



# Amforge Industries Limited





# Amforge Industries Limited

## Annual Report 2010-2011

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### BOARD OF DIRECTORS:

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

### 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.

(Since Closed)

### 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.

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

on Friday, the 30<sup>th</sup> September, 2011  
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

NOTICE

Notice is hereby given that the **39<sup>TH</sup> ANNUAL GENERAL MEETING of AMFORGE INDUSTRIES LIMITED** will be held on Friday, the 30<sup>th</sup> September, 2011 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-400 001 to transact the following ordinary business:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2011 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. Sunil K. Aggarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Yogiraj Makar, 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: 29-8-2011

**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, 2011 to 30<sup>th</sup> September, 2011(both days inclusive).
- c) Members, who desire any information as regards to 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 holding shares in physical form are requested to demat them immediately.
- e) Members are requested to notify change in address, if any, to the Company's Registrar & Transfer Agent / Depository Participants, for future correspondence.
- f) The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies. The companies are now permitted to send various notices / documents to its members through electronic mode to their registered e-mail addresses. Members who have not registered their email addresses are requested to register / update email address with the company / depository participants, as the case maybe, from time to time.  
  
To support this Green Initiative, members are requested to register / update their e-mail addresses, with their Depository Participants (in case of demat holding) / Company of its Registrar (in case of physical holdin
- g) Debentureholders, who have not claimed debenture interest / redemption, are requested to claim immediately since the amount remained unclaimed for more than 7 years shall be transferred to IEPF, pursuant to section 205 (c) of the Companies Act, 1956.

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

|                                     |  |  |
|-------------------------------------|--|--|
| Name of Director                    | Shri. Sunil. K. Aggarwal   | Shri. Yogiraj Makar  |
| Age                                 | 51   | 82   |
| Qualification                       | BBA (USA)  | B.Sc., (Metallurgy)  |
| Date of Appointment                 | 24-03-2005   | 21-4-1971  |
| Expertise                           | Administration and Finance   | Vast experience in manufacturing of forgings and renowned figure in the forging industries in India. |
| Other Directorships                 | Vornado Realty India Advisors Pvt. Ltd.<br>Vornado Hinjewadi Township Pvt.Ltd.       | Devidass Private .Limited<br>Dujon Commercial Private Limited  |
| Chairman / Member of the Committees | Chairman -<br>Audit Committee<br>Remuneration Committees<br>(Amforge Industries Ltd) |  |

## DIRECTORS' REPORT

To the Members

### AMFORGE INDUSTRIES LIMITED

Your Directors hereby present the 39<sup>th</sup> Annual Report and audited statement of accounts for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL HIGHLIGHTS

|  | (Rs. in 000's)     |                |
|--|--------------------|----------------|
|  | <u>2010-11</u>     | <u>2009-10</u> |
| Gross Revenue  | <b>22836.36</b>    | 4518.16        |
| Gross Profit before Interest, Depreciation, Amortization and Tax | <b>(70873.54)</b>  | (37196.89)     |
| Interest   | <b>(8964.42)</b>   | (2206.51)      |
| Operating Profit (Loss) before Depreciation & Amortization       | <b>(79837.96)</b>  | (39403.40)     |
| Depreciation   | <b>(8862.53)</b>   | (9349.82)      |
| Operating Profit/(Loss) for the year                             | <b>(88700.49)</b>  | (48753.22)     |
| Other Extra Ordinary Gains (Net)                                 | <b>19179.76</b>    | (4630.75)      |
| Profit / (Loss) for the year                                     | <b>(69520.73)</b>  | (53383.97)     |
| Prior Period's adjustments (Net)                                 | <b>(6895.46)</b>   | (637.17)       |
| Net Profit / (Loss)  | <b>(76416.19)</b>  | (54021.14)     |
| Provision for Current Tax(Wealth Tax)                            | <b>(36.13)</b>     | (62.00)        |
| <b>Provision for Fringe Benefit Tax</b>                          | -                  | -              |
| Provision for Deferred Tax                                       | <b>22426.00</b>    | 1235.00        |
| Profit / (Loss) after Tax  | <b>(54006.32)</b>  | (52848.14)     |
| Balance Profit/(Loss) brought forward from previous year         | <b>(362082.72)</b> | (309234.58)    |
| <b>Balance carried to Balance Sheet</b>                          | <b>(416089.04)</b> | (362082.72)    |
| <b>EPS (Rs.)</b>   | <b>(3.64)</b>      | <b>(3.57)</b>  |

