20196665</b>	<b>54.957</b>
<b>(2)</b>	<b>Foreign</b>			
	(a) Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0
	(b) Bodies Corporate	0	0	0
	(c) Institutions	0	0	0
	(d) Any Other (Specify)	0	0	0
	<b>Sub – Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>1</b>	<b>20196665</b>	<b>54.957</b>
<b>(B)</b>	<b>Public Shareholding</b>			
<b>(1)</b>	<b>Institutions</b>			
	(a) Mutual Funds/UTI	5	3204265	8.719
	(b) Financial Institutions / Banks	9	211496	0.575
	(c) Central Government / State Government(s)	0	0	0
	(d) Venture Capital Funds	0	0	0
	(e) Insurance Companies	0	0	0
	(f) Foreign Institutional Investors	9	7562214	20.577
	(g) Foreign Venture Capital Investors	0	0	0
	(h) Any Other (Specify)	0	0	0
	(i) Foreign Financial Institutions/Banks	1	600	0.002
	<b>Sub Total (B) (1)</b>	<b>24</b>	<b>10978575</b>	<b>29.874</b>



<b>(2) Non-Institutions</b>				
(a)	Bodies Corporate	370	1918070	5.219
(b)	Individuals –			
i.	Individual Shareholders holding nominal Share Capital upto Rs. 1 lakh.	7757	2557545	6.959
ii.	Individual Shareholders holding nominal Share Capital in excess of Rs. 1 lakh	24	802065	2.182
(c)	Any Other (specify)			
	I. Trust	2	1000	0.003
	II. Clearing Members	21	8242	0.022
	III. Non Resident Indians (NRI)	105	49093	0.134
	IV. Hindu Undivided Families	225	238745	0.650
	<b>Sub-Total (B)(2)</b>	<b>8504</b>	<b>5574760</b>	<b>15.169</b>
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>8528</b>	<b>16553335</b>	<b>45.043</b>
<b>(C)</b>	<b>TOTAL (A) + (B)</b>	<b>8529</b>	<b>36750000</b>	<b>100.00</b>
	Shares held by Custodians and against which Depository Receipts have been issued	<b>0</b>	<b>0</b>	<b>0</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>8529</b>	<b>36750000</b>	<b>100.00</b>

#### 11. DEMATERIALISATION OF SHARES

As on 30<sup>th</sup> June 2012, 35955148 representing 97.84% of your Company's paid up Equity Share Capital has been de-materialised. The equity shares of the Company are actively traded on BSE and NSE.

#### 12. OUTSTANDING GDRS / ADRS / WARRANTS / OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

As on date, there are no outstanding GDRs/ADRs/Warrants/ or any other Convertible instruments.

#### 13. PLANT LOCATION

**Unit I** - MIDC Area, Ahmednagar

**Unit II** - Chakan, Dist.Pune

**Unit III** - Kuruli, Dist.Pune

**Unit IV** - Nalagarh, Distt. Solan, Himachal Pradesh

#### 14. INVESTORS CORRESPONDENCE MAY BE ADDRESSED TO:-

Ms. Swati Ahuja, Company Secretary  
Ahmednagar Forgings Limited,  
The Great Eastern Plaza, 604, 6<sup>th</sup> Floor,  
1996 A, Airport Road, Near Gunjan Theatre,  
Yerwada, Pune – 411 006.  
Tel. : 020 66031188

By order of the Board  
For Ahmednagar Forgings Limited

Sd/-  
**(Arvind Dham)**  
Chairman

Place : New Delhi  
Date : 25th October, 2012



## AUDITORS' REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Shareholders  
**Ahmednagar Forgings Limited**

We have examined the compliance of conditions of corporate governance by Ahmednagar Forgings Limited, for the year ended on **30<sup>th</sup> June 2012** as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that the shareholders/ Investors Grievance Committee has maintained records to show the Investors Grievance and certify that as at 30<sup>th</sup> June 2012, there were no investors grievance remaining unattended/pending for more than 30 days.

We further state that such compliances is neither an assurance as to the future viability of the Company nor to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Manoj Mohan & Associates**  
Chartered Accountants  
Firm Regn. No. 009195C

Place : New Delhi  
Date : 25th October, 2012

Sd/-  
**(M. K. Agarwal)**  
Partner  
Membership No. 76980

## DECLARATION BY CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required under Clause 49 of the Listing Agreement with Stock Exchanges, it is hereby confirmed that for the year ended **30<sup>th</sup> June, 2012**, the Directors of Ahmednagar Forgings Limited have affirmed compliance with the Code of Conduct for Board Members as applicable to them and members of the senior management have affirmed compliance with the Employee Code of Conduct as applicable to them.

Place : New Delhi  
Date : 25th October, 2012

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



## CEO AND CFO CERTIFICATION

We, S. Rajagopalan, Whole Time Director & C.E.O. and Mr. Ram Prasad, GM (Finance & Accounts) responsible for the finance function certify that:

- a) We have reviewed the financial statement and cash flow statement for the year ended 30<sup>th</sup> June 2012 and to the best of our knowledge and belief :
  - i) these statements don't contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company, during the year ended 30<sup>th</sup> June 2012 are fraudulent, illegal or volatile of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the Year requiring disclosures in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial Reporting.

Place : New Delhi  
Dated : 25th October, 2012

Sd/-  
**Ram Prasad**  
G.M. (Finance & Accounts)

Sd/-  
**S. Rajagopalan**  
Whole Time Director & C.E.O.



## 1. INDUSTRY OVERVIEW

### Indian Economy

The economic environment in India has deteriorated significantly over the last 12 months. In response, the Government of India has introduced a series of wide ranging reforms to facilitate foreign investment, control the fiscal deficit and improve growth prospects. These have ranged from reducing subsidies on fuel to the opening up of previously protected sectors such as multi brand retailing and insurance to foreign direct investment.

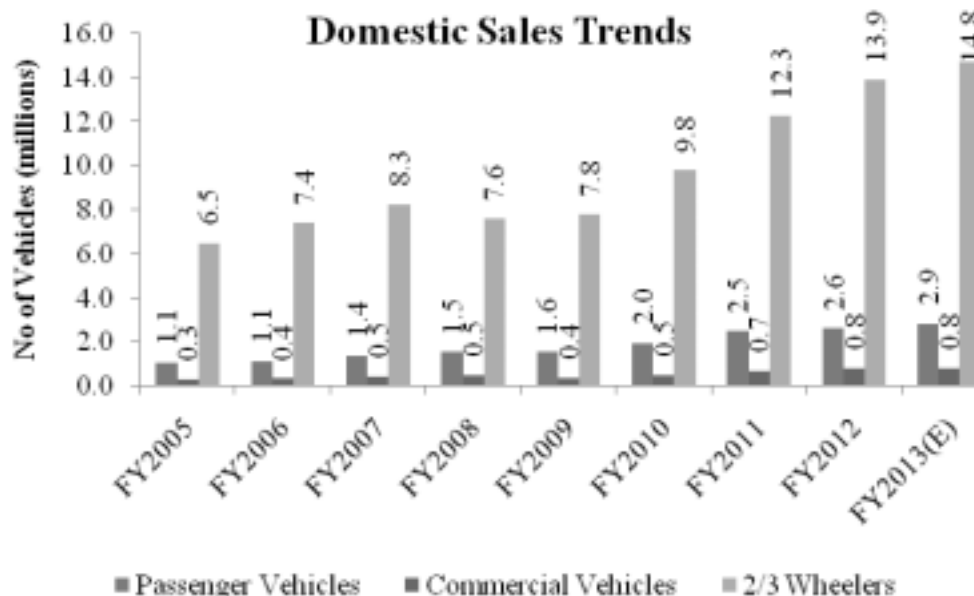
However, whilst these policies are implemented, controlling inflation remains a high priority. For the year ended March 2013, WPI based inflation is expected to be 7.5%. This assumes continued near term staple food price inflation and the impact of the pass-through of market based oil prices into retail fuel prices. The increases in the indirect and services tax rates in the last budget are likely to add to the inflationary pressures.

Inflation is also the key driver for broader fiscal policy. The Reserve Bank of India has been unable to reduce interest rates meaningfully to stimulate consumption led growth. Ongoing volatility in the foreign exchange market and the depreciation of rupee has added additional complexity for policy makers.

As per RBI, India's GDP growth is estimated to be 6.5% for the year ended March 2012, lower than the 8.4% growth in Year Ending (YE) March 2011 and 10% in YE March 2010. In YE March 2012, Index of Industrial Production (IIP) registered a growth of 2.8% compared to 8.2% in YE March 2011. Except Electricity which grew by 8.2%, the remaining two sectors – Mining and Manufacturing remained under pressure at (2.0)% and 2.9% y-o-y, respectively in YE March 2012. Despite a delayed monsoon season, the agriculture sector is expected to grow by 3.0%.

