



# Amforge Industries Limited





## Amforge Industries Limited

### Annual Report 2009-2010

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#### BOARD OF DIRECTORS:

Shri. Puneet Makar  
Shri. Yogiraj Makar  
Shri. Fali P. Mama  
Shri. Bhushan Lal Gupta  
Shri. Rakesh Khanna  
Shri. Sunil K. Aggarwal

#### REGD / CORPORATE OFFICE :

108 -111, Raheja Chambers  
Free Press Journal Marg  
Nariman Point, Mumbai – 400021.  
Tel : 022-66365962  
Fax : 022- 66365964  
Email: amfcosec@mtnl.net.in /  
secretarial@amforgeindustries.com  
Web: www.amforgeindia.com

#### WORKS:

32-D-2- MIDC Area  
Chinchwad, Pune-411019  
Maharashtra State.

#### AUDITORS :

M/s. Bansal & Associates  
Chartered Accountants  
Rajendra Chambers,  
Nanabhai Lane  
Fort, Mumbai – 400001.

#### SOLICITORS :

M/s. Mulla & Mulla, Craigie Blunt & Caroe  
Mulla House,  
51, M.G. Road  
Fort, Mumbai – 400 023.

#### 38<sup>TH</sup> ANNUAL GENERAL MEETING

on Thursday, the 30<sup>th</sup> September, 2010  
at 2.30 p.m.

At Maharashtra Chamber of Commerce,  
Babasaheb Dahanukar Hall,  
Oricon House, 6<sup>th</sup> Floor 12, K.Dubash Road,  
Fort, Mumbai-400001

#### REGISTRAR & TRANSFER AGENTS:

M/s. Sharex Dynamic (India) Pvt Ltd.  
Unit-1, Luthra Industrial Premises  
Safed Pool, Andheri-Kurla Road  
Andheri (E), Mumbai-400072.  
Tel: 022-28515644. Fax: 022-28512885.  
Email - sharexindia@vsnl.com

As a measure of economy, Annual Report will not be distributed at the meeting, Members are requested to bring their copies to the Meeting.

**NOTICE**

Notice is hereby given that the **38<sup>TH</sup> ANNUAL GENERAL MEETING of AMFORGE INDUSTRIES LIMITED** will be held on Thursday, the 30<sup>th</sup> September, 2010 at 2.30 p.m. at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Oricon House, 6<sup>th</sup> Floor, 12, K. Dubhash Road, Fort, Mumbai – 400001 to transact the following ordinary business:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2010 and Profit & Loss Account for the year ended on that date, together with the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. Fali P. Mama, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. B.L. Gupta, who retires by rotation and, being eligible, offers himself for re-appointment
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

**Puneet Makar**  
Chairman & Managing Director

**Registered Office:**  
108-111, Raheja Chambers  
Free Press Journal Marg  
Nariman Point  
Mumbai - 400 021.

Place: Mumbai  
Date: 02-09-2010

**NOTES:**

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A DULY COMPLETED PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> September, 2010 to 30<sup>th</sup> September, 2010 (both days inclusive).
- c) Members who desire any information as regards the Accounts are requested to write to the Company at least 10 days before the date of the Meeting so as to enable the Management to keep the information ready.
- d) Members, having the shares in physical form, are requested to notify immediately any change in their addresses to the Company's Registrar and Transfer Agents, Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Safed Pool, Andheri-Kurla Road, Andheri (E), Mumbai – 400 072 alongwith proof of address like copy of ration card, electric / telephone bills, driving licences, bank passbook, etc. since it is mandatory to give effect.
- e) Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar and Transfer Agents enclosing their share certificates to enable the Company to consolidate their holdings in one folio.

**DETAILS OF DIRECTORS BEING APPOINTED AT ANNUAL GENERAL MEETING**  
**(In Pursuance of Clause 49 (VI) A of the Listing Agreements)**

Name of Director	SHRI. FALI P. MAMA	SHRI. B L. GUPTA
Age	74	72
Qualification	B.Sc., LLB	M.Com. D.S.W., CAIIB
Date of Appointment	1-10-2003	24-3-2005
Expertise	Practicing as Management Consultant and is expert in purchase, commercial and operation areas.	Financial Appraiser Real Estate Development
Other Directorships	M/s. Mahindra Forgings Ltd  M/s. Salil Investments Pvt. Ltd  M/s. Nainesh Trading & Investment Co.Pvt.Ltd  M/s. Viniyog Investment & Trading Co.Pvt Ltd  M/s. Dujon Commercial Pvt.Ltd	-
Chairman / Member of the Committees	Member - Audit, Remuneration and Shareholders / Investors Grievance Committees of M/s. Amforge Industries Limited.  Member – Audit, Share transfer & Shareholders / Investors Grievance Committees of M/s. Mahindra Forgings Limited.	Member - Remuneration Committee  Chairman - Shareholders / Investors Grievance Committee of M/s. Amforge Industries Limited

## ***Annual Report 2009-2010***

### **DIRECTORS' REPORT**

To the Members

#### **AMFORGE INDUSTRIES LIMITED**

Your Directors hereby present the 38<sup>th</sup> Annual Report and audited statement of accounts for the year ended 31<sup>st</sup> March, 2010.

#### **FINANCIAL HIGHLIGHTS**

	(Rs. in 000's)	
	<b><u>2009-10</u></b>	<b><u>2008-09</u></b>
Gross Revenue	<b>4518.16</b>	274718.84
Gross Profit before Interest, Depreciation, Amortization and Tax	<b>(37196.89)</b>	(63646.64)
Interest	<b>(2206.51)</b>	(5154.52)
Operating Profit (Loss) before Depreciation & Amortization	<b>(39403.40)</b>	(68801.16)
Depreciation	<b>(9349.82)</b>	(9691.74)
Operating Profit/(Loss) for the year	<b>(48753.22)</b>	(78492.90)
Other Extra Ordinary Gains (Net)	<b>(4630.75)</b>	(3077.77)
Profit / (Loss) for the year	<b>(53383.97)</b>	(81570.67)
Prior Period's adjustments (Net)	<b>(637.17)</b>	(819.00)
Net Profit / (Loss)	<b>(54021.14)</b>	(82389.67)
Provision for Current Tax(Wealth Tax)	<b>0</b>	(70.00)
Provision for Fringe Benefit Tax	<b>(62.00)</b>	(2014.00)
Provision for Deferred Tax	<b>1235.00</b>	36755.00
Profit / (Loss) after Tax	<b>(52848.14)</b>	(47718.67)
Balance Profit/(Loss) brought forward from previous year	<b>(309234.58)</b>	(261516.90)
Balance carried to Balance Sheet	<b><u>(362082.72)</u></b>	<b><u>(309234.58)</u></b>
EPS (Rs.)	<b><u>(3.57)</u></b>	<b><u>(3..22)</u></b>

#### **FINANCIALS :**

During the year under review, your Company's gross revenue is Rs. 4518.16 thousands [Previous Year: Rs. 274718.84 thousands Gross Profit / (Loss) before interest, depreciation and tax amounted to Rs.(37196.89) thousands [Previous Year: Rs.(63646.64) thousands Operating Cash Profit / (Loss) before depreciation and amortization is Rs. (39403.40) [Previous Year Rs. (68801.16) thousands]. The Net Loss came to Rs.54021.14 thousands [Previous Year: Rs. 82389.67 thousands].

The plant was closed in 2008 due to recession particularly in the automobile industries. Subsequently a lock out was declared in May 2009, due to workers unrest.

#### **DIVIDEND:**

In view of the losses, current and accumulated, no dividend is recommended for the year.

#### **PUBLIC DEPOSITS AND LOANS / ADVANCES:**

The Company has not accepted any deposits from the Public or its employees during the financial year.

During this financial year, the subsidiary company (Dujon Commercial Private Limited) had issued 14,00,000 (Fourteen Lacs) Equity shares of Rs.10/- (Rupees Ten only) each at a premium of Rs.65/- (Rupees Sixty-five only) each aggregating to Rs.10,50,00,000/- (Rupees Ten Crores Fifty Lacs only) to the Company against the loan availed from the holding company.

#### **DIRECTORS:**

During this year Shri. Vijay S. Choksi, Director of the Company resigned from the Board w.e.f. 1-9-2009.

Shri. Fali P. Mama, who retires by rotation and being eligible, offers himself for re-appointment, subject to retirement by rotation

Shri. B.L. Gupta, who retires by rotation and being eligible, offers himself for re-appointment, subject to retirement by rotation

**DIRECTORS' RESPONSIBILITY STATEMENT :**

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:-

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. appropriate accounting policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2010 and loss of the Company for the year ended on that date.
- iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and other irregularities.
- iv. the annual accounts have been prepared on a going concern basis.

**SUBSIDIARY COMPANY:**

The statement pursuant to Section 212 of the Companies Act, 1956, containing details of subsidiaries of the Company, forms part of the Annual Report.

In view of the exemption received u/s.212(8) of the Companies Act, 1956 from Central Government vide letter No. 47/214/2010-CL-III dated 22-07-2010, the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary Company is not annexed. Shareholders who wish to have a copy of the full report and accounts of the subsidiary company (Dujon Commercial Private Limited) will be provided on receipt of a written request from them. These documents will also be available for inspection by any shareholder at the registered office of the Company on any working day during business hours. The consolidated Financial Statements presented by the Company include financial results of the subsidiary Company.

**AUDITORS:**

M/s. Bansal & Associates, Chartered Accountants will retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. They have furnished a certificate that their reappointment, if made, will be within the limit prescribed under Section 224 (1B) of the Companies Act, 1956.

**AUDITORS' REPORT :**

The Directors give the following comments on para 3 of the Auditors' Reports.

The Management has produced all other available records and documents for verification for the audit purposes for the year under review except some records lying at Chinchwad plant for which the access was not available consequent to lock out. However, the Management does not envisage any material discrepancy(ies) in the financial statements due to the same.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.:**

The information required in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this report, as Annexure-1.

**MANAGEMENT DISCUSSION AND ANALYSES:**

Pursuant to Clause-49 of the Listing Agreement with the Bombay Stock Exchange Limited, the Management Discussion and Analysis annexed to this report, as Annexure-2.

**PERSONNEL:**

Statement of particulars of employees, providing information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed to this report, as Annexure-3.

**CORPORATE GOVERNANCE:**

Pursuant to Clause-49 of the Listing Agreement, a report on Corporate Governance is annexed to this report, as Annexure-4.

**COMPLIANCE CERTIFICATE:**

Pursuant to Section 383A of the Companies Act, 1956, and Compliance certificate on Corporate Governance as per Listing Agreement, issued by Practising Company Secretary are annexed to this report, as Annexure-5 & 6.

**CEO / CFO CERTIFICATION:**

Pursuant to Clause- 49 V of the Listing Agreement with the Bombay Stock Exchange Limited, a certificate issued by CEO/ CFO of the Company for the financial year ended 31<sup>st</sup> March, 2010 is annexed to this report, as Annexure-7.

**ACKNOWLEDGMENT:**

Your Directors wish to place on record their sincere thanks to all shareholders and employees for their continued support and co-operation.

*For and on behalf of the Board of Directors*

Place : Mumbai

Date : 02-09-2010

**Puneet Makar**

Chairman & Managing Director

**ANNEXURE - 1 TO THE DIRECTORS' REPORT**

Particulars Required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**A. CONSERVATION OF ENERGY.**

**a) Energy conservation measures taken.**

No fresh steps were initiated since the plant is under lock out since May, 2009.

**b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.**  
None.

**Impact of the measures taken / to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

Not applicable

**c) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the schedule thereto for the year ended 31.03.2010.**

	<u>* 2009-10</u>	<u>2008-09</u>
<b>1. Power &amp; Fuel Consumption</b>		
Electricity – Purchased (KWH in lacs)	-	34
Total Amount (Rs.in 000's)	-	17679.00
Average rate per unit (Rs.)	-	5.23
<b>2. Furnace Oil</b>		
Quantity (Kilo litres)	-	301
Total Amount (Rs.in 000's)	-	9905.00
Average rate per litre (Rs.)	-	32.90
<b>3. Light Diesel Oil</b>		
Quantity (Kilo litre)	-	271
Total Amount (Rs.in 000's)	-	11903.00
Average rate per litre (Rs.)	-	42.92
<b>4. Consumption per unit of Production</b>		
Production (Tons)	-	2534
<b>Fuel Used</b>	<b>Units</b>	
Electricity	Kwh / Ton	1341
Furnace Oil	Lit / Ton	119
Light Diesel Oil	Lit / Ton	107

**B. TECHNOLOGY ABSORPTION:**

**(i) Research and Development.**

None. The Plant is under lock out.

**(ii) Benefits derived as a result of the above efforts.**

Not applicable

**(iii) Future plans of action.**

Not applicable.

**(iv) Foreign Exchange Earnings and Outgo.**

		(Rs.in 000's)
	<u>2009-10</u>	<u>2008-09</u>
FOB Value of Exports	-	20986.00
Foreign Currency outgo	-	096.00

\* In the absence of operational activities at the plant due to lock out consumption figures are not applicable.

*For and on behalf of the Board of Directors*

Place : Mumbai

Date : 02-09-2010

**Puneet Makar**

Chairman & Managing Director

## ANNEXURE - 2 TO THE DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Industry Structure and Developments

The Company has only one segment and that is 'forgings'. Forging is a process of manufacturing where metal is pressed, pounded or squeezed under great pressure into high strength parts largely catering to automobile industry as such; the performance of the Forging Industry is very much dependent on the performance of the automobile industry which is, in turn, dependent on demand for vehicles.

#### Opportunities and Threats \*

#### Outlook \*

#### Risk and Concerns \*

\* The operations of the plant at Chinchwad was suspended due to recession in the automobile Industry in December, 2008. Subsequently, a lock out was declared in May, 2009 due to unrest among the workers.

In view of the present closure of the Chinchwad plant, the Management is actively considering proposals for manufacturing related activities along with other business by way of investments and financial activities so as to generate consistent income, thereby to enable the company to pursue other business activities from the Other Object Clause of the Memorandum of Association, the Company has passed resolutions by Postal Ballot pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, in July, 2010.

#### Internal Control Systems and adequacy:

The company has instituted adequate internal control procedure(s) commensurate with the nature of its business and the size of its operations for the smooth conduct of its business. This is also ensuring compliances with various statutory requirements. The internal control systems have been reviewed by the Audit Committee.

*For and on behalf of the Board of Directors*

Place : Mumbai  
Date : 02-09-2010

**Puneet Makar**  
Chairman & Managing Director

## ANNEXURE - 3 TO THE DIRECTORS' REPORT

Additional information as required U/s. 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31<sup>st</sup> March, 2010

Name & Designation	Qualification	Date of commencement of employment	Age / (Experience in years)	Remu-neration (subject to tax) (Rs in 000's)	Last employment held (Designation / Organization)
<b>Puneet Makar</b> Chairman & Mg. Director	BBA from USA	2-2- 2009	47 (17 years)	<del>2919.60</del>	1-10- 1994.Director - Amforge Industries Limited

*For and on behalf of the Board of Directors*

Place : Mumbai  
Date : 02-09-2010

**Puneet Makar**  
Chairman & Managing Director



**ANNEXURE - 4 TO THE DIRECTORS' REPORT**

**CORPORATE GOVERNANCE**

1. The Company practices Corporate Governance as a continuing exercise.

**2. Board of Directors:**

During the year 2009-2010, the composition of the Board of Directors was such that it complied with the requirements of Independent and Non-Executive Directors.