### FINANCIALS:

During the year under review, your Company's gross revenue is Rs. 22836.36 thousands [Previous Year: Rs. 4518.16 thousands]. Gross Profit / (Loss) before interest, depreciation and tax amounted to Rs. (70873.54) thousands [Previous Year Rs. (37196.89) thousands]. Operating Cash Profit / (Loss) before depreciation and amortization is Rs. (79837.96) thousands [Previous Year Rs. (39403.40) thousands]. The Net Loss came to Rs. (76416.19) thousands [Previous Year: Rs. (54021.14) thousands].

### DIVIDEND:

In view of losses your directors do not recommend any dividend 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.

The company extended a loan amount of Rs.25000/- (Rupees Twenty-five thousand only) to its subsidiary, Dujon Commercial Private.Ltd, during the financial year.

### DIRECTORS SEEKING RE-APPOINTMENT:

Shri. Sunil K. Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.

Shri. Yogiraj Makar, who retires by rotation and being eligible, offers himself for re-appointment.

### 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, 2011 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:

Pursuant to section 212 of the Companies Act, 1956, containing details of the Company forms part of the Annual Report and as such, consolidated financial statements prepared in strict compliance with applicable accounting standards as per Listing Agreement, as prescribed by SEBI.

## *Annual Report 2010-2011*

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In accordance with the general circular No.2/2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company (Dujon Commercial Private Limited) is not being attached with the Balance Sheet of the Company. The Company will make available the annual accounts of the subsidiary company and the related detailed information to any member who may be interested in obtaining the same. Further, the annual accounts of the subsidiary would also be available for inspection by any member during working hours upto the date of Annual General Meeting.

The Company has divested its equity holdings in the wholly owned subsidiary, M/s. Dujon Commercial Private Limited during the financial year 2010-2011 and subsequently it has sold off the balance holdings in 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.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Company has ceased to carry on any manufacturing activity for last two years, as such, there is nothing to report as to the Conservation of Energy and Technology Absorption.

Foreign Exchange Earning : Nil  
Foreign Exchange Outgo : Nil

### **MANAGEMENT DISCUSSION AND ANALYSES:**

Pursuant to Clause-49 of the Listing Agreement with the Bombay Stock Exchange Limited, the Management Discussion and Analysis is required to be annexed to this report. However, the same has not been attached due to suspension of manufacturing activity from December, 2008.

Subsequent to the financial year under review, the company disposed off the assets of its Chinchwad plant pursuant to the special resolutions passed by the members of the Company, through Postal Ballot.

The Company is exploring new areas of business activities in terms of the Memorandum of Association of the Company.

### **PERSONNEL:**

There are no employees to be reported under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### **CORPORATE GOVERNANCE:**

Pursuant to Clause-49 of the Listing Agreement, a report on Corporate Governance is annexed to this report, as Annexure-1.

### **COMPLIANCE CERTIFICATES:**

Pursuant to Clause 49 of the Listing Agreement, compliance certificate on Corporate Governance issued by Practising Company Secretary is annexed to this report, as Annexure-2.

Pursuant to Section 383A of the Companies Act, 1956, Compliance certificate issued by Practising Company Secretary is annexed to this report, as Annexure-3.

### **CEO / CFO CERTIFICATION:**

Pursuant to Clause- 49 V of the Listing Agreement, certificate issued by CEO/CFO of the company is annexed to this report, as Annexure-4.