### Automobile Industry

The long term Auto industry dynamics in India are attractive from both end market and manufacturing platform perspectives. Consumer demand has been underpinned by favorable demographic changes, in particular by ongoing urbanization and an increasing middle class. Disposable incomes have also increased and correspondingly raised vehicle ownership levels. Over the last 5 years, relatively high GDP growth and industrial activity increased the demand for commercial vehicles. Current low levels of agricultural mechanization have resulted in strong tractor demand. India is expected to be the third largest automotive market by volumes in 2015 after US and China.



India has also been acknowledged by many global OEMs as one of the most strategically important emerging auto markets in the world. It is not only an attractive destination for OEMs as an end customer market but also an increasingly critically important manufacturing base. For example, global majors Ford, GM and Renault-Nissan have all announced that they will set up their manufacturing facilities in India. These manufacturing facilities will be used to service both the domestic and export markets.



## 2. AUTO INDUSTRY: OUTLOOK

In addition to an overall declining GDP growth environment, near term demand pressures have had a significant impact on the Indian passenger vehicle sector. This has been a consequence of a number of different factors including increased excise duties and fuel prices, relatively high interest rates and generally weaker consumer sentiment. Production volumes are now effectively flat year-on-year at 1.1% for 1Q FY13. This is a significant decline compared to previous two quarters which grew by +9.0% and +10.2% year-on-year.

Industrial activity has also experienced sequential contraction and volatility. The commercial vehicle production has had its second sequential quarter of negative growth in Q1FY13 of (5.2)% and (3.8)% in the previous quarter. This is in context of a 22.9% growth in the last year. Although LCV production volumes have shown marginal growth, MCVs volumes have declined by over 15%. 2/3 Wheeler volumes have deteriorated rapidly during the last quarter from +7.9% to -3.0% in Q1 FY13. Despite these current challenges, there are some favorable dynamics: new product launches to stimulate demand, OEMs have re-balanced inventory levels, replacement market demand is improving and import costs reduced with a depreciating rupee.

Looking ahead more broadly, SIAM expects domestic passenger car sales to grow at 1% to 3% for the year ending March 2013 and commercial vehicles by 3% to 5% for the same period. Longer term the Indian auto component industry is expected to reach over US\$ 110 billion by 2021, growing at a CAGR of 11%. For the year ended March 2013, the overall industry is expected to grow 5-7%. Tractor production volumes are expected to reach 710,000 by 2015-16, growing at a CAGR of 2.6%.

### Ahmednagar Forgings: Strategy and Outlook

Ahmednagar Forgings is the second largest forging axle beam and crankshaft manufacturing company in India with world class manufacturing facilities. The Company has state of the art facilities with presses, hammers, upsetters and ring rolling machines. It has an extensive product portfolio with a range of highly engineered components including camshafts, connecting rods, crankshaft, crown wheel pinion and front axle beam.

In the context of a volatile global economy, auto sector demand continues to be dampened as end customers adopt a conservative approach to discretionary spending. Given this ongoing uncertainty, Ahmednagar Forgings is cautious on the near term market but remains optimally positioned to capitalize on its technology and product design capabilities. India is an attractive central hub for OEM global exports and a world class manufacturing base. Continuous investments within India from major OEMs will significantly enhance mid to long term prospects of the domestic auto industry. Over the years, we continue to successfully execute our strategy of expanding the Non-Auto business across the group.

Ahmednagar Forgings is confident of achieving an overall higher growth than the industry norm through its focus on new product introductions, addition of significant new contracts during the past year and continued consolidation in the component industry. Management is focused on achieving operating excellence by reinforcing lean manufacturing and quality improvement programs across all production facilities. This will result in further enhancing utilization levels and productivity improvements. The Company has a long track record of successfully partnering with its high profile customer base, which is essential for managing its business going forward.

## 3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate system of internal control. It has documented procedures covering all financial and operating functions. Based on the nature of business and size of operations, the Company's internal control system has been designed to provide for:

- Accurate recording of transactions with Internal Checks and prompt reporting.
- Adherence to applicable Accounting Standards and Policies.
- Review of Capital Investments and Long Term Business Plans.
- Periodic review meetings to guide optimum utilization of resources.
- Compliance with applicable statues, policies, listing requirements and management policies and procedures.
- Effective use of resources and safeguarding of Assets.



Continuous audit and verification of the systems enables the various business groups to plug any shortcomings sooner rather than later. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

#### 4. Opportunities / Strengths:

- **Favorable demographic profile and increasing dieselization:** India's cost effective manufacturing base, due to economies of scale, coupled with low R&D and sourcing costs are increasing affordability and attracting major OEMs. Launch of new models, especially diesel variants, should deliver growth for the industry.
- **Increasing Interest among the Foreign Players:** The Government of India has permitted 100% foreign direct investment (FDI) in the automotive industry through automatic route. Global and Indian OEMs are focusing their efforts to develop innovative products, technologies and supply chains.
- **Relatively low-penetration levels:** In terms of current market size, the Indian vehicle market is relatively small as compared to the other emerging auto markets like China, South Korea and Brazil. Despite strong growth witnessed for a nearly a decade, penetration of cars in India continues to remain the lowest among emerging markets.
- **Export Potential:** Sourcing from low-cost countries has increased, which in turn, has enhanced India's potential as an automotive hub.
- **Proximity to Emerging Markets:** India's proximity to emerging markets such as Asia and Africa is another advantage. Shipments to Europe from India are more cost-effective as compared to those from Brazil and Thailand.
- **Product Development Capabilities:** India is emerging as a R&D and manufacturing hub for low cost compact cars.

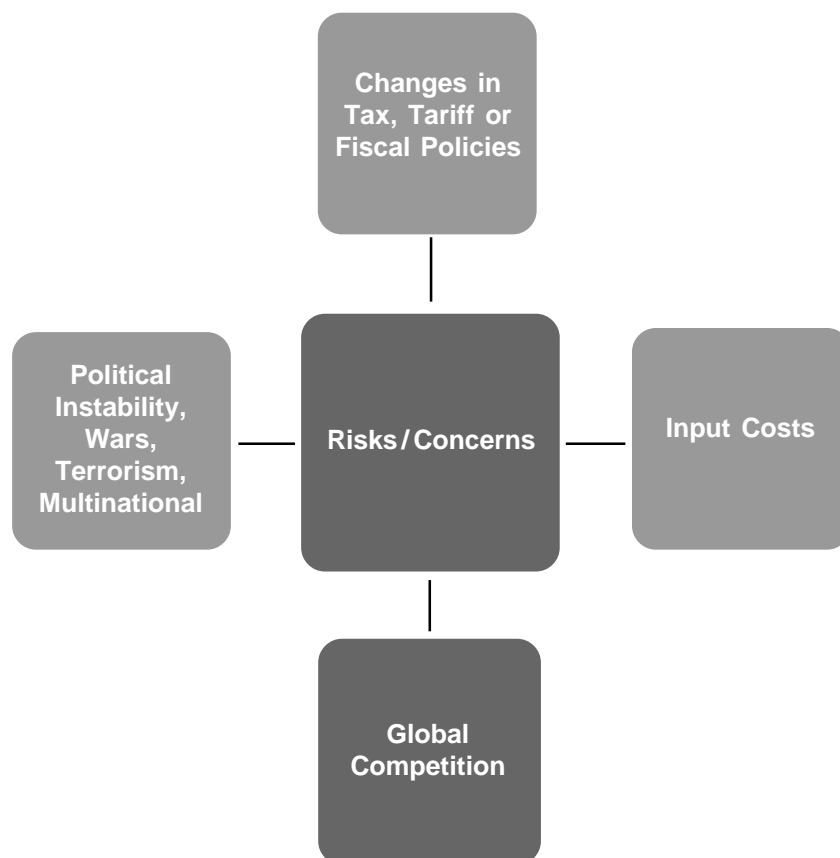
#### 5. Risks / Concerns:

- **Changes in tax, tariff or fiscal policies:** Imposition of additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for the Company's products. Changes in corporate and other taxation policies, as well as changes in export and other incentives given by various governments, or import or tariff policies could also adversely affect the Company's financial results.
- **Political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages / prices, epidemics, labour strikes:** The Company's products are exported to a number of different geographic markets. Consequently, the Company is subject to various risks associated with conducting the business both within and outside the domestic market and the operations may be subject to political instability, wars, terrorism, regional and / or multinational conflicts, natural disasters, fuel shortages, epidemics and labor strikes.
- **Input Costs:** Input costs on account of commodities like steel, non-ferrous, precious metals, rubber and petroleum products have risen over the year and resulted in higher input costs. While the Company continues to pursue cost reduction initiatives, increases in commodity prices and other costs resulting from inflationary pressures, could impact the Company's profitability to the extent that the same are not absorbed by the market through price increases and/or could have a negative impact on the demand.
- **Global Competition:** India is one of the fastest growing economy in the world and continues to be an attractive destination for the global automotive players. To counter the threat of growing global competition, the Company continues to intensify its drive to improve quality and product offerings, while maintaining its low cost product development and sourcing advantage.