The Directors of the Company are not holding the Directorships more than the ceiling prescribed nor are the memberships of committee on more than 10 committees and Chairman of more than 5 committees in across all the companies where they are directors.

**Composition and Category of Directors:**

Category	Name of Director	Remarks
Promoter & Executive Chairman & Managing Director	Shri. Puneet Makar	-
Promoter & Non-Executive Director	Shri. Yogiraj Makar	-
Non-Independent & Non-Executive Director	Shri. Fali P. Mama	-
Independent & Non-Executive Director	Shri. Sunil Aggarwal	-
Independent & Non-Executive Director	Shri. B.L. Gupta	-
Independent & Non-Executive Director	Shri. Rakesh Khanna	-
Independent & Non-Executive Director	Shri. Vijay Choksi	Resigned as Director w.e.f. 1-9-2009

**The attendance of the Directors at the Meetings of Board of Directors held during the Financial Year 2009-2010 and the last Annual General Meeting is as follows:**

Date of Board of Directors Meeting	Number of Directors Present
28-04-2009	6
31-07-2009	5
31-08-2009	5
30-10-2009	5
29-01-2010	6
30-09-2009 (AGM)	4

There is no gap of more than four months between two consecutive Board meetings.

Name of the Director	No. of Board Meeting attended	Attendance at the AGM
Shri. Puneet Makar	4	Present
Shri. Yogiraj Makar	4	-
Shri. Fali P. Mama	5	Present
Shri. B.L.Gupta	5	Present
Shri. Sunil K. Aggarwal	4	Present
Shri. Rakesh Khanna	5	-

**Number of Directorships of other Companies and Membership of Board Committees:**

Name of Director	No. of BoD'S of Other Companies	No. of Membership of BoD's Committees	No. of Chairmanship of BoD's Committees
Shri Yogiraj Makar	2	-	-
Shri Puneet Makar	5	-	-
Shri. Fali P. Mama	5	2	-
Shri. B.L Gupta	-	-	-
Shri. Sunil Aggarwal	2	-	-
Shri. Rakesh Khanna	12	8	4

None of the Directors holds any Equity Shares in the Company except Shri. Puneet Makar (Promoter Executive Director) holding 1830802 Equity Shares and Shri. Yogiraj Makar (Promoter-Non-Executive) including HUF holding 420306 Equity Shares and Shri. Fali P Mama (Non-Independent-Non-Executive) holding 2200 Equity Shares.

Shri. Puneet Makar has purchased 337771 Equity shares of the Company in March, 2010 from the open market and intimated to Bombay Stock Exchange Limited pursuant to Regulation 13(3) of the SEBI (Prohibition of Insider Trading) Regulations, 1992, within the stipulated period. Thus, his holding increased from 1830802 to 2168573 Equity Shares, as on 31-03-2010. However, the effect was given on 6th April, 2010.

**3. Committees of Board of Directors:**
**Audit Committee:**

Pursuant to Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has an Audit Committee of the Board of Directors. The Audit Committee was as under:

- Shri. Sunil K. Aggarwal - Chairman
- Shri. Rakesh Khanna - Member
- Shri. Fali P. Mama - Member

The Audit Committee has been entrusted with the blend of functions and responsibilities as are given in Clause 49 of the Listing Agreement and as stated under Section 292A of the Companies Act, 1956. The terms of reference include overseeing financial reporting process, internal control system, reviewing the accounting policies and practices and financial statements audited by the statutory auditors as also to review financial and risk management policies.

The record of attendance of the Audit Committee during the Financial Year 2009-2010 is as under:

Name of Directors	Date of Meetings				
	28-4-2009	31-7-2009	31-8-2009	30-10-2009	29-1-2010
Shri. S.K. Aggarwal	Present	-	Present	Present	Present
Shri. Rakesh Khanna	Present	Present	Present	Present	Present
Shri. Fali P. Mama	Present	Present	Present	Present	Present

**4. Remuneration Committee:**

- The Remuneration Committee was as under :
- Shri. Sunil Aggarwal - Chairman
- Shri. B.L. Gupta - Member
- Shri. Rakesh Khanna - Member
- Shri. Fali Mama - Member

## Annual Report 2009-2010

The scope and functions of the Remuneration Committee covers the requirement of the Corporate Governance and Schedule XIII to and any other provisions of the Companies Act, 1956.

During this financial year, there was no Remuneration Committee meetings held.

### Details of the sitting and other fees paid to the Non-Executive Directors for the Financial Year 2009-2010:

Name of the Director	Sitting fees paid for attending Board / Committee Meetings (Rs.)	Professional Fees (Rs.)
Shri. Yogiraj Makar	-	13,23,600.00
Shri Fali Mama	-	6,00,000.00
Shri. B.L Gupta	9,000.00	-
Shri. Sunil Aggarwal	12,000.00	-
Shri. Rakesh Khanna	15,000.00	-

### 5. Shareholders / Investors' Grievance Committee (SIGC):

The SIG Committee was under :

- Shri. B.L. Gupta - Chairman
- Shri. Fali P. Mama - Member
- Shri. Puneet Makar - Member

Shri. Puneet Makar, Promoter Executive Chairman & Managing Director of the Company, continued to be the Compliance Officer.

The Committee meets as and when required. Since the Share Transfer Executive Committee is entrusted to look after the shareholders/ investors grievances like non-receipt of share certificate, duplicate certificate, annual reports, debenture interest, etc. Also entrusted to look after the transfer of shares, demate, issuing duplicate / remate share certificates, etc.

The Complaints received and redressed during the period from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010 are tabled below:

Nature of Complaint	Complaints Received from 1-4-2009 to 31-03-2010						Total	Re-dressed	Not Re-dressed	Reason (s) for non redressal
	SEBI	Stock Exchange	ROC	Dept. of Company Affairs	Consumer Forum	Investors				
Non receipt of Shares / Deb sent for transfer	1	-		-	-	1	2	2	-	-
Non receipt of Dividend	1	-		-	-	3	4	4	-	-
General	-	-		-	-	8	8	8	-	-
Non Receipt of Debenture interest	1	-	-	-	-	-	1	1	-	-
Non-receipt of New S/C.	-	-	-	-	-	12	12	12	-	-
<b>TOTAL</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>27</b>	<b>27</b>	<b>-</b>	<b>-</b>

**6. The General Body Meetings held in the last three years:**

SR. NO.	DATE	DAY & TIME	VENUE	REMARKS
1.	27-9-2007	Thursday 2.30 P.M.	Maharashtra Chamber of Commerce, Agriculture and Industry, Babasaheb Dahanukar Sabhagriha, Oricon House, 6 <sup>th</sup> Floor, Fort, Mumbai - 400001.	35 <sup>th</sup> AGM
2.	29-9-2008	Monday 12.00 Noon	-do-	36 <sup>th</sup> AGM
3.	30-9-2009	Wednesday 2.30 p.m.	-do-	37 <sup>th</sup> AGM

**Related Party Transactions (Rs lacs) :**

Name of the Parties / Person	ICD/Loan Transaction					Other Transactions			
	Opening Balance 1-4-2009	Received	Repaid	Closing Balance 31-3-2010	Max. Amount outstanding during the year	Payment of Interest	Payment of rent	Payment of Salary / Fees	Payment for equity
Nainesh Inv & Trading Co.Pvt. Ltd	54.00	96.70	68.00	82.70	92.70	8.20	-	-	-
Viniyog Inv. & Trading .CoPvt..Ltd	-	42.30	0.70	41.60	41.60	1.57	-	-	-
Devidass Pvt.Ltd		2.00	2.00	-	2.00	-	-	-	-
Makar Estate	-		-	-	-	-	1.20	-	-
Dujon Commercial Pvt.Ltd (Subsidiary)	995.00	1080.00	104.76	19.76	-	-	-	-	1050.00
<b>Sub Total</b>	<b>1049.00</b>	<b>1221.00</b>	<b>175.46</b>	<b>144.06</b>	<b>136.30</b>	<b>9.77</b>	<b>1.20</b>	<b>-</b>	<b>1050.00</b>
<b>Key Management Personnel</b>									
Yogiraj Makar	-	-	-	-	-	-	2.00	13.24	-
Puneet Makar	-	-	-	-	-	-	-	28.80	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.00</b>	<b>42.04</b>	<b>-</b>
<b>Total</b>	<b>1049.00</b>	<b>1221.00</b>	<b>175.46</b>	<b>144.06</b>	<b>136.30</b>	<b>9.77</b>	<b>3.20</b>	<b>42.04</b>	<b>1050.00</b>

**Code for prevention of insider trading practices:**

The Company has formulated, adopted and implemented Code of Conduct for prevention of insider trading in the shares of the Company pursuant to provisions of SEBI (Prohibition on Insider Trading) Regulations, 1992. This Code is applicable to senior management and certain other employees, directors, etc. while in possession of unpublished price sensitive information in relation to the Company.

**Codes of Conduct:**

A Code of Conduct has been prescribed for all senior management personnel and directors to ensure adherence to a high ethical professional conduct by them in the discharge of their duties. The Senior Management Personnel have given annual confirmation of adherence to the Code of Conduct.

**8. Means of Communication:**

The Company has been publishing quarterly results in English Newspaper (*Free Press Journal*) and in Marathi Newspaper (*Navshakti*) being published from Mumbai.

The Company is intimating all the required to be intimated events to the Bombay Stock Exchange Limited (BSE) where the company shares are listed and the BSE reproducing the same by media in their own way and carried in their respective newspapers, web-site [www.bseindia.com](http://www.bseindia.com), etc., which are available to the general public for their consumption.

The Company is having its own website [www.amforgeindia.com](http://www.amforgeindia.com) and is uploading the events and financial results of the company.

**9. General Shareholder Information:****(i) Annual General Meeting:**

Day	-	Thursday
Date	-	30 <sup>th</sup> September, 2010
Time	-	2.30 p.m.
Venue	-	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Orion House, 6 <sup>th</sup> Floor, K. Dubash Road, Fort, Mumbai – 400 001.

**(ii) Financial Calendar:**

Unaudited Financial Results for the quarter ended 30-06-2010	:	On or before 14 <sup>th</sup> Aug, 2010
Unaudited Financial Results for the quarter ended 30-09-2010	:	On or before 14 <sup>th</sup> Nov, 2010
Unaudited Financial Results for the quarter ended 31-12-2010	:	On or before 14 <sup>th</sup> Feb, 2011
Unaudited Financial Results for the quarter ended 31-03-2011	:	On or before 15 <sup>th</sup> May, 2011

**(OR)**

Audited Financial Results for the year ended 31-03-2010	:	On or before 30 <sup>th</sup> May, 2011
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**(iii) Date of Book Closure:** From 23-09-2010 to 30-09-2010 (inclusive of both days)

**(iv) Dividend Payment Date:** Not applicable, since no dividend is declared.

**(v) Listing on Stock Exchanges:** Bombay Stock Exchange Ltd. (Listing fee paid for the year 2010-2011)

**(vi) Stock Code :** 513117 (For demating of shares: ISIN - INE991A01020)

**(vii) Market Price Data during the year 2009-2010:**

MONTH	SHARE PRICE		BSE SENSEX
	HIGH	LOW	
April -2009	4.08	2.56	11403.25
May-2009	5.54	3.28	14625.25
June-2009	6.00	4.00	14493.84
July-2009	4.00	2.72	15670.31
August-2009	4.59	3.48	15666.64
September- 2009	4.54	3.91	17126.84
October-2009	4.60	3.72	15896.28
November-2009	4.41	3.62	16926.22
December-2009	5.00	4.02	17464.81
January-2010	6.84	4.48	16357.96
February-2010	6.60	4.56	16429.55
March-2010	6.21	4.79	17527.77

**(viii) Registrar and Transfer Agents:**

M/s. Sharex Dynamic (India) Pvt Ltd., Unit-1, Luthra Industrial Premises, Safed Pool, Andheri-Kurla Road, Andheri (E), Mumbai- 400 072.

**(ix) Share Transfer System:**

The entire share transfer system is handled by the Registrar and Transfer Agent (RTA) of the Company at the address given above. The RTA is equipped with all required infrastructure required for share transfer – physical and demat.

The transfers received are processed by the Registrar and Transfer Agents duly approved by the Share Transfer Executive Committee. The Committee meets twice a month and the transfer is normally effected and dispatched within the time limit prescribed under the Listing Agreement.

**(x) Distribution of shareholding as of 31<sup>st</sup> March, 2010:**

Distribution of Shares	No. of share-holders	% to total no. of share-holders	No. of shares held	% to total shares
Up to 100	15005	75.39	513726	3.47
101 to 200	1706	8.57	284743	1.92
201 to 500	1585	7.96	592428	4.00
501 to 1000	752	3.78	656115	4.43
1001 to 5000	675	3.39	1624361	10.96
5001 to 10000	79	0.40	580571	3.92
10001 to 100000	88	0.44	2304937	15.55
100001 & above	12	0.06	8263325	55.76
<b>Total</b>	<b>19902</b>	<b>100</b>	<b>14820206</b>	<b>100.00</b>

**xi) Shareholding Pattern as of 31<sup>st</sup> March, 2010:**

Category of Shareholders	No of Shares held	% of holding
Indian Promoters	2588879	17.468
Directors & Relatives	5555361	37.485
Financial Institutions & Banks	24739	0.167
Mutual Funds & UTI	4280	0.029
FII's	0	0
NRIs / OCBs	264972	1.788
Domestic Companies	1504164	10.149
Public	4824591	32.554
Clearing Members	23220	0.359
<b>Total</b>	<b>14820206</b>	<b>100.00</b>

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### (xii) Dematerialization of Shares and Liquidity as of 31<sup>st</sup> March, 2010:

The deliveries of Company's shares are required to be made in dematerialized form, in trade. The extent of dematerialization of shares of the Company and its liquidity are as under:

Shares	Physical		Dematerialized		Total
Number	564407		14255799		14820206
% to Total	3.81		96.19		100
	Promoters	Public	Promoters	Public	
Number	71157	493250	8073083	6182716	14820206
% to form	12.61	87.39	56.63	43.37	
% form to total	0.48	3.33	54.47	41.72	100

### (xiii) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, Conversion date and likely impact on equity.

There are no outstanding DGRs / ADRs or any Convertible instruments in the Company.

### (xiv) Plant Location:

Block No. 32-D-2, MIDC. Area, Chinchwad, Pune-411019, Maharashtra State (India).