### **ACKNOWLEDGMENT:**

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

For and on behalf of the Board of Directors

**Puneet Makar**  
Chairman & Managing Director

Place: Mumbai  
Date: 29-8-2011

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

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

**2 Board of Directors:**

During the year 2010-2011, 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:**

| <b>Name of Directors</b> | <b>Category</b>                                   |
|--------------------------|---|
| Shri Puneet Makar        | Promoter & Executive Chairman & Managing Director |
| Shri Yogiraj Makar       | Promoter & Non-Executive Director                 |
| Shri. Fali P. Mama       | Non-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             |

**The attendance of the Directors at the Meetings of Board of Directors held during the financial year 2010-2011 and the last Annual General Meeting is as follows:**

| <b>Date of Board of Directors Meeting</b> | <b>Number of Directors Present</b> |
|---|------------------------------------|
| 14-05-2010                                | 6                                  |
| 10-06-2010                                | 5                                  |
| 29-07-2010                                | 5                                  |
| 02-09-2010                                | 5                                  |
| 11-11-2010                                | 5                                  |
| 03-02-2011                                | 5                                  |
| 01-03-2011                                | 4                                  |
| 15-03-2011                                | 5                                  |
| 30-09-2010 (AGM)                          | 5                                  |

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

| <b>Name of the Directors</b> | <b>Number of Board Meeting attended</b> | <b>Attendance at the AGM</b> |
|------------------------------|---|------------------------------|
| Shri. Puneet Makar           | 5                                       | Present                      |
| Shri Yogiraj Makar           | 6                                       | -                            |
| Shri. Fali P. Mama           | 8                                       | Present                      |
| Shri. B.L.Gupta              | 8                                       | Present                      |
| Shri. Sunil K. Aggarwal      | 6                                       | Present                      |
| Shri. Rakesh Khanna          | 7                                       | Present                      |

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

| Name of Director     | Number of BoD of Other Companies | Number of Membership of BoD's Committees | Number 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  | 13                               | 10                                       | 5  |

None of the Directors holds any Equity Shares in the Company except Shri. Puneet Makar (Promoter-Executive) holding 2168573 Equity Shares, 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.

### 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 2010-2011 is as under:

| Name of Directors   | Date of Meetings |           |          |            |          |
|---------------------|------------------|-----------|----------|------------|----------|
|                     | 14-5-2010        | 29-7-2010 | 2-9-2010 | 11-11-2010 | 3-2-2011 |
| Shri. S.K. Aggarwal | Present          | Present   | Present  | Present    | -        |
| Shri. Rakesh Khanna | 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

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.

No Remuneration Committee Meetings were held during the financial year.



**Details of the sitting and other fees paid to the Non-Executive Directors for the financial year 2010-2011 :**

| Name of the Directors | 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       | 12,000.00  | -                       |
| Shri. Sunil Aggarwal  | 16,500.00  | -                       |
| Shri. Rakesh Khanna   | 16,500.00  | -                       |

**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 share certificates, annual reports, debenture interest and transfer of shares, etc.

**Complaints received and redressed during the period from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011 are tabled below :**

| Nature of Complaint         | Complaints Received from 1-4-2010 to 31-03-2011 |                |          |                          |                |           | 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      | 2   | -              | -        | -                        | -              | -         | 2         | 2          | -              | -                            |
| Non -receipt of Dividend    | 2   | -              | -        | -                        | -              | -         | 2         | 2          | -              | -                            |
| General                     | -   | -              | -        | -                        | -              | -         | -         | -          | -              | -                            |
| Non-receipt of Deb.interest | 2   | -              | -        | -                        | -              | -         | 2         | 2          | -              | -                            |
| Non-receipt of New S/C.     | -   | -              | -        | -                        | -              | 10        | 10        | 10         | -              | -                            |
| <b>TOTAL</b>                | <b>6</b>  | <b>-</b>       | <b>-</b> | <b>-</b>                 | <b>-</b>       | <b>10</b> | <b>16</b> | <b>16</b>  | <b>-</b>       | <b>-</b>                     |

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

| SR.NO. | DATE      | DAY & TIME          | VENUE   | REMARKS              |
|--------|-----------|---------------------|---|----------------------|
| 1.     | 29-9-2008 | Monday 12.00 Noon   | Maharashtra Chamber of Commerce<br>Babasaheb Dahanukar Sabhagriha,<br>Oricon House, 6 <sup>th</sup> Floor, Fort, Mumbai – 400 001 | 36 <sup>th</sup> AGM |
| 2.     | 30-9-2009 | Wednesday 2.30 p.m. | Maharashtra Chamber of Commerce<br>Babasaheb Dahanukar Sabhagriha,<br>Oricon House, 6 <sup>th</sup> Floor, Fort, Mumbai – 400 001 | 37 <sup>th</sup> AGM |
| 3.     | 30-9-2010 | Thursday 2.30 p.m.  | Maharashtra Chamber of Commerce<br>Babasaheb Dahanukar Sabhagriha,<br>Oricon House, 6 <sup>th</sup> Floor, Fort, Mumbai – 400 001 | 38 <sup>th</sup> AGM |