The Risks/concerns are depicted as follows:



## 6. SEGMENT WISE PERFORMANCE

The Company deals in only one segment i.e. Automotive Components. Therefore, it is not required to give segment wise performance.

## 7. DISCUSSION ON FINANCIAL PERFORMANCE:

During the year under review, the Revenue of the Company was Rs. 121,843 Lacs compared to the previous year of Rs. 93,724 Lacs, recording an increase of 30% year on year. The Gross profit before Interest, Depreciation and Taxation has increased to Rs. 29,750 Lacs as compared to the previous year of Rs. 24,751 Lacs.

Profit after Tax of the Company for the year was Rs. 12,087/- Lacs as compared to the previous year of Rs. 10,815 Lacs, recording an increase of 11.76% year on year.

The basic and diluted EPS of the Company for the fiscal year 2011-2012 is Rs 32.89.

For the year 2012, the Board of Directors has recommended a dividend of Rs. 1/- per share i.e 10% of the face value of Equity Share of Rs. 10/- each.

During Financial Year 2011-2012, all the manufacturing facilities units have been operated in accordance to management's satisfaction.

## 8. MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT

Your Company has a policy of enhancing the individual's growth potential within the framework of corporate goals. Therefore, the employees of your Company have always been the most valuable resource. Your Company continues to develop the skill and knowledge of its employees from time to time so as to meet the technological and other changes in the auto component sector.



The Directors acknowledge and appreciate the contribution of all employees towards the performance of the Company. During the year under review, the Company maintained cordial relationship with all employees.

**9. CAUTION STATEMENT**

*The above mentioned statements are only “forward looking statements” based on certain assumptions/expectations. The Company’s actual performance could differ materially from those expressed/projected depending upon changes in various factors. The Company does not assume any responsibility to any change(s) in “forward looking statements”, on the basis of subsequent development, information or events etc.*

*Important developments that could affect the Company’s operations include an onward trend in the domestic auto industry, competition, rise in input costs, exchange rate fluctuations, and significant changes in the political and economic environment in India, environmental standards, tax laws, litigation and labour relations.*

By order of the Board  
**For Ahmednagar Forgings Limited**

Sd/-  
**(Arvind Dham)**  
Chairman

Place : New Delhi  
Date : 25th October, 2012



To,

The Members,

**Ahmednagar Forgings Limited**

Pune ( Maharashtra )

1. We have audited the accompanying financial statements of Ahmednagar Forgings Limited ("the Company") which comprises of the Balance Sheet as at 30th June 2012, the Statement of Profit & Loss of the Company for the year then ended, the Cash Flow Statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory statements. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) by the companies (Auditors' Report) (amended) order, 2004 (together the order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) 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;
  - (ii) In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books.
  - (iii) The Balance Sheet, Profit and Loss Statement and Cash Flow Statement of the company, dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 30<sup>th</sup> June 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30<sup>th</sup> June 2012;
    - (b) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
    - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

**For & on behalf of**  
**Manoj Mohan & Associates**  
Chartered Accountants  
Firm Regn. No. 009195C

Sd/-  
**(M. K. Agarwal)**  
(Partner)

Place : New Delhi  
Dated : 25th October, 2012

Membership No.: 76980



**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE OF AHMEDNAGAR FORGINGS LIMITED FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets, according to the practice of the Company, have been physically verified by the management at reasonable intervals. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- (c) During the year, the company has not disposed off any substantial part of the fixed assets and the going concern status of the company is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of physical verification is reasonable.
- (b) The inventory for physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company, during the year under report, has neither given nor taken loan from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, clause no. iii (a), (b), (c) (d), (e), (f) & (g) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, Fixed Assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangement referred to in section 301 of the act has been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies act, 1956 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted deposit from the public under section 58A of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central government has prescribed maintenance of cost accounting records under section 209 (1) (d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been properly maintained.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax / VAT, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax / VAT, custom duty, excise duty and cess were in arrears, as at 30<sup>th</sup> June 2012 for a period of more than six months from the date they became payable.
- (c) The disputed statutory dues aggregating to Rs.127.17 Lacs, that have not been deposited on account of matters pending before appropriate authorities are as under:



S. No	Name of the Statute	Nature of Dues	Year to which the amount relate	Forum where dispute is pending	Amount (in Lacs)
1.	Customs & Central Excise Act	Valuation of Goods	2006	Jt. Commissioner, Aurangabad	18.35
2.	Customs & Central Excise Act	Valuation of Goods	2002	High Court Bench at Aurangabad	4.32
3.	Customs & Central Excise Act	Valuation of Goods	2007	CESTAT, Mumbai	10.72
4.	Customs & Central Excise Act	CENVAT related matter	2008	Addl. Commissioner, Aurangabad	12.05
5.	Customs & Central Excise Act	CENVAT related matter	2009	Dy. Commissioner, Ahmednagar	0.64
6.	Customs & Central Excise Act	Valuation of Goods	2002	Supreme Court, Delhi	6.50
7.	Customs & Central Excise Act	CENVAT Credit of Service Tax of Interest	2007	Commissioner (Appeals), Pune	74.59
<b>Total</b>					<b>127.17</b>

- (x) The company has no accumulated losses and has not incurred any cash loss during the year under report or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause of 4(xiii) of the Companies (Auditors' Report) Order, 2004 (as amended) are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the company. The company, however, is maintaining proper records of transactions and contracts in respect of long term investment made by it and timely entries have been made therein. Further, all the securities including shares, debentures and other investments have been held by the company in its own name.
- (xv) The company has not given guarantees for loans taken by others from Banks or Financial Institutions.
- (xvi) According to the information & explanation given to us, in our opinion, term loan availed by the company were, prima facie, applied by the company during the year under report for the purpose for which the term loans were obtained, other than temporary deployment pending applications.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment and no long term funds have been used to finance short term assets except permanent working capital.
- (xviii) According to the information & explanation given to us, the company, during the year under report, has not made any preferential allotment, to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.



- (xix) According to the information given to us, and the record of the company examined by us, the company has not issued any debentures.
- (xx) According to the information and explanation given to us and the record of the company examined by us, the company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For & on behalf of**  
**Manoj Mohan & Associates**  
Chartered Accountants  
Firm Regn. No. 009195C

Sd/-  
**(M. K. Agarwal)**  
(Partner)

Place : New Delhi  
Dated : 25th October, 2012

Membership No.: 76980

# Balance Sheet

As at 30th June 2012

AHMEDNAGAR FORGINGS LIMITED



(Rs. in Lacs)

PARTICULARS	Note No.	As at 30.06.2012	As at 30.06.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2.1	3,675.00	3,675.00
Reserves and Surplus	2.2	70,155.86	58,495.69
<b>Non-Current Liabilities</b>			
Long-term borrowings	2.3	44,854.22	39,271.46
Deferred tax liabilities (Net)	2.4	10,440.99	9,729.61
Other Long term liabilities	2.5	1,202.95	1,336.27
Long term provisions	2.6	302.19	292.20
<b>Current Liabilities</b>			
Short-term borrowings	2.7	19,601.13	9,019.36
Trade payables	2.8	9,596.67	6,161.80
Other current liabilities	2.9	17,014.75	16,774.11
Short-term provisions	2.10	995.76	871.35
<b>Total</b>		<b>177,839.52</b>	<b>145,626.85</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	2.11		
Tangible assets		96,791.80	93,237.87
Capital work-in-progress		4,542.89	1,896.56
Non-current investments	2.12	92.85	92.85
Long term loans and advances	2.13	9,117.84	193.68
<b>Current assets</b>			
Inventories	2.14	26,371.29	21,377.84
Trade receivables	2.15	28,268.22	22,482.47
Cash and cash equivalents	2.16	7,437.24	4,683.90
Short-term loans and advances	2.17	5,192.10	1,652.99
Other current assets	2.18	25.29	8.69
<b>Total</b>		<b>177,839.52</b>	<b>145,626.85</b>

Significant Accounting Policies & Notes on Financial Statement 1 to 2.29

For and on behalf of the Board

As per our report of even date annexed  
**For Manoj Mohan & Associates**  
Chartered Accountants  
Firm Regd. No. 009195C

Sd/-  
**D.S. MALIK**  
Director

Sd/-  
**S. RAJAGOPALAN**  
Wholetime Director

Sd/-  
**(M. K. AGARWAL)**  
Partner  
Membership No. 76980

Sd/-  
**RAM PRASAD**  
G.M. (Fin & A/Cs.)