### (xv) Addresses for Correspondence:

#### For Shareholders:

M/s. Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai-400072. Tel: 022-28515606 / 28516544. Fax: 022-8512885. Email: [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)  
web: [www.sharexindia.com](http://www.sharexindia.com)

#### For Others:

M/s. Amforge Industries Limited, Registered 108-111, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai-400021. Telephone: 022-66365962-63. Fax: 022-66365964. Email: [amfcosec@mtnl.net.in](mailto:amfcosec@mtnl.net.in) / [secretarial@amforgeindustries.com](mailto:secretarial@amforgeindustries.com). Web: [www.amforgeindia.com](http://www.amforgeindia.com).

*For and on behalf of the Board of Directors*

Place : Mumbai

**Puneet Makar**

Date : 02-09-2010

Chairman & Managing Director

## ANNEXURE - 5 COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT

### To the Shareholders of Amforge Industries Limited,

I have examined the compliance of conditions of Corporate Governance by Amforge Industries Limited for the year ended on 31<sup>st</sup> March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Share Transfer Executive Committee of the Company.

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

Place : Mumbai

Date : 20-08-2010

**Rajkumar R. Tiwari**

Practising Company Secretary

CP No.2400

**ANNEXURE -6**  
**COMPLIANCE CERTIFICATE**

*[Issued under the Companies (Compliance Certificate) Rules, 2001]*

CIN of the Company	L28910MH1971PLC015119
Authorised Capital	Rs. 20,00,00,000
Issued, Subscribed and Paid up Capital	Rs. 2,96,40,000

To :

*The Shareholders of Amforge Industries Limited,*

I have examined the registers, records, books and papers of **Amforge Industries Limited** (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended March 31, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company and its agents, I certify that:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Ministry of Corporate Affairs and other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a public limited company has the minimum subscribed paid-up capital.
4.
  - a) The board of directors duly met 5 times on 28-4-2009, 31-7-2009, 31-8-2009, 30-10-2009 and 29-1-2010 during the year, in respect of which proper notices were given and the proceedings were properly recorded, signed and the minutes book maintained for the purpose.
  - b) The audit committee duly met 5 times during the year under scrutiny on 28-4-2009, 31-7-2009, 31-8-2009, 31-10-2009 and 29-1-2010 in respect of which proper notices were given and the proceedings were properly recorded signed, and the minute's book maintained for the purpose.
  - c) No Remuneration Committee Meeting was held during the financial year.
  - d) Share Transfer Executive Committee meetings held twice in a month to look after transfer / transmission of shares, issue duplicate share certificates, dematerialization, dematerialization and investors' grievances.
5. The company has closed its Register of Members from 23<sup>rd</sup> September, 2009 to 30<sup>th</sup> September, 2009 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended 31<sup>st</sup> March, 2009 was held on 30<sup>th</sup> September, 2009 by giving proper notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. There were no instances falling within the purview of Section 314 of the Act, the company was not required to obtain any approvals from the board of directors, members or central government.
12. The Company has approved the issue of duplicate Share certificates during the financial year.
13. The Company
  - i) has delivered all share certificates on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
  - (ii) was not required to deposit any amount in separate bank account as no dividend was declared during the financial year.



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- (iii) was not required to post warrants to any member of the company as no dividend was declared during the financial year.
  - (iv) has transferred the amounts in unpaid interest accrued on debentures which remained unclaimed or unpaid for the period of 7 years to Investors Education and Protection Fund during the financial year.
  - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. However, no appointment of directors was made during the financial year.
  15. The company has not appointed any Managing Director / Whole-time Director Manager during the financial year.
  16. The company has not appointed any sole selling agents during the financial year.
  17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities, as may be prescribed under the various provisions of the Act except the approval of the Central Government u/s. 212(8) of the Companies Act, 1956.
  18. The directors have disclosed their interest in other firms / companies to the board of directors pursuant to the provisions of the Act and the rules made there under.
  19. The company has not issued any shares, debentures or other securities during the financial year.
  20. The company has not bought back any shares during the financial year.
  21. The company has not issued any preference shares / debentures during the financial year.
  22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
  24. The amount borrowed by the Company from Directors, members, public, financial institutions, banks and others during the financial years ending 31-3-2010 are within the borrowing limits of the Company and that necessary resolutions as per Sec.293(1)(d) of the Act have been passed in duly convened Extra Ordinary General Meeting held on 24<sup>th</sup> March, 2005.
  25. The Company has made loans and investments in its wholly owned subsidiary in accordance with the provisions of the Companies Act and has made necessary entries in the register kept for the purpose. However, no guarantee or securities were given to any other bodies corporate.
  26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the financial year.
  27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the financial year.
  28. The company has not altered the provisions of the memorandum with respect to name of the company during the financial year.
  29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the financial year.
  30. The company has not altered its Articles of Association during the financial year.
  31. As per the information and according to the explanation furnished by the Company, there was no prosecution initiated against or show cause notices received by the company for alleged offences under the Act and also no fines or penalties or any other punishment imposed on the company during the financial year.
  32. The company has not received any money as security from its employees during the financial year.
  33. The Company has not constituted its Provident Fund u/s. 418 of the Act and hence provisions of section 418 of the Act do not apply to the Company.

Place : Mumbai  
Date : 20-08-2010

**Rajkumar R. Tiwari**  
Practising Company Secretary  
CP No.2400

### **ANNEXURE –A**

#### **REGISTERS AS MAINTAINED BY AMFORGE INDUSTRIES LIMITED**

- 1) Register of Charges u/s.143
- 2) Register of Members u/s. 150
- 3) Minutes of the Meeting of the Board of Directors, Committee thereof and Members of the Company u/s 193(1).
- 4) Books of Accounts u/s. 209
- 5) Register of Contracts, Companies & Firms in which Directors are interested u/s. 301.
- 6) Register of Directors u/s 303
- 7) Register of Directors' Shareholdings u/s. 307
- 8) Register of investment made / guarantee given or security provided u/s 372A.
- 9) Register of Transfers
- 10) Fixed Assets Register

### **ANNEXURE- B**

Forms and Returns as filed by the company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31<sup>st</sup> March, 2010.

Sr. No.	Form No	Filed Under Section	For	Date of Filing	Whether filed with in prescribed time	If delay in filing whether requisite fee paid Yes / No
1.	62	Others	Quarterly Certificate on unpaid amounts credited to IEPF	15-04-2009	Yes	N/A
2.	1	205 & Rule 3 of IEPF.	Unpaid Debenture Interest amount credited to IEPF	21-04-2009	Yes	N/A
3.	62	Others	Quarterly Certificate on unpaid amounts credited to IEPF	9-7-2009	Yes	N/A
4.	32	264(2)	Cessation of Director ship	7-09-2009	Yes	N/A
5.	66	383A and rule 3(2)	Compliance Certificate	07-10-2009	Yes	N/A
6.	32		Regularization of Director	08-10-2009	Yes	N/A
7.	23	192	Registration of appointment Mg. Director	08-10-2009	Yes	N/A
8.	62	Others	Quarterly Certificate on unpaid amounts credited to IEPF	08-10-2009	Yes	N/A
9.	23 ACA 23 AC	220	Balance Sheet, Profit & Loss Account for the year ended 31 <sup>st</sup> March 2009	21-10-2009	Yes	N/A
10.	20B	159	Annual Return	28-10-2009	Yes	N/A
11.	Form 1	205 & Rule 3 of IEPF	Unpaid Debenture Interest amount credited to IEPF	30-10-2009	Yes	N/A
12.	61	Others	Quarterly Certificate on transfer to IEPF	06-01-2010	Yes	N/A
13	23AAB	212(8)	Exemption from attaching the annual account of the subsidiary	10-02-2010	Yes	N/A

**ANNEXURE-7**

**CEO/CFO CERTIFICATE**

Pursuant to the provisions of the Clause 49 of the Listing Agreement with the Bombay Exchange Limited, it is hereby certified that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31-3-2010 and that to the best of our knowledge and belief,
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take, to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i) significant changes in the internal control over financial reporting during the year.
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Chief Executive officer

Chief Financial Officer

Place : Mumbai

Date : 02-09-2010

**AUDITORS' REPORT**

To the Members of **AMFORGE INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **AMFORGE INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and amended by (Amendment ) Order , 2004 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, subject to that :

***The financial statements of the company have been prepared and finalized on the basis of available records and documents with the company .Due to suspension of operations at the plant since December 2008 and the subsequent lockout and labour problems since May 2009 the relevant supportings,evidences and records were not produced for verification during the course of our audit.***

we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above and **subject to the Para No.3 as above**, we report that:
  - (a) 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;
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account 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;
  - (e) On the basis of the written representations received from the Directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as On 31<sup>st</sup> March ,2010 from being appointed as a Director in terms of clause ( g ) of sub-section ( 1 ) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon 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:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - (ii) in the case of the Profit and Loss Account, of the **Loss** for the year ended on that date ; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For BANSAL AND ASSOCIATES**

Chartered Accountants  
(Firm Registration No. 100985W)

**S.K.Bansal**

Proprietor.

M.No.012288

MUMBAI : 2<sup>nd</sup> September, 2010.

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 3 of our report of even date

1 In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at regular intervals in accordance with a phased programme of verification adopted by the Company, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets except in respect of its Chinchwad plant due to lock out. According to the information and explanations given to us, no material discrepancies were noticed on such verification however the same have been adjusted in the books of account.
- (c) The Company has disposed off some of the fixed assets during the year which does not form any substantial part of its fixed assets so as to affect its going concern.

2. In respect of its inventories:

- (a) According to the information and explanations given to us, due to lockout at the plant management were unable to conduct the physical verification of inventories.
- (b) In absence of any physical verification during the year, the procedure for such verification could not be commented upon.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories however in absence of any physical verification, discrepancies could not be noticed.

3. According to the information and explanations given to us, in respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956;

- (a) The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has taken inter corporate deposits in the nature of unsecured loans aggregating to Rs. 124.30 Lacs from two companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (c) The rate of interest and other terms and conditions on which loans have been taken by the Company are not prima facie, prejudicial to the interest of the Company.

4. In our opinion and according to the information and explanations given to us, there are reasonable internal control system which needs to be further strengthen commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.

5. In respect of transactions entered in the Register maintained under section 301 of the Companies Act, 1956:

- (a) In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made are of special nature for which market prices could not be verified. As explained to us, the same are prima facie reasonable at relevant times.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently the provisions of section 58 A, 58 AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under and the directives issued by the Reserve Bank of India are not applicable.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. As no production activity carried out during the year by the company the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the Company.

9. In respect of statutory dues:

- (a) According to the records of the Company, it has been regular in depositing undisputed statutory dues including investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other statutory dues except Provident fund, Employees State Insurance and profession tax aggregating to Rs.10.46 lacs in respect of its plant under lock out with the appropriate authorities during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues except Provident fund, Employees State Insurance and profession tax aggregating to Rs.10.46 lacs were outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date of becoming payable.

- (b) The disputed statutory dues aggregating to Rs. 860.69 lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No	Name of the statute	Nature of the dues	Forum where dispute is pending	Amount Rs. 000's
1	Central Excise Act, 1944	Excise Duty	CESTAT Mumbai Asst./Addl./ Jt. Commissioner of Central Excise.	48557
2	Customs Act	Customs Duty	CESTAT Mumbai	12068
3	Sales Tax Act	Sale Tax	Commissioner of Appeals (Sales Tax)	3193
4	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	22251
			Total	86069

10. The Company has accumulated losses more than fifty percent of its net worth as at the end of the financial year and the Company has incurred cash losses during the current and in the immediately preceding financial year.
11. Based on our audit procedure and on the basis of the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company does not have any borrowings by way of debentures.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) Order 2003 is not applicable to the Company.
14. The Company is not dealing in securities. However, in respect of its investments the Company has maintained proper records of the transactions and contracts as well as timely entries have been made therein. These investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

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16. On the basis of the records examined by us , we have to state that , the Company has not taken any term loans during the year.
17. According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall examination of the financial statements of the Company , we are of the opinion that, funds raised on short term basis have prima facie not been used during the year for long term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. No debentures have been issued by the Company during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of examination of books and records of the Company carried out in accordance with the generally accepted auditing practices and according to the information and explanations given to us, no fraud on or by the Company , noticed or reported during the year nor have we been informed of such case by the Management.

**For BANSAL & ASSOCIATES**  
Chartered Accountants  
(Firm Registration No. 100985W)  
**S.K. BANSAL**  
Proprietor  
Membership No. 012288..

Mumbai: 2<sup>nd</sup> September, 2010



# Amforge Industries Limited

## BALANCE SHEET AS AT 31ST MARCH, 2010

		(Rs. in 000's)	
	SCHEDULE	As at 31st March, 2010	As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	29,640.41	29,640.41
Reserves and Surplus	2	253,005.36	305,853.51
		<u>282,645.77</u>	<u>335,493.92</u>
<b>Loan Funds</b>			
Secured Loans	3	5,340.07	8,903.31
Unsecured Loans	4	94,272.49	87,207.21
		<u>99,612.56</u>	<u>96,110.52</u>
<b>TOTAL FUNDS EMPLOYED</b>		<u><b>382,258.33</b></u>	<u><b>431,604.44</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	263,560.19	266,759.59
Less : Depreciation		<u>150,553.52</u>	<u>143,013.75</u>
Net Block		<u>113,006.67</u>	<u>123,745.84</u>
Add : Capital Work in Progress		<u>2,743.63</u>	<u>2,743.63</u>
		<u><b>115,750.30</b></u>	<u><b>126,489.46</b></u>
<b>Investments</b>	7	<b>134,452.57</b>	69,263.00
<b>Deferred Tax Assets (Net)</b> (Refer Note No. 23)		<b>70,447.00</b>	69,212.00
<b>Current Assets , Loans and Advances</b>			
Inventories	8	61,364.90	64,855.93
Sundry Debtors		41,312.08	74,320.54
Cash & Bank Balances		4,869.79	8,875.47
Loans and Advances	9	70,668.47	175,965.09
		<u>178,215.24</u>	<u>324,017.03</u>
Less: Current Liabilities and Provisions	5		
Current Liabilities		<u>106,429.91</u>	<u>147,569.05</u>
Provisions		<u>10,176.87</u>	<u>9,808.00</u>
<b>Net Current Assets</b>		<u><b>61,608.46</b></u>	<u><b>166,639.98</b></u>
<b>TOTAL FUNDS UTILISED</b>		<u><b>382,258.33</b></u>	<u><b>431,604.44</b></u>
Notes Forming Part of The Accounts	19		