**7. Disclosures :**

**Related Party Transactions (Rs. Lacs) :**

| Name of the Parties / Person                 | ICD/Loan Transaction     |                |               |                           |   | Other Transactions  |                 |                          |
|--|--------------------------|----------------|---------------|---------------------------|---|---------------------|-----------------|--------------------------|
|  | Opening Balance 1-4-2010 | Received       | Paid / Repaid | Closing Balance 31-3-2011 | Max. Amount outstanding during the year | Payment of Interest | Payment of rent | Payment of Salary / Fees |
| Nainesh Inv & Tradg Co.Pvt. Ltd              | 82.70                    | 481.05         | 59.40         | 504.35                    | -                                       | 31.33               |                 | 5.00                     |
| Viniyog Inv. & Tradg Co. Pvt. Ltd            | 41.60                    | 785.50         | 229.00        | 598.10                    | -                                       | 46.66               | -               | -                        |
| Devidass Pvt.Ltd                             | -                        | 19.00          | 1.00          | 18.00                     | -                                       | 1.41                | -               | -                        |
| Makar Estate                                 | -                        | -              | -             | -                         | -                                       | -                   | 1.20            | -                        |
| Dujon Comml.Pvt.Ltd. Investment (Subsidiary) | 19.75                    | -              | 0.25          | 20.00                     | -                                       | -                   | -               | -                        |
| <b>Sub Total</b>                             | <b>144.05</b>            | <b>1285.55</b> | <b>289.65</b> | <b>1140.45</b>            | <b>-</b>                                | <b>79.40</b>        | <b>1.20</b>     | <b>5.00</b>              |
| <b>Key Management Personnel</b>              |                          |                |               |                           |   |                     |                 |                          |
| Yogiraj Makar                                | -                        |                |               |                           | -                                       | -                   | -               | 13.24                    |
| Puneet Makar                                 | -                        | 102.50         | 30.50         | 72.00                     | -                                       | 5.48                | -               | 31.36                    |
| <b>Sub Total</b>                             | <b>144.05</b>            | <b>102.50</b>  | <b>30.50</b>  | <b>72.00</b>              | <b>-</b>                                | <b>5.48</b>         | <b>-</b>        | <b>44.60</b>             |
| <b>Total</b>                                 | <b>144.05</b>            | <b>1388.05</b> | <b>320.15</b> | <b>1212.45</b>            | <b>-</b>                                | <b>84.88</b>        | <b>1.20</b>     | <b>49.60</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.

**9. Means of Communication :**

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

The Company is submitting its financial results, shareholding patterns, annual reports and also intimating all the required events to be intimated to the Bombay Stock Exchange Limited (BSE) where the equity shares of the Company are listed.

The BSE reproducing the same in their web-site [www.bseindia.com](http://www.bseindia.com) which is available to the general public for their consumption.

The Company is also 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 : Friday  
 Date : 30<sup>th</sup> September, 2011  
 Time : 2.30 p.m.  
 Venue : Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Oricon House,  
 6<sup>th</sup> Floor, K. Dubash Road, Fort, Mumbai – 400 001.

**(ii) Financial Calendar:**

Un-audited Financial Results for the quarter ended 30<sup>th</sup> June, 2011. : On or before 15<sup>th</sup> Aug, 2011  
 Un-audited Financial Results for the quarter ended 30<sup>th</sup> September, 2011. : On or before 15<sup>th</sup> Nov, 2011  
 Un-audited Financial Results for the quarter ended 31<sup>st</sup> December, 2011. : On or before 15<sup>th</sup> Feb, 2012  
 Un-audited Financial Results for the quarter ended 31<sup>st</sup> March, 2012. : On or before 15<sup>th</sup> May, 2012

**(OR)**

Audited Financial Results for the year ended 31<sup>st</sup> March, 2012. : On or before 30<sup>th</sup> May, 2012