Sd/-  
**SWATI AHUJA**  
Company Secretary

Place : New Delhi  
Dated : 25th October, 2012

# Statement of Profit and Loss

For the Year Ended 30th June, 2012

AHMEDNAGAR FORGINGS LIMITED



(Rs. in Lacs)

PARTICULARS	Note No.	For the Year Ended 30.06.2012	For the Year Ended 30.06.2011
Revenue	2.19	121,843.14	93,724.40
<b>Total Revenue</b>		<b>121,843.14</b>	<b>93,724.40</b>
<b>Expenses :</b>			
Cost of materials consumed	2.20	79,850.70	57,751.37
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.21	(1,070.51)	(610.62)
Employee benefit expense	2.22	6,001.85	5,362.36
Financial costs	2.22	6,484.60	4,523.03
Depreciation and amortization expense	2.22	6,129.51	4,995.07
Other expenses	2.22	7,310.84	6,470.05
<b>Total Expenses</b>		<b>104,706.99</b>	<b>78,491.26</b>
<b>Profit before Tax</b>		<b>17,136.15</b>	<b>15,233.14</b>
Exceptional Items		—	—
<b>Profit before extraordinary items and tax (V - VI)</b>		<b>17,136.15</b>	<b>15,233.14</b>
Extraordinary Items		—	—
<b>Profit before tax</b>		<b>17,136.15</b>	<b>15,233.14</b>
Tax expense		5048.86	4417.61
<b>Profit(Loss) from the period from continuing operations</b>		<b>12,087.29</b>	<b>10,815.53</b>
Profit/(Loss) from discontinuing operations		—	—
Tax expense of discounting operations		—	—
Profit/(Loss) from Discontinuing operations		—	—
<b>Profit/(Loss) for the period</b>		<b>12,087.29</b>	<b>10,815.53</b>
<b>Earning per equity share</b>	2.28		
(1) Basic		32.89	29.43
(2) Diluted		32.89	29.43

Significant Accounting Policies & Notes on Financial Statement 1 to 2.29

For and on behalf of the Board

As per our report of even date annexed  
**For Manoj Mohan & Associates**  
 Chartered Accountants  
 Firm Regd. No. 009195C

Sd/-  
**D.S. MALIK**  
 Director

Sd/-  
**S. RAJAGOPALAN**  
 Wholetime Director

Sd/-  
**(M. K. AGARWAL)**  
 Partner  
 Membership No. 76980

Sd/-  
**RAM PRASAD**  
 G.M. (Fin & A/Cs.)

Sd/-  
**SWATI AHUJA**  
 Company Secretary

Place : New Delhi  
 Dated : 25th October, 2012



# Cash Flow Statement

For the year ended 30th June, 2012

AHMEDNAGAR FORGINGS LIMITED



(Rs. in Lacs)

PARTICULARS	For the Year Ended 30.06.2012	For the Year Ended 30.06.2011
<b>A Cash Flow arising Operating Activities</b>		
Net Profit as per Profit & Loss Account	17,136.15	15,233.14
Add: Depreciation	6,129.51	4,995.07
Less: Interest Income	(3,586.67)	(2,908.56)
Less: Dividend Income	(0.28)	(0.14)
(Profit) / Loss on Sale of Fixed Assets	(61.33)	–
Add: Interest expense	6,484.60	4,523.03
<b>Operating Profit before Working Capital Changes</b>	<b>26,101.98</b>	<b>21,842.54</b>
<b>Adjustment for Working Capital changes</b>		
(Increase)/Decrease Inventories	(4,993.45)	(3,841.86)
(Increase)/Decrease Trade & Other receivables	(5,785.75)	(12,609.51)
(Increase)/Decrease Other Current assets	(16.60)	15.41
(Increase)/Decrease Loans & Advances	(3,539.11)	1,798.05
(Increase)/Decrease Current liabilities and provisions	2,799.29	9,362.00
(Increase)/Decrease Long Term Loans & Advances	(8,924.17)	–
	<b>(20,459.79)</b>	<b>(5,275.91)</b>
<b>Cash Generation by Operation</b>		
Interest Received	3,586.67	2,908.56
Dividend Income	0.28	0.14
<b>Cash flow from Operating Activities</b>	<b>9,229.14</b>	<b>19,475.33</b>
Income Tax (Paid) / refund (incl TDS)	(3,033.05)	–
<b>Net Cash flow from Operating Activities</b>	<b>6,196.09</b>	<b>19,475.33</b>
<b>B Cash Flow on Investing Activities</b>		
Purchase of fixed assets	(10,159.92)	(11,075.70)
Adjustment to capital work in progress and capital advance	(2,646.33)	–
Sale of Fixed Asset	537.82	13.35
<b>Net Cash from Investing Activities</b>	<b>(12,268.43)</b>	<b>(11,062.35)</b>
<b>C Cash flow on financing activities</b>		
Proceeds from Secured loans	5,582.76	1,367.44
Proceeds from Short term borrowings	10,581.77	(4,425.00)
Interest Expense	(6,484.61)	(4,523.03)
Dividend & Dividend Tax	(854.24)	(857.07)
<b>Net cash flow from financing activities</b>	<b>8,825.68</b>	<b>(8,437.66)</b>
<b>Net Increase/(Decrease) in cash or cash equivalents</b>	<b>2,753.34</b>	<b>(24.68)</b>
Opening Cash and cash equivalents	4,683.90	4,708.58
<b>Closing Cash and cash equivalents</b>	<b>7,437.24</b>	<b>4,683.90</b>

- The above statement has been prepared under indirect method except in case of dividend which has been considered on the basis of actual movement of cash, with corresponding adjustments in assets and liabilities.
- Cash and cash equivalents represent cash and bank balances only.
- Previous year figures have been re-grouped / recast, wherever necessary.

We have examined the above cash flow statement of Ahmednagar Forgings Limited for the year ended 30th June, 2012 and verify that it has been derived from the audited accounts (and underlying records) of the company reported on by us as per our report.

For and on behalf of the Board

As per our report of even date annexed  
**For Manoj Mohan & Associates**  
 Chartered Accountants  
 Firm Regd. No. 009195C

Sd/-  
**D.S. MALIK**  
 Director

Sd/-  
**S. RAJAGOPALAN**  
 Wholetime Director

Sd/-  
**(M. K. AGARWAL)**  
 Partner  
 Membership No. 76980

Sd/-  
**RAM PRASAD**  
 G.M. (Fin & A/Cs.)

Sd/-  
**SWATI AHUJA**  
 Company Secretary

Place : New Delhi  
 Dated : 25th October, 2012



**Note No. 1 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS  
(ATTACHED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2012)**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF ACCOUNTING**

These accounts are prepared on the historical cost basis and on the accounting principles of a going concern. Accounting policies, not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principles in India (Indian GAAP) and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) as referred in sec. 211 (2c) of the Companies Act, 1956.

**B. REVENUE RECOGNITION**

Sales are recognized at the time of dispatch of goods and are exclusive of excise duty and Central sales Tax/VAT. All expenses and income are accounted for on accrual basis.

**C. FIXED ASSETS**

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets includes their original cost of acquisition net of cenvat including taxes, freight and other incidental expenses related to acquisition and installation of the concerned assets.

**D. DEPRECIATION**

Depreciation on fixed assets is provided on "Straight Line Method" (SLM) in the manner and at the rates as specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions / deductions to Fixed Assets is provided on pro-rata basis from the date of actual installation or up to the date of such sale / disposal, as the case may be.

**E. INVENTORIES**

Raw Materials, Stores & Spares, Goods under process and Finished Goods are valued at cost or Net Realizable Value, whichever is lower. Waste and Scrap is valued at Net Realizable Value.

Cost of inventories of Raw Materials and Stores and Spares is ascertained on FIFO Basis.

Cost of goods under process and finished goods comprise of cost of materials, production overhead and depreciation on plant and machinery. Cost of material for this purpose is ascertained on First In First Out basis.

Provision for obsolescence in inventories is made, whenever required.

**F. INVESTMENT**

Current investments are valued at lower of cost or fair market value.

**G. FOREIGN CURRENCY TRANSACTIONS**

- a) The working capital loans are revalued at exchange rates prevailing at the year end. Exchange differences arising on such revaluation are duly recognized in the Profit & Loss Account.
- b) In case of forward exchange contracts to repay working capital loans, the difference between the forward rate and the exchange rate at the date of transaction is recognized as income or expenses over the life of the contract.
- c) Debtors and working capital loans in foreign currency are revalued at the year end exchange rates. Exchange differences arising on such revaluation are recognized in Profit & Loss Account.
- d) Exchange differences arising on revaluation of foreign currency loans relating to acquisition of fixed assets from outside India are adjusted against relevant fixed assets.