As per our Report of even date

For **Bansal & Associates**

Chartered Accountants

**S. K. Bansal**

Proprietor

Membership No. - 12288

Mumbai, 2nd September, 2010

On Behalf of the Board of Directors

**Puneet Makar** - Chairman & Managing Director

**Yogiraj Makar** - Director

**Fali P. Mama** - Director

**Sunil Aggrawal** - Director

**B. L. Gupta** - Director

**Rakesh Khanna** - Director

Mumbai, 2nd September, 2010



## Annual Report 2009-2010

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		(Rs. in 000's)	
	SCHEDULE	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>INCOME</b>			
Operational Income	10		
Turnover (Gross)		3,152.07	293,653.77
Less : Excise Duty		<u>264.70</u>	<u>34,551.50</u>
Turnover (Net)		2,887.37	259,102.27
Other Income	11	<u>1,630.79</u>	<u>15,616.56</u>
		<u><b>4,518.16</b></u>	<u><b>274,718.84</b></u>
<b>EXPENDITURE</b>			
Raw Material and Components Consumed	12	-	174,413.24
(Accretion) / Decretion to Stocks	13	3,491.03	11,726.79
Payments to and Provisions for Employees	14	12,828.50	46,602.67
Manufacturing Expenses	15	2,287.52	74,519.41
Administrative, Selling and Other Expenses	16	<u>23,108.00</u>	<u>31,103.38</u>
		<u><b>41,715.05</b></u>	<u><b>338,365.48</b></u>
<b>PROFIT BEFORE INTEREST AND DEPRECIATION</b>		<b>(37,196.89)</b>	<b>(63,646.64)</b>
Interest	17	2,206.51	5,154.52
<b>PROFIT BEFORE DEPRECIATION AND AMORTISATION</b>		<b>(39,403.40)</b>	<b>(68,801.16)</b>
Depreciation / Amortisation	6	9,349.82	9,691.74
<b>NET PROFIT/(LOSS)</b>		<b>(48,753.22)</b>	<b>(78,492.90)</b>
Add : Other Extra Ordinary Gains /(Loss) (Net)		<b>(4,630.75)</b>	<b>(3,077.77)</b>
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(53,383.97)</b>	<b>(81,570.67)</b>
Prior Period Expenses	18	<b>(637.17)</b>	<b>(819.00)</b>
<b>NET PROFIT / (LOSS) BEFORE TAX</b>		<b>(54,021.14)</b>	<b>(82,389.67)</b>
Provision for Tax - Current Tax (Wealth Tax)		-	70.00
- Fringe Benefit Tax		62.00	2,014.00
- Deferred Tax (Refer Note No. 23)		1,235.00	36,755.00
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>(52,848.14)</b>	<b>(47,718.67)</b>
Profit/(Loss) brought forward from previous year		<b>(309,234.58)</b>	<b>(261,515.90)</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u><b>(362,082.72)</b></u>	<u><b>(309,234.58)</b></u>
Basic / Diluted Earning Per Share +/- (Rs. ) (Refer Note No. 26)		<b>(3.57)</b>	<b>(3.22)</b>
<b>Notes Forming Part of The Accounts</b>	19		

As per our Report of even date

For **Bansal & Associates**  
Chartered Accountants  
**S. K. Bansal**  
Proprietor  
Membership No. - 12288

Mumbai, 2nd September, 2010

On Behalf of the Board of Directors

**Puneet Makar** - Chairman & Managing Director  
**Yogiraj Makar** - Director  
**Fali P. Mama** - Director  
**Sunil Aggrawal** - Director  
**B. L. Gupta** - Director  
**Rakesh Khanna** - Director

Mumbai, 2nd September, 2010

### CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2010

	(Rs. in 000's)	
	For the Year ended 31.03.2010	For the Year ended 31.03.2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary items	(48,753.22)	(78,492.71)
Adjustments for :		
Depreciation	9,349.82	9,691.74
Interest on Borrowings	2,206.51	5,154.52
Interest / Dividends Received (Net)	(696.36)	(10,689.00)
Profit / Loss on Sale of Assets	(3,041.15)	409.00
Extra ordinary items etc.(net)	(4,630.75)	(2,382.77)
Profit on sale of investments	1,425.45	534.00
Earlier years Expenditure	(637.17)	(819.00)
Provision for Wealth Tax/Fringe Benefit Tax	(62.00)	(2,084.00)
	<u>3,914.35</u>	<u>(185.52)</u>
Operating Profit Before Working Capital changes	(44,838.87)	(78,678.23)
Adjustments for :		
Trade and Other Receivables	138,721.63	82,132.48
Inventories	3,491.03	20,721.48
Trade and Other Payables	(40,770.27)	1,571.33
	<u>101,442.39</u>	<u>104,425.30</u>
Cash Generated from Operations	56,603.52	25,747.07
Direct Taxes / TDS	(416.70)	(4,948.52)
	<u>(416.70)</u>	<u>(4,948.52)</u>
<b>Net Cash Generated in Operating Activities (A)</b>	56,186.82	20,798.55
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(14.04)	(1,278.00)
Purchase of Investments	(126,129.51)	(38,471.00)
Sale of Fixed Assets	4,444.67	680.00
Sale of Investments	59,514.49	15,645.00
Interest / Dividends Received (Net)	696.36	10,689.00
<b>Net Cash from Investment Activity (B)</b>	(61,488.03)	(12,735.00)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Change in Borrowings - Secured Loans	(3,563.24)	(4,712.31)
Change in Borrowings - Unsecured Loans	7,065.28	5,103.21
Interest on Borrowings	(2,206.51)	(5,154.52)
<b>Cash from Financing Activity (C)</b>	1,295.53	(4,763.61)
<b>Net Increase /(Decrease) in Cash and Cash Equivalent (A+B+C)</b>	(4,005.68)	3,299.94
Cash or Cash Equivalent as on 1st April 2009 (Opening Balance)	8,875.47	5,575.53
Cash or Cash Equivalent as on 31st March 2010 (Closing Balance)	4,869.79	8,875.47
<b>Net Increase /(Decrease) in Cash and Cash Equivalent</b>	(4,005.68)	3,299.94

As per our Report of even date

For **Bansal & Associates**  
Chartered Accountants  
**S. K. Bansal**  
Proprietor  
Membership No. - 12288

Mumbai, 2nd September, 2010

On Behalf of the Board of Directors

**Puneet Makar** - Chairman & Managing Director  
**Yogiraj Makar** - Director  
**Fali P. Mama** - Director  
**Sunil Aggrawal** - Director  
**B. L. Gupta** - Director  
**Rakesh Khanna** - Director

Mumbai, 2nd September, 2010

## ***Annual Report 2009-2010***

### **SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010**

		(Rs. in 000's)	
		<b>As at 31st March, 2010</b>	As at 31st March, 2009
<b>SCHEDULE-1</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
9,87,50,000	Equity Shares of Rs. 2 each	<b>197,500.00</b>	197,500.00
25,000	15% Redeemable Cumulative Pref. Shares of Rs.100 each	<b>2,500.00</b>	2,500.00
		<b>200,000.00</b>	200,000.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>			
1,48,20,206	(1,48,20,206 ) Equity Shares of Rs 2 each fully paid up (out of the above, 30,00,000 Equity Shares have been issued as Bonus Shares by capitalisation of General Reserve, 24,68,370 Equity Shares have been issued to the shareholders of amalgamating Companies for consideration other than cash, and 2,80,000 Equity Shares have been allotted at par to one of the Financial Institutions on their exercising conversion option)	<b>29,640.41</b>	29,640.41
		<b>29,640.41</b>	29,640.41
<b>SCHEDULE-2</b>			
<b>RESERVES AND SURPLUS</b>			
<b>CAPITAL RESERVE</b>			
	As per last Balance Sheet	<b>1,626.12</b>	1,626.12
<b>CAPITAL REDEMPTION RESERVE</b>			
	As per last Balance Sheet	<b>1,510.00</b>	1,510.00
<b>SECURITIES PREMIUM ACCOUNT</b>			
	As per last Balance Sheet	<b>183,194.90</b>	183,194.90
<b>GENERAL RESERVE</b>			
	As per last Balance Sheet	<b>428,757.06</b>	428,757.06
	Less: Debit Balance in Profit and Loss Account	<b>362,082.72</b>	309,234.57
		<b>66,674.34</b>	119,522.49
		<b>253,005.36</b>	305,853.51

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010**

	(Rs. in 000's)	
	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE-3</b>		
<b>SECURED LOANS</b>		
<b>OTHER BORROWINGS</b>		
Other Loans	<b>5,340.07</b>	8,903.31
(Due within one year Rs. 2912 thousands {Rs.4198 thousands})	<b>5,340.07</b>	8,903.31
	<b>5,340.07</b>	8,903.31
Note:		
<i>For details of nature of security, etc., refer Note no. 2 of Schedule 19</i>		
<b>SCHEDULE-4</b>		
<b>UNSECURED LOANS</b>		
From a Financial Institution	<b>11,183.21</b>	11,183.21
{Due within one year Rs. 11183 thousands - (Rs.-Nil)}		
From Companies	<b>83,089.28</b>	76,024.00
	<b>94,272.49</b>	87,207.21
<b>SCHEDULE-5</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	<b>76,443.44</b>	118,545.04
Advances from Customers	<b>991.63</b>	2,974.00
Other Liabilities	<b>28,994.84</b>	26,050.01
	<b>106,429.91</b>	147,569.05
<b>PROVISIONS:</b>		
Gratuity	<b>7,939.48</b>	7,625.00
Leave Encashment	<b>2,237.39</b>	2,183.00
	<b>10,176.87</b>	9,808.00
	<b>116,606.78</b>	157,377.05

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2010**

**SCHEDULE - 6 FIXED ASSETS**

(Rs. in 000's)

	GROSS BLOCK				DEPRICIATION / AMORTISATION				NET BLOCK	
Description	As at 01.04.2009	Additions	Deduction/ Adjustments	As at 31.03.2010	Upto 31.03.2009	For the Year	Deduction/ Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold Land	1,345.76	-	-	1,345.76	878.54	79.33	-	957.87	387.89	467.22
Buildings	60,796.30	-	1,500.00	59,296.30	10,248.34	1,181.04	79.92	11,349.46	47,946.84	50,547.96
Plant & Machinery and Electrical Installations**	149,322.24	-	-	149,322.24	113,871.47	4,349.64	-	118,221.11	31,101.13	35,450.77
Furniture Fixtures and Office Equipment	31,210.00	64.99	-	31,274.99	9,390.02	1,812.74	-	11,202.76	20,072.23	21,819.98
Vehicles **	24,085.45	1,085.12	2,849.66	22,320.91	8,625.40	1,927.07	1,730.15	8,822.32	13,498.59	15,460.05
Grand Total	266,759.59	1,150.11	4,349.66	263,560.19	143,013.56	9,349.82	1,810.07	150,553.51	113,006.68	123,745.98
Previous Year	269,262.00	1,278.00	3,780.00	266,759.59	136,830.00	9,691.00	3,509.00	143,013.56	123,748.00	132,432.00

Notes : 1) Building include Rs. 5 thousands being cost of shares in Co-operative Housing Societies.

2) \*\* Includes Rs. 21382 thousands purchased on Loan against Hypothecation of Vehicles Rs. 15229 thousands (Rs. 17796 thousands) & Machines Rs. 6153 thousands (Rs. 6153 thousands).

3) Buildings includes three ownership flats, the possession of which is in dispute.

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010**

	(Rs. in 000's)	
	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE - 7</b>		
<b>INVESTMENTS Non - Trade</b>		
<b>Long Term (Quoted) (At Cost)</b>		
<b>Equity Shares (Fully paid up)</b>		
800 (800), Shares of Rs 10 each in Firth (India) Steel Co Ltd	11.75	12.00
12302 (12302), Shares Re. 1 Each fully paid up In Indian Hotels Co. Ltd.	1,533.57	1,533.00
2000 (2000), Shares Rs. 2 Each fully paid up In DLF Ltd.	1,606.71	1,607.00
200 (Nil) Shares of Rs. 10/- each fully paid in Axis Bank Ltd.	235.30	-
100 (Nil) Shares of Rs. 5/- each fully paid in Infosys Technologies Ltd.	265.26	-
200 (Nil) Shares of Rs. 2/- each fully paid up in L & T Ltd.	327.75	-
500 (Nil) Shares of Rs. 5/- each fully paid up in Reliance Communication Ltd.	83.67	-
200 (Nil) Shares of Rs. 10/- each fully paid up in Reliance Industries Ltd.	217.53	-
	<b>4,281.54</b>	<b>3,152.00</b>
<b>Subsidiary(Unquoted) (Fully paid up) In Equity Shares</b>		
3400000 (2000000) Shares of Rs. 10 each Fully paid up in Dujon Commercial Pvt. Ltd.	125,000.00	20,000.00
<b>In Units of Mutual Fund</b>		
Nil (36630.37) Units of Birla Midcap Fund	-	1,000.00
Nil (30742.745) Units of Birla Sunlife Equity Fund	-	2,500.00
Nil (48762.410) Units of HDFC Equity Fund	-	2,500.00
59442.077 (59442.077) Units of JM Basic Fund	2,000.00	2,000.00
Nil (70596.541) Units of Reliance Banking Fund	-	2,000.00
68605.482 (95647.085) Units of Reliance Diversified Power Sector Fund	3,171.03	5,141.00
Nil (250366.748) Units of Reliance Natural Resources Fund	-	2,560.00
Nil (7603) DSP Black Rock Money Manager Fund - regular - Daily Divd.	-	7,609.00
Nil (303786) Fortis Money Plus Fund	-	3,039.00
Nil (400213) IDFC Money Manager Investment Plan - Plan A	-	4,008.00
Nil (163382) LIC Mutual Fund Liquid Plus Fund	-	1,634.00
Nil (203110) Tata Floater Fund	-	2,020.00
<b>Debentures (Unquoted)</b>		
Nil (50) Secured Redeemable Non Convertible Debentures of Rs. 1,00,000/- each of DSP Merrillynch Ltd.	-	5,000.00
Nil (50,000) Non Convertible Debtures of Rs. 102/- each of Edelweiss Securities Pvt. Ltd.	-	5,100.00
	<b>130,171.03</b>	<b>66,111.00</b>
	<b>134,452.57</b>	<b>69,263.00</b>
1. Aggregate of quoted investments - Cost	4,281.54	3,152.00
- Market Value	3,001.05	819.90
2. Aggregate cost of unquoted investments	<b>130,171.03</b>	<b>66,111.00</b>