**(iii) Date of Book Closure:**

From 23-09-2011 to 30-09- 2011 (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 2011-2012)

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

**(vii) Market Price Data during the year 2010-2011:**

| MONTH      | SHARE PRICE |      | BSE SENSEX |
|------------|-------------|------|------------|
|            | HIGH        | LOW  |            |
| Apr -2010  | 5.70        | 4.80 | 17588.71   |
| May-2010   | 6.11        | 4.71 | 16944.63   |
| June-2010  | 5.60        | 4.51 | 17700.90   |
| July- 2010 | 10.29       | 4.81 | 17868.29   |
| Aug- 2010  | 9.41        | 6.38 | 17971.12   |
| Sep - 2010 | 8.87        | 6.25 | 20069.12   |
| Oct- 2010  | 7.48        | 6.03 | 20032.34   |
| Nov- 2010  | 6.62        | 5.07 | 19521.25   |
| Dec- 2010  | 6.18        | 4.75 | 20509.09   |
| Jan - 2011 | 6.11        | 4.71 | 18327.76   |
| Feb- 2011  | 4.90        | 3.43 | 17823.40   |
| Mar- 2011  | 5.00        | 3.59 | 19445.22   |

**(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, 2011 :**

| Distribution of Shares | No. of share-holders | % to total no. of share-holders | No. of sharesheld | % to total shares |
|------------------------|----------------------|---------------------------------|-------------------|-------------------|
| Up to 100              | 14571                | 75.54                           | 498967            | 3.37              |
| 101 to 200             | 1667                 | 8.64                            | 277318            | 1.87              |
| 201 to 500             | 1490                 | 7.73                            | 558556            | 3.77              |
| 501 to 1000            | 698                  | 3.62                            | 611828            | 4.13              |
| 1001 to 5000           | 669                  | 3.47                            | 1587126           | 10.71             |
| 5001 to 10000          | 102                  | 0.53                            | 771291            | 5.20              |
| 10001 to 100000        | 80                   | 0.41                            | 2072695           | 13.99             |
| <b>Total</b>           | <b>19288</b>         | <b>100</b>                      | <b>14820206</b>   | <b>100.00</b>     |

**(xi) Shareholding Pattern as of 31<sup>st</sup> March, 2011:**

| Category of Shareholders             | Number of Shares held | % of holding |
|--------------------------------------|-----------------------|--------------|
| Indian Promoters                     | 2588879               | 17.469       |
| Directors' Relatives                 | 176270                | 1.189        |
| Group Companies and Associates       | 5379091               | 36.296       |
| Financial Institutions, Banks & Ins. | 24039                 | 0.162        |
| Mutual Funds & UTI                   | 4280                  | 0.029        |
| FII's                                | 0                     | 0            |
| NRIs / OCBs                          | 261578                | 1.765        |
| Domestic Companies                   | 901077                | 6.080        |
| Public                               | 5484726               | 37.008       |
| Clering Members                      | 266                   | 0.002        |
| <b>Total</b>                         | <b>14820206</b>       | <b>100</b>   |

**(xii) Dematerialization of Shares and Liquidity as of 31<sup>st</sup> March, 2011:**

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          | 532083    |        | 14288123       |         | 14820206 |
| % to Total      | 3.59      |        | 96.41          |         | 100      |
|                 | Promoters | Public | Promoters      | Public  |          |
| Number          | 52057     | 480026 | 8092183        | 6195940 | 14820206 |
| % to form       | 9.78      | 90.22  | 56.64          | 43.36   |          |
| % form to total | 0.35      | 3.24   | 54.60          | 41.81   | 100%     |

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

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

(xiv) Plant Location:

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

(xv) **Addresses for Correspondence:**

**For Shareholders:**

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 web: www.sharexindia.com

**For Others:**

Amforge Industries Limited, 108-111, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400021. Telephone: 022-66365962, 6636563. Fax: 022-66365964, email: amfcosec@mtnl.net.in / secretarial@amforgeindustries.com. website: www.amforgeindia.com.