**H. EXCISE DUTY**

Excise duty is paid on clearance of goods, but is accounted for in the books on accrual basis. Accordingly, provision for excise duty is made for goods lying in the Bonded Warehouse.

**I. EMPLOYEES' RETIREMENT BENEFITS**

- a) The liability for superannuation\ pension Gratuity & Leave Encashment is accounted for on the basis of actuarial valuation in accordance with Accounting Standards -15 (Revised) issued by the Institute of Chartered Accountants of India.
- b) Retirement benefits in the form of Provident Fund and Superannuation / Pension Schemes are charged to the Profit and Loss Account for the year when the contribution to the respective funds are due.

**J. RESEARCH AND DEVELOPMENT**

Capital Expenditure is shown separately under respective heads of fixed assets. Revenue expenses including depreciation are included under the respective heads of expenses.

**K. BORROWING COST**

Interest on borrowings are recognized in the Profit and Loss account except interest incurred on borrowings, specifically raised for Projects which is capitalized with the cost of the asset until such time the asset is ready to be put to use for intended purpose.

**L. TAXATION**

- A) Provision for Taxation is made on the basis of the taxable profits computed for the current accounting year (reporting year) in accordance with Income Tax Act, 1961.
- B) Deferred Tax is recognized, subject to consideration of prudence, on timing difference, being difference between taxable income and accounting income / expenditure that originate in one period and are capable of reversal in one or subsequent year(s). Deferred taxes are reviewed for their carrying value at each balance sheet date.

**M. IMPAIRMENT OF ASSETS**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

**For Manoj Mohan & Associates**  
Chartered Accountants  
Firm Regn. No. 009195C

Sd/-

**(M. K. Agarwal)**  
(Partner)

Membership No.: 76980

Place : New Delhi  
Dated : 25th October, 2012



The Previous Period Figures have been regrouped/reclassified, wherever considered necessary to conform to current years presentation.

**Note No : 2.1 SHARE CAPITAL**

Rs. In Lacs

Sr. No.	Particulars	As At	
		30.06.2012	30.06.2011
1	<b>AUTHORIZED CAPITAL</b> Equity Shares of Rs.10/- each 40,000,000 (Prev. Year 40,000,000) Equity Shares	4,000.00	4,000.00
		<b>4,000.00</b>	<b>4,000.00</b>
2	<b>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</b> Equity Shares of Rs.10/- each 36,750,000 (Prev. Year 36,750,000) Equity Shares	3,675.00	3,675.00
	<b>Total</b>	<b>3,675.00</b>	<b>3,675.00</b>

**Note No : 2.1.1 SHARES HELD BY HOLDING COMPANY**

Rs. In Lacs

Sr. No	Particulars	As At		As At	
		30.06.2012	30.06.2011	30.06.2012	30.06.2011
		No. of Shares	%	No. of Shares	%
a)	Amtek Auto Ltd.	20196665	54.96%	20196665	54.96%

**Note No : 2.1.2 RECONCILIATION OF SHARES**

Sr. No	Particulars	As At		As At	
		30.06.2012	30.06.2011	30.06.2012	30.06.2011
		Shares	Amount	Shares	Amount
a)	<b>EQUITY SHARES</b>				
	Shares outstanding at the beginning of the year	36750000	3675.00	36750000	3675.00
	Shares Issued during the year	–	–	–	–
	Shares bought back during the year	–	–	–	–
	<b>Shares outstanding at the end of the year</b>	<b>36750000</b>	<b>3675.00</b>	<b>36750000</b>	<b>3675.00</b>

**Note No : 2.1.3 NAME OF SHAREHOLDERS HOLDING MORE THAN 5% OF EQUITY SHARES**

Sr. No	Name of Shareholders	As At		As At	
		30.06.2012	30.06.2011	30.06.2012	30.06.2011
		No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
1	Amtek Auto Ltd.	20196665	54.96%	20196665	54.96%
2	Warhol Ltd.	3456898	9.41%	3456898	9.41%
3	Asia Investment Corporation Mauritius Ltd.	2201390	5.99%	–	–



**Note No : 2.2 RESERVES & SURPLUS**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
1	<b>Capital Reserve</b>		
	Opening Balance as on 01.07.2011	993.67	993.67
	Additions during the year	–	–
	Written back during current year	–	–
	Closing balance as on 30.06.2012	<b>993.67</b>	<b>993.67</b>
2	<b>Securities Premium reserve</b>		
	Opening Balance as on 01.07.2011	18,509.30	18,509.30
	Additions during the year	–	–
	Written back during current year	–	–
	Closing balance as on 30.06.2012	<b>18,509.30</b>	<b>18,509.30</b>
3	<b>General Reserve</b>		
	Opening Balance as on 01.07.2011	29,197.14	24,197.14
	Add: Transferred from Profit & Loss A/C	17,500.00	5,000.00
	Less: Written back during current year	–	–
	Closing balance as on 30.06.2012	<b>46,697.14</b>	<b>29,197.14</b>
4	<b>Surplus (Profit &amp; Loss Account)</b>		
	Opening Balance as on 01.07.2011	9,795.58	4,834.29
	Add: Transferred from Profit & Loss A/C	12,087.29	10,815.53
	Appropriations		
	Transferred to General Reserves	17,500.00	5,000.00
	Dividend on Equity Capital	367.50	735.00
	Corporate Dividend Tax on Equity	59.62	119.24
	Closing balance as on 30.06.2012	<b>3,955.75</b>	<b>9,795.58</b>
	<b>Total</b>	<b>70,155.86</b>	<b>58,495.69</b>

**Note No : 2.3 LONG TERM BORROWINGS**

**SECURED LOAN**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
1	Term Loan		
	– From Bank/Financial Institutions	33,729.22	39,271.46
	<b>Total</b>	<b>33,729.22</b>	<b>39,271.46</b>

**UNSECURED LOAN**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
1	External Commercial Borrowings	11,125.00	–
	<b>Total</b>	<b>11,125.00</b>	<b>–</b>
	<b>Grand Total</b>	<b>44,854.22</b>	<b>39,271.46</b>



**Notes:**

Term debts from Financial Institutions/Banks are secured by way of first mortgage of company's all immovable properties ranking pari passu interse and hypothecation of whole of the company's movable properties including plant & machinery, machinery spares, tools and accessories save and book debts) present and future, subject to prior charges created/to be created in favour of the company's bankers on inventories, book debts and other specified movables for securing the borrowing for working capital requirements and loans under EFS/HP/Lease schemes if any securing the borrowing for working capital requirements and loans under EFS/HP/Lease schemes if any are secured by way of charge on the specified assets financed under the scheme.

**Maturity Profile of Secured Term Loans classified as Long Term Borrowings is set out below:**

<b>Year Amount</b>	<b>In Lacs</b>
2013-14	3296.00
2014-15	5083.00
2015-16	5083.00
2016-17	6770.00
2017-18	6770.00
2018-19	6770.00

**Maturity Profile of External Commercial Borrowings is set out below:**

<b>Year Amount</b>	<b>In Lacs</b>
2013-14	2781.00
2014-15	2781.00
2015-16	2781.00
2016-17	2781.00

Interest Rate of External Commercial Borrowing is LIBOR+3%

**Note No : 2.4 DEFERRED TAX LIABILITIES (NET)**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>As At 30.06.2012</b>	<b>As At 30.06.2011</b>
	<b>Deferred Tax Liabilities</b>		
	On Account of Depreciation of Fixed Assets	10,452.47	9,737.91
	<b>Deferred Tax Assets</b>		
	On Account of Amortisation of Expenses	(11.48)	(8.30)
	<b>Net Liability/(Assets)</b>	<b>10,440.99</b>	<b>9,729.61</b>

**Note:**

Deferred Tax Assets and Deferred Tax Liabilities have been offset wherever the company has legally enforceable right to set of current tax assets against current tax liabilities and wherever the deferred tax assets and deferred tax liabilities relate to income taxes levied by same taxation authority.

**Note No : 2.5 OTHER LONG TERM LIABILITIES**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>As At 30.06.2012</b>	<b>As At 30.06.2011</b>
1	Sales Tax Deferment	1,167.95	1,336.27
2	Others	35.00	—
	<b>Total</b>	<b>1,202.95</b>	<b>1,336.27</b>



**Note No : 2.6 LONG TERM PROVISIONS**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
	Provision from Employment Benefit		
a)	Gratuity	215.75	214.62
b)	Leave Encashment	86.44	77.58
	<b>Total</b>	<b>302.19</b>	<b>292.20</b>

**Note No : 2.7 SHORT TERM BORROWINGS**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
	<b>Secured</b>		
	Borrowings		
	– From Banks Financial Institutions	19,601.13	9,019.36
	<b>Total</b>	<b>19,601.13</b>	<b>9,019.36</b>

Note: Short Term Borrowings are secured by hypothecation of raw material, semi finished goods, stock in process, consumable stores & book debts of the company.