## Annual Report 2009-2010

### SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010

	(Rs. in 000's)	
	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE-8</b>		
<b>CURRENT ASSETS</b>		
<b>INVENTORIES</b> (as certified by a Director)		
Raw Materials & Components (at cost)	16,298.76	16,298.76
Work in Progress(at estimated cost)	9,788.70	9,788.71
Finished Goods (lower of cost or net realisable value)	14,849.47	18,340.49
Stores and Spares (at cost)	5,844.85	5,844.85
Die Steel Blocks (at cost)	4,589.75	4,589.75
Dies (at cost, less amortisation/write offs)	9,993.37	9,993.37
	<u>61,364.90</u>	<u>64,855.93</u>
<b>SUNDRY DEBTORS (Unsecured)</b>		
Over six months		
- Considered Good	41,312.08	56,062.11
- Considered Doubtful	-	-
	<u>41,312.08</u>	<u>56,062.11</u>
Other Debts		
- Considered Good	-	18,258.43
	<u>41,312.08</u>	<u>74,320.54</u>
Less : Provision for Doubtful Debts	-	-
	<u>41,312.08</u>	<u>74,320.54</u>
<b>CASH AND BANK BALANCES</b>		
Cash on hand	2,694.29	2,950.20
Balance with Scheduled Banks		
- In Current Account	1,209.80	4,959.63
- In Margin Money Deposit Account	965.70	965.64
	<u>4,869.79</u>	<u>8,875.47</u>
	<u>107,546.77</u>	<u>148,051.94</u>
<b>SCHEDULE-9</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Due from Employees	1,117.19	704.29
Advances recoverable in cash or in kind or for value to be received	35,809.87	43,752.51
Interest Accrued on Investments	49.32	6,554.00
Loans to Subsidiary	1,975.50	99,500.00
Balances with Central Excise Department	10,438.40	3,130.09
Deposits	5,551.12	7,013.68
Advance payment against taxes (net)	15,727.07	15,310.52
	<u>70,668.47</u>	<u>175,965.09</u>
<b>SCHEDULE-10</b>		
<b>OPERATIONAL INCOME</b>		
Domestic Sales	3,152.07	240,900.67
Export Sales	-	21,720.16
Export Incentives	-	439.20
Scrap Sales	-	30,593.74
	<u>3,152.07</u>	<u>293,653.77</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010**

	(Rs. in 000's)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>SCHEDULE-11</b>		
<b>OTHER INCOME</b>		
Dividend	696.36	1,382.00
Interest (Gross) (T.D.S.Rs. Nil (Rs. 26.89 thousands )	-	11,996.00
Profit on Sale of Investments - Long Term	-	1,638.00
Miscellaneous Income	934.43	600.56
	<u>1,630.79</u>	<u>15,616.56</u>
<b>SCHEDULE-12</b>		
<b>RAW MATERIALS &amp; COMPONENTS CONSUMED</b>		
Opening stock	16,298.76	25,973.50
Add: Purchases	-	164,738.50
	<u>16,298.76</u>	<u>190,712.00</u>
Less: Closing stock	<u>16,298.76</u>	<u>16,298.76</u>
	<u>-</u>	<u>174,413.24</u>
<b>SCHEDULE-13</b>		
<b>ACCRETION/(DECRETION) TO STOCKS</b>		
OPENING STOCK - Work in Progress	9,788.71	11,875.32
- Finished Goods	<u>18,340.49</u>	<u>27,980.66</u>
	<u>28,129.20</u>	<u>39,855.99</u>
CLOSING STOCK - Work in Progress	9,788.70	9,788.71
- Finished Goods	<u>14,849.47</u>	<u>18,340.49</u>
	<u>24,638.17</u>	<u>28,129.20</u>
ACCRETION/(DECRETION)	<u>3,491.03</u>	<u>11,726.79</u>
<b>SCHEDULE-14</b>		
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Bonus etc.	10,322.22	38,390.00
Contribution to Provident and other Funds	2,000.33	5,928.99
Workers & Staff Welfare expenses	505.95	2,283.68
	<u>12,828.50</u>	<u>46,602.67</u>
<b>SCHEDULE-15</b>		
<b>MANUFACTURING EXPENSES</b>		
Sub Contract Work	61.59	9,991.14
Power, Fuel and Oil	2,172.21	37,483.61
Dies Consumed / Amortized	-	7,760.51
Stores and Tools Consumed	-	8,000.08
Excise duty	53.72	10,415.84
Machinery Repairs	-	868.22
	<u>2,287.52</u>	<u>74,519.41</u>



## Annual Report 2009-2010

### SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2010

	(Rs. in 000's)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>SCHEDULE-16</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Rent, Rates & taxes	1,154.41	4,858.12
Insurance	406.11	301.89
Freight and packing	65.73	4,409.22
General Repairs	326.92	787.49
Loss on Sale of Assets	1,589.60	-
Loss on sale of investments - Long term	1,325.45	-
- Current	100.00	-
Printing & Stationery	459.81	467.96
Professional / Legal Charges	5,291.37	10,410.80
Telephone Expenses	591.01	714.01
Travelling & Conveyance	2,328.97	3,194.32
Exchange Rate Fluctuation	1,731.80	-
Electricity	295.16	338.00
Postage & Telegram Charges	187.89	236.00
Advertisement Expense	67.06	84.56
Security & Service Charges	439.72	537.43
Legal Expenses	72.67	6.00
Membership & Subscription Fees	63.70	262.00
Guest House Expenses	548.07	572.00
House Keeping Expenses	172.07	175.00
Entertainment Expenses	738.02	154.64
Sales Tax Expenses	493.87	961.00
Share Registrar Expenses / Custodial fees	377.40	376.00
Bad Debts Written off	312.11	-
Office Maintenance	389.63	549.06
Discounts & Rebates	2,299.56	-
Other expenses	1,279.89	1,707.89
	<u>23,108.00</u>	<u>31,103.38</u>
<b>SCHEDULE-17</b>		
<b>INTEREST</b>		
Others	2,206.51	5,154.52
	<u>2,206.51</u>	<u>5,154.52</u>
<b>SCHEDULE- 18</b>		
<b>PRIOR YEAR ADJUSTMENTS</b>		
Prior Period Expenses	(637.17)	(819.00)
	<u>(637.17)</u>	<u>(819.00)</u>

**SCHEDULE - 19**
**Notes forming part of the Accounts for the Year ended 31st March, 2010**
**1. Significant Accounting Policies: -**

- (i) **Method of Accounting**  
The financial statements are prepared under the historical cost convention as a going concern and on accrual basis, except for claims receivable/payable, which are accounted if there are no significant uncertainties.
- (ii) **Fixed Assets and Depreciation**  
Fixed assets are stated at cost. The Company capitalizes all costs relating to acquisition and installation of fixed assets. Depreciation on the fixed assets is charged on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.  
Free hold land is stated at cost. Cost of leasehold land is amortized over the period of lease.
- (iii) **Investments**  
Long term investments are stated at cost. Provision is made for diminution in the value of long term investment if such diminution is perceived as permanent in nature.  
Current Investments are stated at lower of cost or market value, whichever is lower to the Company.
- (iv) **Inventories**  
Raw Material & Components, Stores and Spares, Die Steel Blocks are valued at cost. Cost is reckoned on "FIFO" basis.  
Work in Progress is valued at estimated cost based on cost incurred till the completion of different stages.  
Finished Goods are valued at lower of cost or net realizable value. Costs are considered including all Direct and Indirect expenses incurred till the stage of Completion of Production.  
Dies are valued at cost, less amortization / write offs based on expected life and usage till the year end.
- (v) **Foreign Currency Transactions**  
Foreign currency current assets and liabilities outstanding at the year-end are restated at the year-end rates. Loss or gain arising on such re-statement is recognized in the Profit and Loss Account.  
Exchange difference arising on translation of foreign currency loans availed for acquisition of fixed assets is adjusted in the carrying amount of the respective fixed assets and in respect of others, such exchange difference is recognized as income or expense in the period in which they arise. In respect of transactions covered by forward contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Profit and Loss Account over the period of the contract.
- (vi) **Sales**  
Sales are inclusive of excise duty but exclude sales tax.  
Domestic sales are accounted on the basis of dispatch from the factories. Export sales are accounted on the basis of the date of Bills of Lading.
- (vii) **Export Benefits**  
In respect of exports, where duty paid/indigenous material has been used in anticipation of receipt of duty free material subsequently imported under the Advance License Scheme, the excess cost of duty paid/indigenous material over the cost of duty free material is credited to Profit and Loss Account in the year of exports; and is charged to revenue when such duty free material is consumed.  
In respect of exports made under Duty Entitlement Pass Book Scheme, the eligible benefits at notified rates are credited to the Profit & Loss Account in the year of export; and charged to revenue when these benefits are utilized for imports or are sold.
- (viii) **Retirement Benefits**
  - (a) **Short Term Employee Benefits**  
Short Term Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the period in which the employee renders related service.
  - (b) **Post Employment benefits (defined benefit plans)**  
The employee's gratuity scheme is a defined post employment benefit plan. The plan is managed by Trust and the Liability for gratuity is funded with an approved gratuity fund. The company makes annual contribution to the trust and the present value of the obligation under such defined plan is determined at each balance sheet date based on actuarial valuation using projected unit credit method. Actuarial gains and losses are recognized in the Profit & Loss Account.
  - (c) **Defined Contribution Plan**  
The company makes contributions to the provident fund, a defined contribution plan in which both the employees and the company make monthly contributions as specified percentage of the salary (at present 12% of basic salary). The contributions are paid to the statutory authorities and the company recognizes such contribution as expense of the year in which the liability is incurred.
  - (d) **Other Long Term Employee benefits / Termination benefits**  
The company does not have any long term employee benefits as well as termination benefit other than as disclosed above.

## Annual Report 2009-2010

(ix) **Taxation**

Provision for Income Tax comprises of current tax and deferred tax charge or release. Deferred tax Asset is recognized, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income / expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). The management is of the opinion that sufficient future taxable income will be available against which, such deferred tax assets will be realized.

**2. Borrowings And Securities**

- (i) Other Loans include Vehicle / Machinery Loans, which are secured by exclusive hypothecation of such Asset. Machinery Loan is additionally secured by personal guarantee of one of the Directors.
- (ii) In terms of Scheme of Demerger, Mahindra Forgings Ltd. (MFL) (Formerly Mahindra Automotive Steels Ltd.) has agreed to Guarantee to discharge Debt of Rs. 83450 thousands of the remaining business as of the appointed date i.e. 1st April, 2005 and also agreed to guarantee payment of Interest on the above said debts from the appointed date. Pursuant to this, MFL has discharged a debt of Rs.70659 thousands till the end of the current financial year.
3. Income-tax assessments have been completed upto Assessment Year 2007-08 (A.Y. 2006-07). The demand of Rs. 10103 thousands has been raised for A.Y. 2005 – 06 & Rs. 12148 thousands has been raised for A.Y. 2007 - 08. The Company has disputed these demands and filed an appeal with CIT (Appeals). In the opinion of the Management, company does not envisage any further liability, in the above matter.

(Rs. in 000's)

4. Contingent Liabilities not provided for	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
(i) Bank Guarantees outstanding in favour of the Government and other parties	944	944
(ii) Towards Excise Duty demands against which the Company has preferred appeal	48557	48557
(iii) Towards Custom Duty demands against which the Company has preferred appeal	12068	12068
(iv) Towards Sales Tax demands against which the company has preferred appeal	3193	00
(v) Claims against the Company not acknowledged as debts	14658	14326
(vi) Others (Income Tax)	22251	10103
5. Estimated value of contracts remaining to be executed on capital account (net of advances) and not provided for		Rs. Nil
6. Advances recoverable in cash or in kind include Rs. 15166 thousands (Rs.15166 thousands) towards expenses incurred/ payments to a consultants' firm for performance improvement program at one of the Company's plants. Since in view of management, the consultants have not achieved and delivered the mutually agreed upon projected results, the Company has filed a suit for recovery of the amounts paid/expenses incurred along with compensation for damages. The Company has also deposited Rs. 7312 thousands with the Hon'ble Bombay High Court. The matter is subjudice. Requisite adjustments will be made on attaining finality.		

7. Payments to and provisions for Employees include remuneration to Chairman and Managing Director	Current Year	(Rs. in 000's) Previous Year
(i) Salary	2880	480
(ii) Perquisites	40	02
(iii) Contribution to Provident / Superannuation / Gratuity Fund	216	36
<b>Total</b>	<b>3136*</b>	<b>482*</b>

8. Other Expenses include	Current Year	(Rs. in 000's) Previous Year
(i) Donations	13	49
(ii) Directors' Sitting Fees	43	35

9. Auditors' Remuneration	Current Year	(Rs. in 000's) Previous Year
(i) Audit Fees	150	150
(ii) Tax Audit Fees	50	50
(iii) Certifications/Limited Review Reports	25	35
(iv) Reimbursement of Expenses	25	25
	<b>250</b>	<b>260</b>

10. Capacities and Production	Unit	Licensed Capacity	Installed Capacity(3 shifts basis)	Production
Forging	M.T.	— (—)	7,200 (7,200)	— (2449)

(i) Installed Capacity being a technical matter, is as certified by a Director and relied upon by the Auditors.

**11. Turnover, Opening and Closing Stocks**

(value in Rs. 000's)

	Unit	Turnover		Opening Stock		Closing Stock	
		Qty	Value	Qty	Value	Qty	Value
Forging	M.T.	40 (2549)	2887 (262621)	227 (327)	18340 (27981)	187 (227)	14849 (18340)
			2887	(227)	(18340)	187	14849
Total			(262621)	(327)	(27981)	(227)	18340

**12. Raw Materials & Components Consumed**

	M.T.	Rs.in 000's
Steel	-- (3739)	-- (174413)

**13. Value of Raw Material and Components Consumed**

	Raw Material Steel	
	Rs.in 000's	%
Indigenous	(174413)	(100)

**14. Value of Imports (C.I.F.)**

	Rs.in 000's
i) Capital Goods	NIL (NIL)

**15. Earnings in Foreign Exchange**

	Rs.in 000's
Exports (F.O.B. Value)	NIL (20986)

**16. Expenditure in Foreign Currency**

	Rs.in 000's
i) Foreign Travel	58 (96)

**17. Disclosures as per revised AS 15 for Defined Benefit plan  
Reconciliation of opening and closing balance of obligation  
Period 01.04.2009 to 31.03.2010**

	Rs.in 000's
Actuarial Value of Projected Benefit Obligations (PBO) (01.04.2009)	13079
Interest Cost from 01.04.2009 to 31.03.2010	1046
Service Cost from 01.04.2009 to 31.03.2010	738
Benefits Paid from 01.04.2009 to 31.03.2010	51
Actuarial Gain / Loss on obligations	710 GAIN
PBO at the end (31.03.2010)	14102

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### Expenses recognized in profit & loss account

<b>P &amp; L A/c Statement</b>	<b>(Rs. In 000's)</b>
Interest Cost from 01.04.2009 to 31.03.2010	1046
Service Cost from 01.04.2009 to 31.03.2010	738
Actual return on plan assets from 01.04.09 to 31.03.10	725
Gain / Loss recognized as on 31.03.10	710 GAIN
<b>Net Cost to be shown in P &amp; L A/c as expense</b>	<b>353</b>

### Amount recognized in balance sheet

<b>Balance Sheet Statement:-</b>	<b>(Rs. In 000's)</b>
Present value of the Obligation at 31.03.10	14102
Fair value of plan assets at 31.03.10	17952
Un-funded Liability at 31.03.10	3850
Unrecognized actuarial gains/losses	NIL
<b>Un-funded liability recognized in Balance Sheet</b>	<b>3850</b>

### Principal actuarial assumptions

<b>Date of Valuation</b>	<b>31.03.2010</b>
Discounting Rate	8.00% p.a.
Rate of Increase in Compensation level	5.00% p.a.
Rate of Return on Plan Assets	N.A.
Mortality Table	L.I.C. (1994-96) ULTIMATE

18. The actuarial valuation of annual contribution towards gratuity amounting to Rs.314.25 thousands (Rs.7625.23 thousands) has not been funded to the approved gratuity fund.
19. Subsequent to suspension of operation from Dec.2008, the Company has declared a Lockout w.e.f. 28th May, 2009 under sub-section 2 of section 24 of the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971.
20. During the year, Sales Tax Assessment of Chakan Unit (Demerged Undertaking) for the F Y 2001-02 to F Y 2004-05 was completed and the Sales Tax Liability of Rs. 7674 thousands has been raised and the same has been provided in the current year's accounts together with the interest of Rs. 1488 thousands and included in Exceptional Items.  
  