For and on behalf of the Board of Directors

**Puneet Makar**  
Chairman & Managing Director

Place: Mumbai  
Date: 29-8-2011

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**ANNEXURE-2**  
**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Amforge Industries Limited,

I have examined the compliance of conditions of Corporate Governance by Amforge Industries Limited (“the Company”) for the year ended on 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement entered into by Company with the 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 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 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.

**Rajkumar R. Tiwari**  
Practising Company Secretary  
FCS: 4227 CP No.:2400

Place: Mumbai  
Date: 18-8-2011

**ANNEXURE -3  
COMPLIANCE CERTIFICATE**

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

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

To:

*The Members 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 31<sup>st</sup> March, 2011. 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. The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Ministry of Corporate Affairs or other Authorities, within the time prescribed under the Companies Act, 1956 and the rules made thereunder.
3. The company being a public limited company comments are not required.
4. a) The board of directors duly met eight times on 14.5.2010, 10.6.2010, 29.7.2010, 2.9.2010, 11.11.2010, 3.2.2011, 1.3.2011 and 15.3.2011 during the year, in respect of which proper notices were given and the proceedings were properly recorded and signed in the minute's book maintained for the purpose.  
b) The audit committee duly met 5 times during the year under scrutiny on 14.5.2010, 29.7.2010, 2.9.2010, 11.11.2010 and 3.2.2011 in respect of which proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in 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 are being held twice in a month to look after transfer / transmission of shares, issue duplicate share certificates, dematerialization and investors' grievances.
5. The company has closed its Register of Members from 23.9.2010 to 30.9.2010 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended 31.3.2010 was held on 30.9.2010 after giving due notice to the members of the Company and other concerned 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. However, special resolutions were passed by the members through postal ballot process in July, 2010.
8. The company has not advanced any loans to its directors /persons /firms / companies referred to u/s. 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 Share transfer executive committee 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.
  - (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 interest amount on matured debentures which have remained unclaimed or unpaid for a period of 7 years to Investors Education and Protection Fund.
  - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy 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 Ministry of Corporate Affairs, Company Law Board, Regional Director, Registrar or such other authorities, as may be prescribed under the various provisions of the Act, except the approval u/s. 212(8) of the Act seeking exemption from attaching of Balance Sheet of the Subsidiary Company. The company has applied to the Ministry of Corporate Affairs in the prescribed e-Form No. 23AAB on 3.2.2011. However, the Ministry of Corporate Affairs issued a General Circular No.2/2011 granting general exemption from attaching the Balance Sheet of subsidiary companies subject to fulfillment of certain conditions. The company made a Compounding Application to Ministry of Corporate Affairs in July, 2010 for compounding the violation of section 212 (8) of the Act for the financial year 2008-2009.
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. There was no redemption of 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.

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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, Financial Institutions, Banks and others during the financial year are within the borrowing limits of the company and that necessary resolutions as per section 293(1) (d) of the Act have passed in duly convened extra ordinary general meeting.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register.
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 altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny and complied with provisions of the Act.
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 a separate Provident Fund Trust for its employees or class of its employees as contemplated u/s. 418 of the Act.

**RAJKUMAR R. TIWARI**  
*Practising Company Secretary*  
FCS: 4227 CP No.:2400

Place: Mumbai  
Date: 18-8-2011

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### **ANNEXURE – A**

#### **REGISTERS MAINTAINED :**

1. Register of Charges u/s.143.
  2. Register of Members u/s. 150 (Maintained by RTA).
  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 (Maintained by RTA).
  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, 2011.