**Note No : 2.8 TRADE PAYABLES**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
1	Trade Payable*	9,596.67	6,161.80
	<b>Total</b>	<b>9,596.67</b>	<b>6,161.80</b>

Note: \*Trade Payable includes amount of Rs 21.13 lacs payable to small & medium enterprises.

**Note No : 2.9 OTHER CURRENT LIABILITIES**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
1	Current maturities of long- term debt	2,342.00	2,342.00
2	Current maturities of Sales Tax Deferment obligations	211.74	218.60
3	Interest accrued but not due on borrowings	208.80	–
4	Other expenses payable	134.08	141.44
5	Establishment Dues	97.80	105.83
6	Other Liability	14,020.33	13,966.24
	<b>Total</b>	<b>17,014.75</b>	<b>16,774.11</b>

**Note No : 2.10 SHORT TERM PROVISIONS**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
1	Provision for bonus & exgratia	17.44	17.11
2	Dividend on Equity shares	367.50	735.00
3	Tax on Dividend on Equity shares	59.62	119.24
4	Provision for tax (net of advance tax)	551.20	–
	<b>Total</b>	<b>995.76</b>	<b>871.35</b>

**Note No : 2.11 FIXED ASSET****Rs. In Lacs**

Sr. No.	Particlars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		Value as on 01.07.2011	Addition during the yr.	Deduction during yr.	Value as on 30.06.2012	Value as on 01.07.2011	Adding during the year	Deduction during Yr.	Value as on 30.06.2012	WDV as on 30.06.2012	WDV as on 30.06.2011
<b>I.</b>	<b>Tangible Assets</b>										
1.	Land	242.37	69.43	-	311.80	-	-	-	-	311.80	242.37
2.	Building	3,584.63	313.93	-	3,898.56	673.65	103.81	-	777.46	3,121.10	2,910.97
3.	Plant and Equipment	106,132.90	9,661.55	564.15	115,230.30	16,262.97	5,983.38	91.89	22,154.46	93,075.84	89,869.94
4.	Furnitures & Fixtures	112.48	40.31	0.26	152.53	84.11	7.58	0.25	91.44	61.09	28.37
5.	Vehicles (Cars)	100.95	2.34	7.52	95.77	46.16	7.40	4.19	49.37	46.40	54.79
6.	Office Equipment	119.17	35.88	0.93	154.12	39.61	6.80	0.07	46.34	107.78	79.56
7.	Computer	240.02	36.49	2.80	273.71	188.15	20.54	2.77	205.92	67.79	51.87
	<b>SUB TOTAL (A)</b>	<b>110,532.52</b>	<b>10,159.93</b>	<b>575.66</b>	<b>120,116.79</b>	<b>17,294.65</b>	<b>6,129.51</b>	<b>99.17</b>	<b>23,324.99</b>	<b>96,791.80</b>	<b>93,237.87</b>
<b>III.</b>	<b>Capital Work-in-progress</b>										
1.	CWIP	1,896.56	12,387.90	9,741.57	4,542.89	-	-	-	-	4,542.89	1,896.56
	<b>SUB TOTAL (B)</b>	<b>1,896.56</b>	<b>12,387.90</b>	<b>9,741.57</b>	<b>4,542.89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,542.89</b>	<b>1,896.56</b>
	<b>Total [A+B] (Current Year)</b>	<b>112,429.08</b>	<b>22,547.83</b>	<b>10,317.23</b>	<b>124,659.68</b>	<b>17,294.65</b>	<b>6,129.51</b>	<b>99.17</b>	<b>23,324.99</b>	<b>101,334.69</b>	<b>95,134.43</b>
	<b>(Previous Year)</b>	<b>101,377.52</b>	<b>21,176.03</b>	<b>10,124.47</b>	<b>112,429.08</b>	<b>12,310.37</b>	<b>4,995.07</b>	<b>10.79</b>	<b>17,294.65</b>	<b>95,134.43</b>	<b>-</b>

\*



**Note No : 2.12 NON-CURRENT, NON-TRADE INVESTMENTS**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
<b>Investment in Equity Instrument</b>			
<b>Quoted investment</b>			
	1,00,000 shares of Rs.10/- each of Grapco Mining & Co.Ltd. at cost (Previous year 1,00,000 shares of Rs.10/- each)	13.00	13.00
	1,03,100 shares of Rs.10/- each of Global Infrastructure Technologies Ltd at cost (Previous Year 1,03,100 shares of Rs. 10/- each)	54.86	54.86
	3500 shares of Rs. 2/- each of Sanghvi Movers Ltd at cost (Previous year 3500 shares of Rs. 2/- each)	0.60	0.60
	5,000 shares of Rs.10/- each of Good Value Marketng Ltd. at cost (Previous year 5,000 shares of Rs.10/- each)	2.00	2.00
	7014 Shares of Rs.10/- each of Dena Bank at cost (Previous year 7,014 shares of Rs.10/- each.)	1.89	1.89
	85,000 Shares of Rs. 10/- each of Alliance Integrated Metaliks Ltd. at cost (Previous year 85,000 shares of Rs.10/- each.)	1.70	1.70
<b>Unquoted investment</b>			
	42,900 shares of Rs.10/- each of Photon Biotech Ltd at cost (Previous year 42,900 shares of Rs.10/- each)	10.30	10.30
	10,000 shares of Rs. 10/- each of SICOM Ltd at cost (Previous year 10,000 shares of Rs.10/- each)	8.00	8.00
	5,000 shares of Rs. 10/- each of Alliance Hydro Power Ltd. at cost (Previous year 5,000 shares of Rs.10/- each)	0.50	0.50
	<b>Total</b>	<b>92.85</b>	<b>92.85</b>

Rs in lacs

Aggregate Amount of Quoted Investment	74.05	74.05
Market Value of Quoted Investment*	75.13	10.46
* Market Value of Grapco Mining & Co. Ltd, Good Value marketing Ltd, and Global Infrastructure & Technologies Ltd is not available.		
Aggregate Amount of Unquoted Investment	18.80	18.80

**Note No : 2.13 LONG TERM LOANS AND ADVANCES**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
1	Long Term Loans and Advances		
	a) Secured / Unsecured, Considered Good :	8,914.89	-
2	Security Deposit		
	a) Secured, Considered Good :	202.95	193.68
	<b>Total</b>	<b>9,117.84</b>	<b>193.68</b>

**Note No : 2.14 INVENTORIES**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>As At 30.06.2012</b>	<b>As At 30.06.2011</b>
1	Raw Material	13,505.04	10,176.10
2	Work-in-Progress	11,257.51	10,118.52
3	Finished Goods	77.31	56.46
4	Scrap	32.93	122.26
5	Stores, Spares and Dies	1,498.50	904.50
	<b>Total</b>	<b>26,371.29</b>	<b>21,377.84</b>

**Note No : 2.15 TRADE RECIEVABLES**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>As At 30.06.2012</b>	<b>As At 30.06.2011</b>
1	<b>Debtors exceeding Six Months</b> (Unsecured, Considered Good)	2,644.20	2,509.33
2	<b>Debtors not exceeding Six Months</b> (Unsecured, Considered Good)	25,624.02	19,973.14
	<b>Total</b>	<b>28,268.22</b>	<b>22,482.47</b>

**Note No : 2.16 CASH & CASH EQUIVALENT**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>As At 30.06.2012</b>	<b>As At 30.06.2011</b>
1	Cash-in-Hand	154.18	89.99
2	Bank Balance with Scheduled Banks		
	a) Earmarked Balance against LC, Gratuity & superannuation etc	731.64	807.46
	b) Unpaid Dividend Account	22.48	14.19
	c) Other Bank Balances (Maturing within 12 months)	6,528.94	3,772.26
	<b>Total</b>	<b>7,437.24</b>	<b>4,683.90</b>

**Note No : 2.17 SHORT TERMS LOANS AND ADVANCES**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>As At 30.06.2012</b>	<b>As At 30.06.2011</b>
1	Loans & Advances to Others		
	a) Secured/Unsecured, Considered Good :	5,192.10	1,652.99
	<b>Total</b>	<b>5,192.10</b>	<b>1,652.99</b>



**Note No : 2.18 OTHER CURRENT ASSETS**

Rs. In Lacs

Sr. No	Particulars	As At 30.06.2012	As At 30.06.2011
1	Interest accrued on deposits	25.29	8.69
	<b>Total</b>	<b>25.29</b>	<b>8.69</b>