During the year the company has also recovered an amount of Rs. 2000 thousands from one of the debtors, which was written off in the earlier years from the books of accounts and the same is included in Exceptional Items. The company has also written back certain unclaimed credit balance of the creditors and the same has been credited to exceptional items amounting to Rs.2531.25 thousands.
21. Due to lock-out at Chinchwad factory, the test as required as per AS – 28, Impairment of Assets could not be carried out. However, the management does not envisage any impairment loss during the year.
22. During the year, company has further acquired 14,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 65/- per share in the wholly owned subsidiary of the Company namely Dujon Commercial Private Limited.
23. In terms of Accounting Standard – 22, issued by the Institute of Chartered Accountants of India, (Accounting for Taxes on Income). For the current year, Deferred Tax Asset of Rs. 1235 thousands (Deferred Tax Asset of Rs. 36755 thousands) has been recognized in the Accounts as the management is of the opinion that the Company will be able to utilize the balance Deferred Tax Asset against future taxable income as per the applicable current Income Tax Laws.  
The major components of the Deferred Tax Assets / (Liability) as on 31st March, 2010 based on the tax effects of the timing differences, are as follows.

	<b>Current Year</b>	<b>(Rs.in 000's) Previous Year</b>
a. Timing Difference of Depreciation between Taxation & Books of Accounts.	<b>(17511)</b>	<b>(20360)</b>
b. Unabsorbed Depreciation	<b>7828</b>	<b>8374</b>
c. Carried Forward Business Losses	<b>76800</b>	<b>71405</b>
d. Others	<b>3330</b>	<b>9793</b>
<b>Net Total</b>	<b>70447</b>	<b>69212</b>

24. In terms of Accounting Standard – 17 (Segment Reporting) issued by the Institute of Chartered Accountants of India, The

Company has operated in only one segment i.e. Forgings.

25. Related Party Disclosures as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India, are given below :

**A. Relationships:**

- (a) Associates / Group Companies / Firm
- i. Nainesh Investment & Trading Co. Pvt. Ltd.
  - ii. Viniyog Investment & Trading Co. Pvt. Ltd.
  - iii. Devidass Private Ltd.
  - iv. Dujon Commercial Private Limited
  - v. Makar Estates

(b) Key Management Personnel:

- (i) Mr. Yogiraj Makar
- (ii) Mr. Puneet Makar

**B. The following transactions were carried out with the related parties:**

	<b>Current year (Rs. in 000's)</b>	<b>Previous year (Rs. in 000's)</b>
(i) Payment of Remuneration / Fees	<b>4124</b>	4327
(ii) Payment of Interest	<b>976</b>	640
(iii) Payment of Rent	<b>320</b>	4020
(iv) Inter Corporate Deposit Borrowed	<b>14100</b>	15700
(v) Inter Corporate Deposit Redeemed	<b>7070</b>	10300
(vi) Loan to Subsidiary	<b>1976</b>	99500
(vii) Subscription to Equity( Refer Note 20)	<b>105000</b>	20000
(viii) Deposit paid	<b>500</b>	500

26. Calculation of Basic & Diluted Earning Per Share as per Accounting Standard – 20 (Earning Per Share) issued by the Institute of Chartered Accountants of India:

	<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
Net Profit (Loss) (Rs. in 000's)	<b>(52848.14)</b>	(47718.67)
Weighted Average number of Equity Shares outstanding during the year (Nos.)	<b>1,48,20,206</b>	1,48,20,206
Nominal Value per Share (Rs.)	<b>2.00</b>	2.00
Basic & Diluted Earning per Share +/- (Rs.)	<b>(3.57)</b>	(3.22)

27. In the absence of information from suppliers as to their status, the Company does not possess a list of small scale suppliers covered under MSMED, Act, 2006. It is therefore not possible to determine the amount due and interest (if any) thereon as required by "The Interest on Delayed Payments to Micro, Small and Medium Enterprises Development Act, 2006".

28. The outstanding balances as at 31<sup>st</sup> March 2010 in respect of Sundry debtors, Creditors, Loans and Advances and Deposits are subject to confirmation from the respective parties and consequential reconciliation / adjustments arising there from if any. The Management , however , does not expect any material variation.

29. Figures for the previous year have been given in the bracket and are regrouped and rearranged wherever necessary.

**SIGNATURES TO SCHEDULES 1 TO 19**

As per our Report of even date

For **Bansal & Associates**

Chartered Accountants

**S. K. Bansal**

Proprietor

Membership No. - 12288

Mumbai, 2nd September, 2010

On Behalf of the Board of Directors

**Puneet Makar** - Chairman & Managing Director

**Yogiraj Makar** - Director

**Fali P. Mama** - Director

**Sunil Aggrawal** - Director

**B. L. Gupta** - Director

**Rakesh Khanna** - Director

Mumbai, 2nd September, 2010

## Annual Report 2009-2010

### INFORMATION PURSUANT TO PART - IV OF THE COMPANIES ACT, 1956

#### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

##### I. REGISTRATION DETAILS

Registration No.	15119	State Code	11
Balance Sheet Date	310310		

##### II. CAPITAL RAISED DURING THE YEAR : (Amt. in Rs. '000)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placements	Nil

##### III. POSITION OF MOBILIZATION & DEPLOYMENT OF FUNDS : (Amt. in Rs. '000)

Total Liabilities	382258	Total Assets	382258
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###### Sources of Funds

Paid Up Capital	29640	Reserves & Surplus	253005
Share Application Money	Nil	Unsecured Loans	94272
Secured Loans	5340		

###### Application of Funds

Net Fixed Assets	115750	Investments	134453
Net Current Assets	61608	Deferred Tax Asset	70447
Miscellaneous Expenditure	Nil	Accumulated Losses	Nil

##### IV. PERFORMANCE OF COMPANY : (Amt. in Rs. '000)

Turnover(Gross Revenue)	4518	Total Expenditure	58539
Profit/(Loss) Before Tax	-54021	Profit/(Loss) After Tax	-52848
Earning per Share in Rs.	-357	Dividend Rate (%)	Nil

##### V. GENERIC NAME OF THE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No. (ITC Code) :	732690
Product Description :	Forgings

For and on Behalf of the Board of Directors

Mumbai, 2nd September, 2010

**Puneet Makar**  
Chairman & Managing Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES:**

1. Name of the Subsidiary	Dujon Commercial Private Limited
2. Financial year of the Subsidiary	1st April 2009 to 31st March 2010
3. Shares of the subsidiary held by Amforge Industries Limited on the above date a. Number and face value of paid-up equity b. Extent of holding	3400000 Equity Shares of Rs. 10/- each 100%
4. Net Aggregate amount of Profit/(Losses) of the Subsidiary for the above financial year so far as these concerned members of the Holding Company. a. Dealt within the accounts of Amforge Industries Limited for the year ended 31st March 2010 b. Not dealt within the accounts of Amforge Industries Limited for the year ended 31st March 010	Loss of Rs. 1,15,326/-  NIL  Loss of Rs. 1,15,326/- (100% thereof would be Rs. 1,15,326/-)
5. Net aggregate amount of Profit/(Losses) for the previous financial years of the subsidiary since it became subsidiary so far as these concerned members of the Holding Company a. Dealt within the accounts of Amforge Industries Limited for the year ended 31st March 2010 b. Not dealt within the accounts of Amforge Industries Limited for the year ended 31st March 2010	Loss of Rs. 2,01,89,469/-  NIL  Loss of Rs. 2,01,89,469/- (100% thereof would be Rs. 2,01,89,469/-)
6. Changes of interest of Amforge Industries Limited in the subsidiary between the end of financial year of subsidiary and that of Amforge Industries Limited	Not Applicable
7. Material changes between the end of the financial year of the Subsidiary and the end of the financial year of Amforge Industries Limited in respect of subsidiary's fixed assets, investments, lending and Borrowing for the purposes other than meeting their current liabilities	Not Applicable



**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

To the Members of **AMFORGE INDUSTRIES LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **AMFORGE INDUSTRIES LIMITED** and its subsidiary company as at 31<sup>st</sup> March, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Financial statements are the 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 Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of its subsidiary company, whose financial statements reflect total assets of Rs. 126975.50 thousands, total revenue of Rs. Nil thousands and net cash flow amounting to (negative) 1275.65 thousands. The financial statements of said subsidiary for the year ended 31st March, 2010 has been audited by other auditors whose report have been furnished to us. In our opinion, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on the reports of the other auditors.

The financial statements of the Company have been prepared and finalised on the basis of available records and documents with the Company. Due to suspension of operations at the plant since December, 2008 and the subsequent lock out and labour problems since May, 2009, the relevant supportings, evidences and records were not produced for verification during the course of audit.

4. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard – 21 (AS 21) "Consolidated financial Statements" issued by the institute of chartered accountants of India.
5. Based on our audit and on consideration of the report of the other auditors on separate financial statements of subsidiary, In our opinion and to the best of our information and according to the explanations given to us, the said consolidated financial statements read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the Loss for the year ended on that date ; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For BANSAL AND ASSOCIATES**  
Chartered Accountants

MUMBAI : 2nd September, 2010.

**S.K.Bansal**  
Proprietor.  
M.No.12288.

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010**

		(Rs. In 000's)	
	SCHEDULE	As at 31st March, 2010	As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	29,640.41	29,640.41
Reserves and Surplus	2	232,700.57	285,664.04
		<u>262,340.98</u>	<u>315,304.45</u>
<b>Loan Funds</b>			
Secured Loans	3	5,340.07	8,903.31
Unsecured Loans	4	94,272.49	89,707.21
		<u>99,612.56</u>	<u>98,610.52</u>
<b>TOTAL FUNDS EMPLOYED</b>		<u><b>361,953.54</b></u>	<u><b>413,914.97</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	263,560.19	266,759.59
Less : Depreciation		<u>150,553.52</u>	<u>143,013.75</u>
Net Block		113,006.67	123,745.84
Add: Capital Work in Progress		<u>2,743.63</u>	<u>2,743.63</u>
		<u><b>115,750.30</b></u>	<u><b>126,489.46</b></u>
<b>Investments</b>	7	115,785.54	155,595.97
<b>Deferred Tax Assets (Net)</b>		70,447.00	69,212.00
<b>Current Assets , Loans and Advances</b>			
Inventories	8	61,364.90	64,855.93
Sundry Debtors		41,312.08	74,320.54
Cash & Bank Balances		4,898.97	10,180.29
Other Current Assets		-	3,000.00
Loans and Advances	9	<u>68,692.97</u>	<u>76,465.09</u>
		<u><b>176,268.92</b></u>	<u><b>228,821.85</b></u>
Less: Current Liabilities and Provisions	5		
Current Liabilities		106,439.91	156,633.84
Provisions		<u>10,176.87</u>	<u>9,808.00</u>
<b>Net Current Assets</b>		<u><b>59,652.14</b></u>	<u><b>62,380.01</b></u>
<b>Miscellaneous Expenditure</b>	10	318.56	237.53
(To the extent not written off or adjusted)			
<b>TOTAL FUNDS UTILISED</b>		<u><b>361,953.54</b></u>	<u><b>413,914.97</b></u>
Notes Forming Part of The Accounts	21		

As per our Report of even date

For **Bansal & Associates**

Chartered Accountants

**S. K. Bansal**

Proprietor

Membership No. - 12288

Mumbai, 2nd September, 2010

On Behalf of the Board of Directors

**Puneet Makar** - Chairman & Managing Director

**Yogiraj Makar** - Director

**Fali P. Mama** - Director

**Sunil Aggrawal** - Director

**B. L. Gupta** - Director

**Rakesh Khanna** - Director

Mumbai, 2nd September, 2010

## Annual Report 2009-2010

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

		(Rs. in 000's)	
	SCHEDULE	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>INCOME</b>			
Operational Income	11		
Turnover (Gross)		3,152.07	293,653.77
Less : Excise Duty		264.70	34,551.50
Turnover (Net)		2,887.37	259,102.27
Other Income	12	1,630.79	15,616.56
		4,518.16	274,718.84
<b>EXPENDITURE</b>			
Raw Material and Components Consumed	13	-	174,413.24
(Accretion) / Decretion to Stocks	14	3,491.03	11,726.79
Payments to and Provisions for Employees	15	12,828.50	46,602.67
Manufacturing Expenses	16	2,287.52	74,519.41
Administrative, Selling and Other Expenses	17	23,125.09	31,121.91
		41,732.14	338,384.01
<b>PROFIT BEFORE INTEREST AND DEPRECIATION</b>		(37,213.98)	(63,665.17)
Interest	18	2,210.26	14,218.44
<b>PROFIT BEFORE DEPRECIATION AND AMORTISATION</b>		(39,424.24)	(77,883.61)
Depreciation	6	9,349.82	9,691.74
Amortisation	19	94.48	59.38
<b>NET PROFIT/(LOSS)</b>		(48,868.54)	(87,634.73)
Add : Other Extra Ordinary Gains /(Loss) (Net)		(4,630.75)	(3,077.77)
<b>PROFIT / (LOSS) FOR THE YEAR</b>		(53,499.29)	(90,712.50)
Prior Period Expenses	20	(637.17)	(819.00)
<b>NET PROFIT / (LOSS) BEFORE TAX</b>		(54,136.46)	(91,531.50)
Provision for Tax - Current Tax (Wealth Tax)		-	70.00
- Fringe Benefit Tax		62.00	2,014.00
- Deferred Tax		1,235.00	36,755.00
<b>PROFIT/(LOSS) AFTER TAX</b>		(52,963.46)	(56,860.50)
Profit/(Loss) brought forward from previous year		(329,424.05)	(272,563.54)
<b>BALANCE CARRIED TO BALANCE SHEET</b>		(579,635.99)	(493,223.13)
Basic / Diluted Earning Per Share +/- (Rs. ) (Refer Note No. 15)		(3.57)	(3.84)

#### Notes Forming Part of The Accounts

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As per our Report of even date