| 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.      | 1INV      | Rule 3 of the IEPF  | Statement of amounts . transferred to Investors Education & Protection Fund      | A83291369<br>20-4-2010  | Yes                                   | N/A.   |
| 2..     | 62        | 192A                | Calendar Events for Postal Ballot.   | A87038204<br>14-6-2010  | Yes                                   | N/A  |
| 3.      | 61        | 212(8)              | Compounding of offences  | A88218375<br>1-7-2010   | Yes                                   | N/A  |
| 4.      | 23        | 192                 | Special Resolutions passed By Postal Ballot.                                     | A91152835<br>11-8-2010  | Yes                                   | N/A  |
| 5.      | 20A       | 149(2A) (ii)        | Declaration of Compliance  | A91153080<br>11-8-2010  | Yes                                   | N/A  |
| 6.      | 66        | 383A                | Submission of Compliance Certificate.  | P53608584<br>5-10-2010  | Yes                                   | N/A  |
| 7.      | 23AC23ACA | 220                 | Balance Sheet Profit & Loss Account for year ended 31 <sup>st</sup> March, 2010. | P54388319<br>12-10-2010 | Yes                                   | N/A  |
| 8.      | 20B       | 159                 | Annual Return.   | P54918644<br>18-10-2010 | Yes                                   | N/A  |
| 9.      | 1INV      | Rule 3 of the IEPF  | Statement of amounts transferred to Investors Education and Protection Fund.     | A96684600<br>25-10-2010 | Yes                                   | N/A  |
| 10.     | 17        | 138 & 600           | Particulars of Satisfaction of charges.  | B04685350<br>3-2-2011   | Yes                                   | N/A  |
| 11.     | 23AAB     | 212(8)              | Exemption from attaching the annual accounts of subsidiary.                      | B04679122<br>3-2-2011   | Yes                                   | N/A  |

**ANNEXURE - 4**  
**CEO/CFO CERTIFICATE**

Pursuant to the provisions of the Clause 49(V) 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<sup>st</sup> March, 2011 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: 29-8-2011

**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, 2011 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, 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, we report that:
  - (a) We have obtained all the information and explanations, which is 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, 2011, 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 ,2011 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, 2011;
    - (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 : 29<sup>th</sup> August, 2011.

**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, the same had been carried out at the year end. 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 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 during the substantial part of the year, management were unable to conduct the physical verification of inventories during the year but the same has been carried out at the year end.
  - (b) The procedure of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such verification.
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. 1388.05 Lacs from three companies and a director 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 such loans have been taken by the Company are not prima facie, prejudicial to the interest of the Company.
  - (d) However there are no stipulation as to repayment of principal and interest but are repayable on demand.
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. We have broadly reviewed accounts and records maintained by the Company pursuant to rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products to which the said rules are made applicable, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records, with a view to determine whether they are accurate.
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 Employees State Insurance and profession tax aggregating to Rs. 5.40 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 Employees State Insurance and profession tax aggregating to Rs. 5.40 lacs were outstanding as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date of becoming payable.

- (b) The disputed statutory dues aggregating to Rs. 813.44 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. Lacs |
|--------|--------------------------|--------------------|--|-----------------|
| 1      | Central Excise Act, 1944 | Excise Duty.       | CESTAT Mumbai Asst./Addl./ Jt. Commissioner of Central Excise. | 485.57          |
| 2      | Customs Act              | Customs Duty       | CESTAT Mumbai  | 120.68          |
| 3      | Sales Tax Act            | Sale Tax           | Commissioner of Appeals (Sales Tax)                            | 52.50           |
| 4      | Income Tax Act, 1961     | Income Tax         | Commissioner of Income Tax (Appeals)                           | 154.69          |
|        |                          |                    | Total  | 813.44          |

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: 29<sup>th</sup> August, 2011.