**Note No : 2.19 REVENUE**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
a)	Sales of Products	118,256.47	90,815.84
b)	Other Sales & Services	3,148.10	2,699.72
c)	Other Income	438.57	208.84
	<b>Total</b>	<b>121,843.14</b>	<b>93,724.40</b>

**Note No : 2.20 COST OF MATERIAL CONSUMED**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
<b>A.</b>	<b>Raw Material</b>		
i)	Opening Balance as on 01.07.2011	10,176.10	6,980.87
ii)	Add: Purchase of raw material	83,179.64	60,946.60
iii)	Less: Closing Balance as on 30.06.2012	13,505.04	10,176.10
	<b>Raw Material Consumed during the year</b>	<b>79,850.70</b>	<b>57,751.37</b>

**Note No : 2.21 CHANGES IN INVENTORY**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
<b>Opeing Balance as on 01.07.2011</b>			
i)	Work in progress	10,118.52	9,634.08
ii)	Finished Goods	56.45	33.30
iii)	Scrap	122.26	19.23
		10,297.23	9,686.61
<b>Closing Balance as on 30.06.2012</b>			
iv)	Work in progress	11,257.51	10,118.52
v)	Finished Goods	77.31	56.45
vi)	Scrap	32.92	122.26
		11,367.74	10,297.23
	<b>Net Change in Inventories</b>	<b>(1,070.51)</b>	<b>(610.62)</b>

**Note No : 2.22 EXPENSES****EMPLOYEE BENEFIT EXPENSES**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>For the year ended 30.06.2012</b>	<b>For the year ended 30.06.2011</b>
i)	Salaries and Wages	5,597.00	5,100.01
ii)	Contribution to provident fund & other funds	180.15	139.28
iii)	Staff Welfare Expenses	224.70	123.07
	<b>Total</b>	<b>6,001.85</b>	<b>5,362.36</b>

**FINANCE COST**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>For the year ended 30.06.2012</b>	<b>For the year ended 30.06.2011</b>
A)	Interest Expense	6,478.16	4,522.94
B)	Other Borrowing Cost	6.44	0.09
	<b>Total</b>	<b>6,484.60</b>	<b>4,523.03</b>

**DEPRECIATION & AMORTIZATION**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>For the year ended 30.06.2012</b>	<b>For the year ended 30.06.2011</b>
i)	Depreciation	6,129.51	4,995.07
		<b>6,129.51</b>	<b>4,995.07</b>

**OTHER EXPENSES**

Rs. In Lacs

<b>Sr. No</b>	<b>Particulars</b>	<b>For the year ended 30.06.2012</b>	<b>For the year ended 30.06.2011</b>
i)	Consumables & Store spares	1,502.68	1,327.31
ii)	Power	4,026.25	3,687.00
iii)	Testing Fees & Inspection Charges	10.76	13.67
iv)	Freight Inwards	120.69	132.42
v)	Repairs of Plant & Machinery	301.84	236.77
vi)	Advertisement & Publicity	1.15	1.38
vii)	Auditor's Remuneration	11.00	10.82
viii)	Book & Periodicals	5.18	0.75
ix)	Director Remuneration & Perquisites	33.29	17.37
x)	Insurance Charges	37.18	21.13
xi)	ISO/QS Expenses	1.25	0.14
xii)	Legal & Professional	40.58	54.02
xiii)	Service Charges	103.70	108.36
xiv)	Office and Factory Expenses	28.01	19.16
xv)	Printing & Stationery	16.49	14.06
xvi)	Rate, Fee & Taxes	52.84	25.19
xvii)	Rent	34.92	45.64
xviii)	Repairs & Maintenance of others	131.12	88.83
xix)	Running & Maintenance of Vehicle	41.12	32.08
xx)	Subscription & Membership Fees	8.41	5.82



xxi)	Postage & Telephone Expenses	31.15	22.74
xxii)	Courier Expenses	1.70	3.43
xxiii)	Travelling & Conveyance	107.19	86.99
xxiv)	Customer Relation Expenses	9.03	14.99
xxv)	Donation	0.17	0.19
xxvi)	Loss on Sale of Fixed Assets	–	7.11
xxvii)	Cash Discount	20.88	2.84
xxviii)	Freight Outwards	375.53	297.82
xxix)	Packing & Forwarding	58.60	77.33
xxx)	Bank Charges	198.13	114.69
<b>Total</b>		<b>7,310.84</b>	<b>6,470.05</b>

**Note No : 2.22.1 AUDITORS PAYMENT**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
i)	As Auditor	8.00	8.00
ii)	For reimbursement expenses	3.00	2.82
<b>Total</b>		<b>11.00</b>	<b>10.82</b>

**Note No : 2.22.2 EXPENDITURE IN FOREIGN CURRENCY**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
i)	Interest	409.79	–
ii)	Others Matters	4.40	3.30
<b>Total</b>		<b>414.19</b>	<b>3.30</b>

**Note No : 2.23 VALUE OF IMPORTS CALCULATED ON C.I.F BASIS**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
i)	Components and spare parts	15.31	11.48
<b>Total</b>		<b>15.31</b>	<b>11.48</b>

**Note No : 2.24 EARNINGS IN FOREIGN EXCHANGE**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
i)	Export of Goods Calculated on F.O.B basis	854.39	652.88
		<b>854.39</b>	<b>652.88</b>



**Note No : 2.25 CONTINGENT LIABILITIES NOT PROVIDED IN RESPECT OF**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
i)	Estimated amount of contracts remaining to be Executed on capital amount (Net of advances)	2,017.98	97.08
ii)	Disputed Excise Demand	127.17	127.17
iii)	Bank Guarantees issued by bank on company's behalf	132.45	76.95
iv)	Letter of credit issued on behalf of company (outstanding amount)	29.77	19.75
		<b>2307.37</b>	<b>320.95</b>

**Note No : 2.26 IMPORTED & INDIGENOUS SPARE PARTS**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012		For the year ended 30.06.2011	
		%	AMT	%	AMT
i)	Imported	0.45%	15.31	0.84%	11.48
ii)	Indigenous	99.55%	3382.37	99.16%	1351.84

**Note No : 2.27 EMPLOYEE BENEFITS (AS-15 REVISED)**

The following data are based on the report of the Actuary.

The principal assumptions used in the actuarial valuation are as below:-

Discount rate	8.75%
Expected rate of future salary increase	10%

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
<b>1)</b>	<b>Gratuity (Funded)</b>		
1.A)	<b>Change in present value of obligations</b>		
	Present value of obligations at beginning of period	230.29	215.24
i)	Interest cost	18.11	16.46
ii)	Current service cost	30.61	26.11
iii)	Benefits paid	(29.37)	(13.67)
iv)	Actuarial (Gain)/loss on Obligations	(24.84)	(13.85)
v)	Plan amendments	-	-
	Present Value of Obligations at the end of the period	<b>224.80</b>	<b>230.29</b>
1.B)	<b>Changes in Fair Value of Plan Assets</b>		
	Present value of obligations at beginning of period	15.68	10.66
	Expected return on plan assets	1.00	1.04
	Actual Company contributions	21.51	16.92
	Actuarial gain/(Loss)	0.24	0.73
	Employees Contributions	-	-
	Actual Return on Plan Assets	1.24	1.77
	Benefits Paid	(29.37)	(13.67)
	Plan assets at the end of the period	<b>9.06</b>	<b>15.68</b>



1.C)	<b>Liability recognized in the Balance Sheet</b>		
	Present value of obligations at the end of period	224.80	230.29
	Fair Value of plan assets as at the year end	9.06	15.68
	Funded/Unfunded status	(215.74)	(214.61)
	Unrecognized Actuarial Gain/(Loss)	–	–
	Net (Assets) (Not recognized)/Liability recognized in Balance sheet	<b>215.74</b>	<b>214.61</b>
1.D)	<b>Expenses recognized in Profit and Loss Account</b>		
	Current service cost	30.61	26.11
	Past service cost	–	–
	Interest Cost	18.11	16.46
	Expected return on plan assets	(1.00)	(1.04)
	Net Actuarial Gain/(Loss) recognized during the year	25.08	14.58
	Total Expenses recognized in Profit and Loss Account	<b>22.63</b>	<b>26.95</b>
2)	<b>Leave Encashment (Non funded)</b>		
2.A)	<b>Change in present value of obligations</b>		
	Present value of obligations at beginning of period	77.58	65.40
	i) Interest cost	8.86	12.18
	ii) Current service cost	–	–
	iii) Benefits paid	–	–
	iv) Actuarial loss on Obligations	–	–
	v) Plan amendments	–	–
	Present Value of Obligations at the end of the period	<b>86.44</b>	<b>77.58</b>
2.B)	<b>Liability recognized in the Balance Sheet</b>		
	Present value of obligations at the end of period	77.58	77.58
	Fair Value of plan assets as at the year end	–	–
	Funded/Unfunded status	8.86	–
	Unrecognized Actuarial Gain/(Loss)	–	–
	Net (Assets) (Not recognized)/Liability recognized in Balance sheet	<b>86.44</b>	<b>77.58</b>
2.C)	<b>Expenses recognized in Profit and Loss Account</b>		
	Current service cost	–	–
	Past service cost	–	–
	Interest Cost	8.86	–
	Expected return on plan assets	–	–
	Net Actuarial Gain/(Loss) recognized during the year	–	–
	Total Expenses recognized in Profit and Loss Account	<b>8.86</b>	–