For **Bansal & Associates**

Chartered Accountants

**S. K. Bansal**

Proprietor

Membership No. - 12288

Mumbai, 2nd September, 2010

On Behalf of the Board of Directors

**Puneet Makar** - Chairman & Managing Director

**Yogiraj Makar** - Director

**Fali P. Mama** - Director

**Sunil Aggrawal** - Director

**B. L. Gupta** - Director

**Rakesh Khanna** - Director

Mumbai, 2nd September, 2010

**CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2010**

	(Rs. in 000's)	
	For the Year ended 31.03.2010	For the Year ended 31.03.2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary items	(48,868.55)	(87,634.54)
Adjustments for :		
Depreciation	9,349.82	9,691.74
Amortisation	94.48	59.38
Interest on Borrowings	2,206.51	14,209.31
Interest / Dividends Received (Net)	(696.36)	(10,689.00)
Profit / Loss on Sale of Assets	(3,041.15)	409.00
Net Profit on Sale of Assets, Extra ordinary items etc.(net)	(4,630.75)	(2,382.77)
Profit on sale of investments	1,425.45	534.00
Earlier years Expenditure	(637.17)	(819.00)
Provision for Wealth Tax/Fringe Benefit Tax	(62.00)	(2,084.00)
	<b>4,008.83</b>	<b>8,928.65</b>
Operating Profit Before Working Capital changes	<b>(44,859.72)</b>	<b>(78,705.88)</b>
Adjustments for :		
Trade and Other Receivables	141,721.63	79,132.48
Inventories	3,491.03	20,721.48
Trade and Other Payables	(49,825.06)	(434.29)
	<b>95,387.60</b>	<b>99,419.68</b>
Cash Generated from Operations	<b>50,527.88</b>	<b>20,713.80</b>
Direct Taxes / TDS	(416.70)	(4,948.52)
	<b>(416.70)</b>	<b>(4,948.52)</b>
<b>Net Cash Generated in Operating Activities (A)</b>	<b>50,111.18</b>	<b>15,765.28</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(14.04)	(1,278.00)
Purchase of Investments	(126,129.51)	(38,471.00)
Sale of Fixed Assets	4,444.67	680.00
Sale of Investments	59,514.49	15,645.00
Interest / Dividends Received (Net)	696.36	10,689.00
Misc. / Deferred Revenue Exp. incurred / w/off	(175.51)	(296.91)
<b>Net Cash from Investment Activity (B)</b>	<b>(61,663.54)</b>	<b>(13,031.91)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Change in Borrowings - Secured Loans	1,412.26	(4,712.31)
Change in Borrowings - Unsecured Loans	7,065.28	20,503.21
Interest on Borrowings	(2,206.51)	(14,209.31)
<b>Cash from Financing Activity (C)</b>	<b>6,271.03</b>	<b>1,581.60</b>
<b>Net Increase /(Decrease) in Cash and Cash Equivalent (A+B+C)</b>	<b>(5,281.33)</b>	<b>4,314.96</b>
Cash or Cash Equivalent as on 1st April 2009 (Opening Balance)	<b>10,180.29</b>	<b>5,865.33</b>
Cash or Cash Equivalent as on 31st March 2010 (Closing Balance)	<b>4,898.96</b>	<b>10,180.29</b>
Net Increase /(Decrease) in Cash and Cash Equivalent	<b>(5,281.33)</b>	<b>4,314.96</b>

As per our Report of even date

For **Bansal & Associates**

Chartered Accountants

**S. K. Bansal**

Proprietor

Membership No. - 12288

Mumbai, 2nd September, 2010

On Behalf of the Board of Directors

**Puneet Makar** - Chairman & Managing Director

**Yogiraj Makar** - Director

**Fali P. Mama** - Director

**Sunil Aggrawal** - Director

**B. L. Gupta** - Director

**Rakesh Khanna** - Director

Mumbai, 2nd September, 2010

## ***Annual Report 2009-2010***

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH, 2010

(Rs. in 000's)		
	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
9,87,50,000 Equity Shares of Rs. 2 each	<b>197,500.00</b>	197,500.00
25,000 15% Redeemable Cumulative Pref. Shares of Rs.100 each	<b>2,500.00</b>	2,500.00
	<b>200,000.00</b>	200,000.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,48,20,206 (1,48,20,206 ) Equity Shares of Rs 2 each fully paid up (out of the above, 30,00,000 Equity Shares have been issued as Bonus Shares by capitalisation of General Reserve, 24,68,370 Equity Shares have been issued to the shareholders of amalgamating Companies for consideration other than cash, and 2,80,000 Equity Shares have been allotted at par to one of the Financial Institutions on their exercising conversion option )	<b>29,640.41</b>	29,640.41
	<b>29,640.41</b>	29,640.41
<b>SCHEDULE-2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	<b>1,626.12</b>	1,626.12
<b>CAPITAL REDEMPTION RESERVE</b>		
As per last Balance Sheet	<b>1,510.00</b>	1,510.00
<b>SECURITIES PREMIUM ACCOUNT</b>		
As per last Balance Sheet	<b>183,194.90</b>	183,194.90
	<b>183,194.90</b>	183,194.90
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	<b>428,757.06</b>	428,757.06
Less: Debit Balance in Profit and Loss Account	<b>382,387.51</b>	329,424.04
	<b>46,369.55</b>	99,333.02
	<b>232,700.57</b>	285,664.04

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SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

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(Rs. in 000's)

	<b>As at 31st March, 2010</b>	<b>As at 31st March, 2009</b>
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**SCHEDULE-3**

**SECURED LOANS**

**OTHER BORROWINGS**

Other Loans	<b>5,340.07</b>	8,903.31
(Due within one year Rs. 2912 thousands {Rs.4198 thousands})	<b>5,340.07</b>	8,903.31

Note: For details of nature of security, etc., refer Note no. 4 of Schedule 21

**SCHEDULE-4**

**UNSECURED LOANS**

From a Financial Institution {Due within one year Rs. 11183 thousands - (Rs.-Nil)}	<b>11,183.21</b>	11,183.21
From Companies	<b>83,089.28</b>	76,024.00
	<b>94,272.49</b>	87,207.21

**SCHEDULE-5**

**CURRENT LIABILITIES & PROVISIONS**

**CURRENT LIABILITIES**

Sundry Creditors	<b>76,443.44</b>	118,545.04
Advances from Customers	<b>991.63</b>	2,974.00
Other Liabilities	<b>29,004.84</b>	35,114.80
	<b>106,439.91</b>	156,133.84

**PROVISIONS:**

Gratuity	<b>7,939.48</b>	7,625.00
Leave Encashment	<b>2,237.39</b>	2,183.00
	<b>10,176.87</b>	9,808.00
	<b>116,616.78</b>	166,441.84

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT  
31ST MARCH 2010**

**SCHEDULE - 6 : FIXED ASSETS**

Description	GROSS BLOCK			DEPRICIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2009	Additions	Deduction/ Adjustments	As at 31.03.2010	Upto 31.03.2009	For the Year	Deduction/ Adjustments	Upto 31.03.2010	As at 31.03.2010 As at 31.03.2009
Leasehold Land	1,345.76	-	-	1,345.76	878.54	79.33	-	957.87	387.89 467.22
Buildings	60,796.30	-	1,500.00	59,296.30	10,248.34	1,181.04	79.92	11,349.46	47,946.84 50,547.96
Plant & Machinery and Electrical Installations**	149,322.24	-	-	149,322.24	113,871.47	4,349.64	-	118,221.11	31,101.13 35,450.77
Furniture Fixtures and Office Equipment	31,210.00	64.99	-	31,274.99	9,390.02	1,812.74	-	11,202.76	20,072.23 21,819.98
Vehicles **	24,085.45	1,085.12	2,849.66	22,320.91	8,625.40	1,927.07	1,730.15	8,822.32	13,498.59 15,460.05
Grand Total	266,759.59	1,150.11	4,349.66	263,560.19	143,013.56	9,349.82	1,810.07	150,553.51	113,006.68 123,745.98
Previous Year	269,262.00	1,278.00	3,780.00	266,759.59	136,830.00	9,691.00	3,509.00	143,013.56	123,748.00 132,432.00

Notes : 1) Building include Rs. 5 thousands being cost of shares in Co-operative Housing Societies.

2) \*\* Includes Rs. 21382 thousands purchased on Loan against Hypothecation of Vehicles Rs. 15229 thousands (Rs. 17796 thousands) & Machines Rs. 6153 thousands (Rs. 6153 thousands).

3) Buildings includes three ownership flats, the possession of which is in dispute.

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SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

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			(Rs. in 000's)	
			As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE-7</b>				
<b>INVESTMENTS Non - Trade</b>				
<b>Long Term (Quoted) (At Cost)</b>				
<b>Equity Shares (Fully paid up)</b>				
800	(800)	Shares of Rs 10 each in Firth (India) Steel Co Ltd	11.75	12.00
12302	(10000)	Shares Re. 1 Each fully paid up In Indian Hotels Co. Ltd.	1,533.57	1,533.00
2000	(2000)	Shares Rs. 2 Each fully paid up In DLF Ltd.	1,606.71	1,607.00
200	(Nil)	Shares of Rs. 10/- each fully paid in Axis Bank Ltd.	235.30	-
100	(Nil)	Shares of Rs. 2/- each fully paid in Infosys Technologies Ltd.	265.26	-
200	(Nil)	Shares of Rs. 10/- each fully paid up in L & T Ltd.	327.75	-
500	(Nil)	Shares of Rs. 10/- each fully paid up in Reliance Communication Ltd.	83.67	-
200	(Nil)	Shares of Rs. 10/- each fully paid up in Reliance Industries Ltd.	217.53	-
406840	(406840)	Shares of Rs. 10/- each fully paid up in Mahindra Forgings Ltd.	106,332.97	106,332.97
			<b>110,614.51</b>	<b>109,484.97</b>
<b>In Units of Mutual Fund</b>				
Nil	(36630.37)	Units of Birla Midcap Fund	-	1,000.00
Nil	(30742.745)	Units of Birla Sunlife Equity Fund	-	2,500.00
Nil	(48762.410)	Units of HDFC Equity Fund	-	2,500.00
59442.077	( 59442.077)	Units of JM Basic Fund	2,000.00	2,000.00
Nil	(70596.541)	Units of Reliance Banking Fund	-	2,000.00
68605.482	(95647.085)	Units of Reliance Diversified Power Sector Fund	3,171.03	5,141.00
Nil	(250366.748)	Units of Reliance Natural Resources Fund	-	2,560.00
Nil	(7603)	DSP Black Rock Money Manager	-	7,609.00
Nil	(303786)	Fortis Money Plus Fund	-	3,039.00
Nil	(400213)	IDFC Money Manager Investment Plan - Plan A	-	4,008.00
Nil	(163382)	LIC Mutual Fund Liquid Plus Fund	-	1,634.00
Nil	(203110)	Tata Floater Fund	-	2,020.00
Nil	(50)	Secured Redeemable Non Convertible Debentures of Rs. 1,00,000/- each of DSP Merrill Lynch Ltd.	-	5,000.00
		- 13 Months Nifty Linked Debentures		
Nil	(50,000)	Non Convertible Debentures of Rs. 102/- each of Edelweiss Securities Pvt. Ltd.	-	5,100.00
		- 18 Months Nifty Linked Debentures		
			<b>5,171.03</b>	<b>46,111.00</b>
			<b>115,785.54</b>	<b>155,595.97</b>
1. Aggregate of quoted investments - Cost			<b>110,614.51</b>	<b>109,484.97</b>
- Market Value			<b>48,953.63</b>	<b>15,954.35</b>
2. Aggregate cost of unquoted investments			<b>5,171.03</b>	<b>46,111.00</b>



## Annual Report 2009-2010

### SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

	(Rs. in 000's)	
	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE-8</b>		
<b>CURRENT ASSETS</b>		
<b>INVENTORIES</b>		
(as certified by a Director)		
Raw Materials & Components (at cost or market value whichever is less)	16,298.76	16,298.76
Work in Progress(at estimated cost)	9,788.70	9,788.71
Finished Goods (lower of cost or net realisable value)	14,849.47	18,340.49
Stores and Spares (at cost)	5,844.85	5,844.85
Die Steel Blocks (at cost)	4,589.75	4,589.75
Dies (at cost, less amortisation/write offs)	9,993.37	9,993.37
	<u>61,364.90</u>	<u>64,855.93</u>
<b>SUNDRY DEBTORS (Unsecured)</b>		
Over six months		
- Considered Good	41,312.08	56,062.11
- Considered Doubtful	-	-
	<u>41,312.08</u>	<u>56,062.11</u>
Other Debts		
- Considered Good	-	18,258.43
	<u>41,312.08</u>	<u>74,320.54</u>
Less : Provision for Doubtful Debts	-	-
	<u>41,312.08</u>	<u>74,320.54</u>
<b>CASH AND BANK BALANCES</b>		
Cash on hand	2,710.88	2,966.38
Balance with Scheduled Banks		
- In Current Account	1,222.39	6,248.27
- In Margin Money Deposit Account	965.70	965.64
	<u>4,898.97</u>	<u>10,180.29</u>
	<u>107,575.95</u>	<u>149,356.76</u>
<b>SCHEDULE-9</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Due from Employees	1,117.19	704.29
Advances recoverable in cash or in kind or for value to be received	35,809.87	43,752.51
Interest Accrued on Investments	49.32	6,554.00
Inter Corporate Deposits	-	3,000.00
Balances with Central Excise Department	10,438.40	3,130.09
Deposits	5,551.12	7,013.68
Advance payment against taxes (net)	15,727.07	15,310.52
	<u>68,692.97</u>	<u>79,465.09</u>

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SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

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	(Rs. in 000's)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>SCHEDULE-10</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary Expenses		
Opening Balance	237.53	296.91
Add : Addition During the year	175.51	-
Less : Written off During the year	94.48	59.38
Closing Balance	318.56	237.53
<b>SCHEDULE-11</b>		
<b>OPERATIONAL INCOME</b>		
Domestic Sales	3,152.07	240,900.67
Export Sales	-	21,720.16
Export Incentives	-	439.20
Scrap Sales	-	30,593.74
	3,152.07	293,653.77
<b>SCHEDULE-12</b>		
<b>OTHER INCOME</b>		
Dividend	696.36	1,382.00
Interest (Gross) (T.D.S.Rs. Nil [Rs. 2689.00 thousands])	-	11,996.00
Profit on Sale of Investments - Long Term	-	1,638.00
Miscellaneous Income	934.43	600.56
	1,630.79	15,616.56
<b>SCHEDULE-13</b>		
<b>RAW MATERIALS &amp; COMPONENTS CONSUMED</b>		
Opening stock	16,298.76	25,973.50
Add: Purchases	-	164,738.50
	16,298.76	190,712.00
Less: Closing stock	16,298.76	16,298.76
	-	174,413.24
<b>SCHEDULE-14</b>		
<b>ACCRETION/(DECRETION) TO STOCKS</b>		
OPENING STOCK - Work in Progress	9,788.71	11,875.32
- Finished Goods	18,340.49	27,980.66
	28,129.20	39,855.99
CLOSING STOCK - Work in Progress	9,788.70	9,788.71
- Finished Goods	14,849.47	18,340.49
	24,638.17	28,129.20
ACCRETION/(DECRETION)	3,491.03	11,726.79
<b>SCHEDULE-15</b>		
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Bonus etc.	10,322.22	38,390.00
Contribution to Provident and other Funds	2,000.33	5,928.99
Workers & Staff Welfare expenses	505.95	2,283.68
	12,828.50	46,602.67