**Note No : 2.28 EARNING PER SHARE (EPS) (AS-20)**

Rs. In Lacs

Sr. No	Particulars	For the year ended 30.06.2012	For the year ended 30.06.2011
1	Net Profit /(Loss) after current and deferred tax	12,087.29	10,815.53
	Weighted average number of equity shares of Rs 10/- each	367.50	367.50
	EPS (Rs.)- Basic and Diluted	<b>32.89</b>	<b>29.43</b>

**Note No : 2.29 Related Party Disclosures & Transactions**

As per AS-18 issued by the Institute of Chartered Accountants of India, related parties in terms of the said standard are disclosed below:

A) Names of related parties & description of relationship

- |                                  |   |
|----------------------------------|---|
| 1) Holding:                      | 1) Amtek Auto Ltd.  |
| 2) Subsidiary of Holding Company | 1) Amtek Crank Shafts India Ltd.<br>2) Amtek Deutschland GmbH<br>3) Amtek Investment UK Ltd.<br>4) Amtek Investment Inc. US<br>5) Smith Jones Inc.<br>6) Amtek Ring Gears Ltd.<br>7) Amtek Transportation Systems Ltd.<br>8) Alliance Hydro Power Ltd.<br>9) Amtek India Ltd.<br>10) Amtek Defence Technologies Pvt. Ltd. |
| 3) Joint Venture of Holding Co.  | 1) Amtek Tekfor Automotive Ltd.<br>2) MPT Amtek Automotive (India) Ltd.<br>3) SMI Amtek Crankshafts Pvt. Ltd.   |
| 4) Key Management Personnel      | 1) Shri S. Rajagopalan  |

**B. Transactions**

Rs In Lacs

Particulars	Associates/Holding/ Subsidiaries or Associate of Holding Company	Key Management Personnel	2011-12	2010-11
Purchase of Goods	457.38	–	457.38	5.27
Sale of Goods	918.02	–	918.02	757.47
Services Rendered	0.91	–	0.91	54.37
Services Received	–	–	–	2.68
Dividend Paid	201.98	–	201.98	403.93
Directors Remuneration	–	32.93	32.93	17.37
Balance Receivable at the year end	490.31	–	490.31	219.53
Balance Payable at the year end	–	–	–	–



**NOMINATION FORM - 2B**  
(Only for shares held in physical form)  
(To be filled in by individual(s) applying singly or jointly)

To,  <b>Beetal Financial &amp; Computer Services Pvt. Ltd.</b> Beetel House, 3rd Floor, 99, Madangir, Behind L.S.C., New Delhi-110062	From <b>Name of member and address</b> _____ _____ Folio No. _____ No. of shares _____
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**I am/we are holder(s) of equity shares of the Company as mentioned above. I/We nominate the following person in whom all rights of transfer and/or amount payable in respect of said equity shares shall vest in the event of my/our death.**

Nominee's name							Age						
To be furnished in case the nominee is a minor				Date of Birth									
Guardian's Name & Address*													
Occupation of Nominee Tick (✓)	1	Service		2	Business		3	Student		4	Household		
	5	Professional		6	Farmer		7	Others					
Nominee's Address													
		Pin Code											
Telephone No.							Fax No.						
Email Address								STD Code					
Specimen signature of Nominee signature of Nominee/Guardian (in case nominee is minor)													

**Kindly take the aforesaid details on record.**

\*To be filled in case nominee is a minor

Thanking you,

Yours faithfully,

Date.....

Name and address of member(s) {as appearing on the Certificate(s)}	Signature (as per specimen with Company)
Sole/2nd holder	
Address	
2nd holder	
3rd holder	
4th holder	

Witnesses (two)	
Name and Address	Signature & Date
1.	
2.	

**INSTRUCTIONS:**

1. Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.
2. The nomination can be made by only individual members. This facility is not available to members who are non individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family and holders of power of attorney. If the shares are held jointly, all joint holders must sign (as per the specimen registered with the Company) the nomination form.
3. A minor can be nominated by a holder of shares and in that event the name and address of the Guardian should be given by the holder.
4. The nominee cannot be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.
5. Transfer of shares in favour of a nominee shall be a valid discharge by the Company against the legal heir(s).
6. Only one person can be nominated for a given folio.
7. Details of all holders in a folio need to be filled in, else the request will be rejected.
8. The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the Company) and (b) the nominee.
9. This nomination will stand rescinded whenever the shares in the given folio are entirely transferred or dematerialised.
10. Upon receipt of a duly executed nomination form, the Share Transfer Agent of the Company will register the form and allot a registration number and folio no. should be quoted by the nominee in all future correspondence.
11. The nomination can be varied or cancelled by executing fresh nomination form.
12. The Company will not entertain any claim other than that of a registered nominee, unless so directed by any competent court.
13. The intimation regarding nomination / nomination form should be filed **in duplicate** with the Share Transfer Agent of the Company who will return one copy thereof to the Members.
14. For shares held in dematerialised form, nomination is required to be filed with the Depository Participant in their prescribed form.

FOR OFFICE USE ONLY	
Nomination Registration Number	
Date of Registration	
Checked by (Name and Signature)	

To,  
 Beetal Financial & Computer Services Pvt. Ltd.  
 Beetal House, 3rd Floor, 99, Madangir, Behind L.S.C., New Delhi-110062

Dear Sirs,

FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please  wherever is applicable.

**For shares held in physical form**

Master Folio No.

For office use only
ECS Ref. No. <input type="text"/>

**For shares held in electronic form**

DP. ID

Client ID

<b>Name of First holder</b>	<input type="text"/>
<b>Bank name</b>	<input type="text"/>
<b>Branch name</b>	<input type="text"/>
<b>Branch code</b>	<input type="text"/>

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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**(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the bank's name, branch name and code number.**

<b>Account type</b>	→	<b>Savings</b> <input type="text"/>	<b>Current</b> <input type="text"/>	<b>Cash Credit</b> <input type="text"/>	
<b>A/c. No. (as appearing in the cheque book)</b>	→	<input type="text"/>			
<b>Effective date of this mandate</b>	→	<input type="text"/>			

I, hereby, declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Beetal Financial & Computer Services Pvt. Ltd., will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/Ahmednagar Forgings Limited.

I further undertake to inform the Company any change in my Bank/branch and account number.

\_\_\_\_\_  
**(Signature of First holder)**

Dated: \_\_\_\_\_

Note: On dematerialisation of existing physical shares, for which you have availed ECS facility, the above form needs to be re-submitted.

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**ATTENDANCE SLIP****AHMEDNAGAR FORGINGS LIMITED****Regd. Office: Gat No. 614, At Village Kuruli, Tal. Khed. Dist. Pune - 410 501.**

PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.  
Joint shareholders may obtain additional attendance slip on request at the venue.

DP. ID#	
Client ID#	

Master Folio No.	
No. of Share(s) held	

# Applicable for members holding shares in dematerialised form.

NAME AND ADDRESS OF THE MEMBER: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I hereby record presence at the 35th Annual General Meeting held at Gat No. 614, Village Kuruli, Tal. Khed. Dist. Pune 410 501. (Maharashtra) on Friday the 28th day of December, 2012.

SIGNATURE OF THE MEMBER\* OR PROXY\*

\*Strike out whichever is not applicable.

**PROXY FORM****AHMEDNAGAR FORGINGS LIMITED****Regd. Office: Gat No. 614, At Village Kuruli, Tal. Khed. Dist. Pune - 410 501.**

DP. ID#	
Client ID#	

Master Folio No.	
No. of Share(s) held	

# Applicable for members holding shares in dematerialised form.

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of Ahmednagar Forgings Limited hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 35th Annual General Meeting held at Gat No. 614, Village Kuruli, Tal. Khed. Dist. Pune 410 501. (Maharashtra) on Friday the 28th day of December, 2012.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Re. 1/-  
Revenue  
Stamp

Note: This form, duly completed and signed, should be deposited at the Registered Office of the Company not later than 48 hours before the time of the meeting.

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**BOOK-POST**

*If undelivered please return to :*

**AHMEDNAGAR FORGINGS LIMITED**

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