## Annual Report 2009-2010

### SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

	(Rs. in 000's)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>SCHEDULE-16</b>		
<b>MANUFACTURING EXPENSES</b>		
Sub Contract Work	61.59	9,991.14
Power, Fuel and Oil	2,172.21	37,483.61
Dies Consumed / Amortized	-	7,760.51
Stores and Tools Consumed	-	8,000.08
Excise duty	53.72	10,415.84
Machinery Repairs	-	868.22
	<u>2,287.52</u>	<u>74,519.41</u>
<b>SCHEDULE-17</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Rent, Rates & taxes	1,154.41	4,858.12
Insurance	406.11	301.89
Freight and packing	65.73	4,409.22
General Repairs	326.92	787.49
Loss on Sale of Assets	1,589.60	-
Loss on sale of investments - Long Term	1,325.45	-
- Current	100.00	-
Printing & Stationery	459.81	467.96
Professional / Legal Charges	5,296.46	10,410.80
Telephone Expenses	591.01	714.01
Travelling & Conveyance	2,328.97	3,194.32
Exchange Rate Fluctuation (Net)	1,731.80	-
Electricity	295.16	338.00
Postage & Telegram Charges	187.89	236.00
Advertisement Expense	67.06	84.56
Security & Service Charges	439.72	537.43
Legal Expenses	72.67	6.00
Membership & Subscription Fees	63.70	262.00
Guest House Expenses	548.07	572.00
House Keeping Expenses	172.07	175.00
Entertainment Expenses	738.02	154.64
Sales Tax Expenses	493.87	961.00
Share Registrar Expenses / Custodial fees	377.40	376.00
Bad Debts Written off	312.11	-
Office Maintenance	389.63	549.06
Discounts & Rebates	2,299.56	-
Other expenses	1,291.89	1,726.42
	<u>23,125.09</u>	<u>31,121.91</u>
<b>SCHEDULE-18</b>		
<b>INTEREST</b>		
Others	2,210.26	14,218.44
	<u>2,210.26</u>	<u>14,218.44</u>
<b>SCHEDULE- 19</b>		
<b>AMORTISATION</b>		
Preliminary Expenses	94.48	59.38
	<u>94.48</u>	<u>59.38</u>
<b>SCHEDULE- 20</b>		
<b>PRIOR YEAR ADJUSTMENTS</b>		
Prior Period Expenses	(637.17)	(819.00)
	<u>(637.17)</u>	<u>(819.00)</u>

**SCHEDULE - 21**

Notes forming part of the Consolidated Accounts for the Year ended 31st March, 2010

**1. Method of Accounting**

The financial statements are prepared under the historical cost convention as a going concern and on accrual basis, except for claims receivable/payable, which are accounted if there are no significant uncertainties.

**2. Basis of Consolidation**

The Consolidated Financial Statements (CFS) relate to Amforge Industries Ltd and its Wholly Owned Subsidiary Company Dujon Commercial Private Limited, incorporated in India, under Companies Act, 1956.

The Consolidation of accounts is done in accordance with the requirements of Accounting Standard – 21 (AS 21) “Consolidation of Financial Statements” issued by the Institute of Chartered Accountants of India. Financial statements of Subsidiary was prepared for the year ended 31st March, 2010 and the same have been adopted for consolidation. The consolidated financial statements have been prepared based on a line by line consolidation of Profit & Loss Account and Balance Sheet. All inter company balances and transactions are eliminated on consolidation.

**3. Significant Accounting Policies: -**
**(i) Fixed Assets and Depreciation**

Fixed assets are stated at cost. The Company capitalizes all costs relating to acquisition and installation of fixed assets. Depreciation on the fixed assets is charged on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

Free hold land is stated at cost. Cost of leasehold land is amortized over the period of lease.

**(ii) Investments**

Long term investments are stated at cost. Provision is made for diminution in the value of long term investment if such diminution is perceived as permanent in nature.

Current Investments are stated at lower of cost or market value, whichever is lower to the Company.

**(iii) Inventories**

Raw Material & Components, Stores and Spares, Die Steel Blocks are valued at cost. Cost is reckoned on “FIFO” basis. Work in Progress is valued at estimated cost based on cost incurred till the completion of different stages.

Finished Goods are valued at lower of cost or net realizable value. Costs are considered including all Direct and Indirect expenses incurred till the stage of Completion of Production.

Dies are valued at cost, less amortization / write offs based on expected life and usage till the year end.

**(iv) Foreign Currency Transactions**

Foreign currency current assets and liabilities outstanding at the year-end are restated at the year-end rates. Loss or gain arising on such re-statement is recognized in the Profit and Loss Account.

Exchange difference arising on translation of foreign currency loans availed for acquisition of fixed assets is adjusted in the carrying amount of the respective fixed assets and in respect of others, such exchange difference is recognized as income or expense in the period in which they arise. In respect of transactions covered by forward contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the Profit and Loss Account over the period of the contract.

**(v) Sales**

Sales are inclusive of excise duty but exclude sales tax.

Domestic sales are accounted on the basis of dispatch from the factories. Export sales are accounted on the basis of the date of Bills of Lading.

**(vi) Export Benefits**

In respect of exports, where duty paid/indigenous material has been used in anticipation of receipt of duty free material subsequently imported under the Advance License Scheme, the excess cost of duty paid/indigenous material over the cost of duty free material is credited to Profit and Loss Account in the year of exports; and is charged to revenue when such duty free material is consumed.

In respect of exports made under Duty Entitlement Pass Book Scheme, the eligible benefits at notified rates are credited to the Profit & Loss Account in the year of export; and charged to revenue when these benefits are utilized for imports or are sold.

**(vii) Retirement Benefits**
**(a) Short Term Employee Benefits**

Short Term Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the period in which the employee renders related service.

**(b) Post Employment benefits (defined benefit plans)**

The employee's gratuity scheme is a defined post employment benefit plan. The plan is managed by Trust and

## Annual Report 2009-2010

the Liability for gratuity is funded with an approved gratuity fund. The company makes annual contribution to the trust and the present value of the obligation under such defined plan is determined at each balance sheet date based on actuarial valuation using projected unit credit method. Actuarial gains and losses are recognized in the Profit & Loss Account.

(c) Defined Contribution Plan

The company makes contributions to the provident fund, a defined contribution plan in which both the employees and the company make monthly contributions as specified percentage of the salary (at present 12% of basic salary). The contributions are paid to the statutory authorities and the company recognizes such contribution as expense of the year in which the liability is incurred.

(d) Other Long Term Employee benefits / Termination benefits

The company do not have any long term employee benefits as well as termination benefit other than as disclosed above.

(viii) Taxation

Provision for Income Tax comprises of current tax and deferred tax charge or release. Deferred tax Asset is recognized, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/ expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). The management is of the opinion that sufficient future taxable income will be available against which, such deferred tax assets will be realized.

#### 4. Borrowings and Securities

- (i) Other Loans include Vehicle / Machinery Loans, which are secured by exclusive hypothecation of such Asset. Machinery Loan is additionally secured by personal guarantee of one of the Directors.
  - (ii) In terms of Scheme of Demerger, Mahindra Forgings Ltd. (MFL) (Formerly Mahindra Automotive Steels Ltd.) has agreed to Guarantee to discharge Debt of Rs. 834.50 lacs of the remaining business as of the appointed date i.e. 1st April, 2005 and also agreed to guarantee payment of Interest on the above said debts from the appointed date. Pursuant to this, MFL has discharged a debt of Rs. 70659 thousands till the end of the current financial year.
5. Income-tax assessments have been completed upto Assessment Year 2007-08 (A.Y. 2006-07). The demand of Rs. 10103 thousands has been raised for A.Y. 2005 – 06 & Rs. 12148 thousands has been raised for A.Y. 2007 - 08. The Company has disputed these demands and filed an appeal with CIT (Appeals). In the opinion of the Management, company does not envisage any further liability, in the above matter.

(Rs. in 000's)

		As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
6. Contingent Liabilities not provided for			
(i) Bank Guarantees outstanding in favour of the Government and other parties		944	944
(ii) Towards Excise Duty demands against which the Company has preferred appeal		48557	48557
(iii) Towards Custom Duty demands against which the Company has preferred appeal		12068	12068
(iv) Towards Sales Tax demands against which the company has preferred appeal		3193	—
(v) Claims against the Company not acknowledged as debts		14658	14326
(v) Others (Income Tax)		22251	10103
7. Estimated value of contracts remaining to be executed on capital account (net of advances) and not provided for			
Rs. Nil.			
8. Advances recoverable in cash or in kind include Rs. 15166 thousands (Rs.15166 thousands) towards expenses incurred/payments to a consultants' firm for performance improvement program at one of the Company's plants. Since in view of management, the consultants have not achieved and delivered the mutually agreed upon projected results, the Company has filed a suit for recovery of the amounts paid/expenses incurred along with compensation for damages. The Company has also deposited Rs. 7312 thousands with the Hon'ble Bombay High Court. The matter is subjudice. Requisite adjustments will be made on attaining finality.			
9. The actuarial valuation of annual contribution towards gratuity amounting to Rs.314.25 thousands (Rs.7625.23 thousands) has not been funded to the approved gratuity fund.			
10. Subsequent to suspension of operation from Dec.2008, the Company has declared a Lockout w.e.f. 28th May, 2009 under sub-section 2 of section 24 of the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971.			
11. During the year, Sales Tax Assessment of Chakan Unit (Demerged Undertaking) for the FY 2001-02 to FY 2004-05 was completed and the Sales Tax Liability of Rs. 7674 thousands has been raised and the same has been provided in the current year's accounts together with the interest of Rs. 1488 thousands and included in Exceptional Items.			

During the year the company has also recovered an amount of Rs. 2000 thousands from one of the debtors, which was written off in the earlier years from the books of accounts and the same is included in Exceptional Items. The company has also written back certain unclaimed credit balance of the creditors and the same has been credited to exceptional items amounting to Rs.2531.25 thousands.

12. Due to lock-out at Chinchwad factory, the test as required as per AS – 28, Impairment of Assets could not be carried out. However, the management does not envisage any impairment loss during the year.
13. In terms of Accounting Standard – 17 (Segment Reporting) issued by the Institute of Chartered Accountants of India, The Company has operated in only one segment i.e. Forgings.
14. Related Party Disclosures as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India, are given below :

**A. Relationships:**

- (a) Associates / Group Companies / Firm
  - i. Nainesh Investment & Trading Co. Pvt. Ltd.
  - ii. Viniyog Investment & Trading Co. Pvt. Ltd.
  - iii. Devidass Private Ltd.
  - iv. Dujon Commercial Private Limited
  - v. Makar Estates
- (b) Key Management Personnel:
  - (i) Mr. Yogiraj Makar
  - (ii) Mr. Puneet Makar

**B. The following transactions were carried out with the related parties:**

	<u>Current year (Rs. in 000's)</u>	<u>Previous year (Rs. in 000's)</u>
(i) Payment of Remuneration / Fees	4124	4327
(ii) Payment of Interest	976	640
(iii) Payment of Rent	320	4020
(iv) Inter Corporate Deposit Borrowed	14100	15700
(v) Inter Corporate Deposit Redeemed	7070	10300
(vi) Loan to Subsidiary	1975	99500
(vii) Subscription to Equity( Refer Note 20)	105000	20000
(viii) Deposit paid	500	500

15. Calculation of Basic & Diluted Earning Per Share as per Accounting Standard – 20 (Earning Per Share) issued by the Institute of Chartered Accountants of India:

	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>
Net Profit (Loss) (Rs. in 000's)	(52,963.46)	(56,860.50)
Weighted Average number of Equity		
Shares outstanding during the year (Nos.)	1,48,20,206	1,48,20,206
Nominal Value per Share (Rs.)	2.00	2.00
Basic & Diluted Earning per Share +/- (Rs.)	(3.57)	(3.84)

16. In the absence of information from suppliers as to their status, the Company does not possess a list of small scale suppliers covered under MSMED, Act, 2006. It is therefore not possible to determine the amount due and interest (if any) thereon as required by "The Interest on Delayed Payments to Micro, Small and Medium Enterprises Development Act, 2006".
17. The outstanding balances as at 31<sup>st</sup> March 2010 in respect of Sundry debtors, Creditors, Loans and Advances and Deposits are subject to confirmation from the respective parties and consequential reconciliation / adjustments arising there from if any. The Management, however , does not expect any material variation.

18. Figures for the previous year have been given in the bracket and are regrouped and rearranged wherever necessary.

**SIGNATURES TO SCHEDULES 1 TO 21**

As per our Report of even date

For **Bansal & Associates**

Chartered Accountants

**S. K. Bansal**

Proprietor

Membership No. - 12288

Mumbai, 2nd September, 2010

On Behalf of the Board of Directors

**Puneet Makar** - Chairman & Managing Director

**Yogiraj Makar** - Director

**Fali P. Mama** - Director

**Sunil Aggrawal** - Director

**B. L. Gupta** - Director

**Rakesh Khanna** - Director

Mumbai, 2nd September, 2010

**AMFORCE INDUSTRIES LIMITED**

Regd / Corporate Office: 108-111, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai-400021

**ATTENDANCE SLIP**

To be handed over at the entrance of the venue

D.P. ID	
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Folio No.	
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Client ID	
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Name and Address of the Shareholder:

No. of Share (s) held:

I hereby record my presence at the **38<sup>TH</sup> ANNUAL GENERAL MEETING** of the Company at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Oricon House, 6<sup>th</sup> Floor, 12, K. Dubhash Road, Fort, Mumbai-400 001 on Thursday, the 30<sup>th</sup> September, 2010 at 2.30 p.m.

.....  
Signature of the Shareholder or Proxy  
(To be signed at the time of handing over this slip)

..... (CUT ALONG) .....

**AMFORCE INDUSTRIES LIMITED**

Regd / Corporate Office: 108-111, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai-400021

**PROXY FORM**

D.P. ID	
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Folio No.	
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Client ID	
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I/ We ..... of  
..... being a member / members of the Amforce Industries Limited  
hereby appoint ..... of .....  
..... or failing him .....  
of .....  
or failing him ..... of .....  
..... as my / our proxy to attend and vote for me / us on my / our  
behalf at the 38<sup>th</sup> Annual General Meeting to be held on Thursday, the 30<sup>th</sup> September, 2010 at 2.30 p.m. or any  
adjournment there of.

Signed this ..... day of ..... 2010.

Please  
affix  
Re.1.00  
Revenue  
Stamp here

The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

**BOOK - POST**

**To,**

If undelivered, please return to :

**M/s. Sharex Dynamic (India) Pvt Ltd.**

(Unit: Amforge Industries Limited)

Unit-1, Luthra Industrial Premises

Safed Pool, Andheri-Kurla Road

Andheri (East), Mumbai – 400072.