**BALANCE SHEET AS AT 31ST MARCH, 2011**

|   |          | (Rs. in 000's)            |                           |
|---|----------|---------------------------|---------------------------|
|   | SCHEDULE | As at 31st<br>March, 2011 | As at 31st<br>March, 2010 |
| <b>SOURCES OF FUNDS</b>                                 |          |                           |                           |
| <b>Shareholders' Funds</b>                              |          |                           |                           |
| Share Capital   | 1        | 29,640.41                 | 29,640.41                 |
| Reserves and Surplus                                    | 2        | 198,999.04                | 253,005.36                |
|   |          | <b>228,639.45</b>         | <b>282,645.77</b>         |
| <b>Loan Funds</b>                                       |          |                           |                           |
| Secured Loans   | 3        | 1,548.46                  | 5,340.07                  |
| Unsecured Loans   | 4        | 201,051.57                | 94,272.49                 |
|   |          | <b>202,600.03</b>         | <b>99,612.56</b>          |
| <b>TOTAL FUNDS EMPLOYED</b>                             |          | <b>431,239.48</b>         | <b>382,258.33</b>         |
| <b>APPLICATION OF FUNDS</b>                             |          |                           |                           |
| <b>Fixed Assets</b>                                     |          |                           |                           |
| Gross Block   | 6        | 257,703.75                | 263,560.19                |
| Less : Depreciation                                     |          | 157,183.35                | 150,553.52                |
| Net Block   |          | 100,520.40                | 113,006.67                |
| Add: Capital Work in Progress                           |          | 2,743.63                  | 2,743.63                  |
|   |          | <b>103,264.03</b>         | <b>115,750.30</b>         |
| <b>Investments</b>                                      | 7        | <b>123,175.53</b>         | <b>134,452.57</b>         |
| <b>Deferred Tax Assets (Net)</b><br>(Refer Note No. 24) |          | <b>92,893.00</b>          | <b>70,447.00</b>          |
| <b>Current Assets , Loans and Advances</b>              |          |                           |                           |
| Inventories   | 8        | 43,402.06                 | 61,364.90                 |
| Sundry Debtors  |          | 35,784.28                 | 41,312.08                 |
| Cash & Bank Balances                                    |          | 4,841.03                  | 4,869.79                  |
| Loans and Advances                                      | 9        | 184,552.59                | 70,668.47                 |
|   |          | 268,579.96                | 178,215.24                |
| Less: Current Liabilities and Provisions                | 5        |                           |                           |
| Current Liabilities                                     |          | 156,328.36                | 106,429.91                |
| Provisions  |          | 344.68                    | 10,176.87                 |
| <b>Net Current Assets</b>                               |          | <b>111,906.92</b>         | <b>61,608.46</b>          |
| <b>TOTAL FUNDS UTILISED</b>                             |          | <b>431,239.48</b>         | <b>382,258.33</b>         |
| <b>Notes Forming Part of The Accounts</b>               | 19       |                           |                           |

As per our Report of even date

For **Bansal & Associates**  
Chartered Accountants  
(Firm Regn No.: 100980W)

**S. K. Bansal**  
Proprietor  
Membership No. - 12288

Mumbai, 29th August, 2011

On Behalf of the Board of Directors

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

Mumbai, 29th August, 2011

## Annual Report 2010-2011

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

|   |    | (Rs. in 000's)                            |   |
|---|----|---|---|
| SCHEDULE  |    | For the year<br>ended 31st<br>March, 2011 | For the year<br>ended 31st<br>March, 2010 |
| <b>INCOME</b>   |    |   |   |
| Operational Income  |    |   |   |
| Turnover (Gross)  | 10 | 10,562.13                                 | 3,152.07                                  |
| Less : Excise Duty  |    | 1,489.59                                  | 264.70                                    |
| Turnover (Net)  |    | 9,072.54                                  | 2,887.37                                  |
| Other Income  | 11 | 13,763.82                                 | 1,630.79                                  |
|   |    | <b>22,836.36</b>                          | <b>4,518.16</b>                           |
| <b>EXPENDITURE</b>  |    |   |   |
| Raw Material and Components Consumed                                | 12 | -   | -   |
| (Accretion) / Decretion to Stocks                                   | 13 | 17,962.84                                 | 3,491.03                                  |
| Payments to and Provisions for Employees                            | 14 | 54,379.76                                 | 12,828.50                                 |
| Manufacturing Expenses  | 15 | 770.40                                    | 2,287.52                                  |
| Administrative, Selling and Other Expenses                          | 16 | 20,596.90                                 | 23,108.00                                 |
|   |    | <b>93,709.90</b>                          | <b>41,715.05</b>                          |
| <b>PROFIT/(LOSS) BEFORE INTEREST AND DEPRECIATION</b>               |    | <b>(70,873.54)</b>                        | <b>(37,196.89)</b>                        |
| Interest  | 17 | 8,964.42                                  | 2,206.51                                  |
| <b>PROFIT/(LOSS) BEFORE DEPRECIATION</b>                            |    | <b>(79,837.96)</b>                        | <b>(39,403.40)</b>                        |
| Depreciation  | 6  | 8,862.53                                  | 9,349.82                                  |
| <b>NET PROFIT/(LOSS)</b>  |    | <b>(88,700.49)</b>                        | <b>(48,753.22)</b>                        |
| Add : Other Extra Ordinary Gains /(Loss) (Net)                      |    | 19,179.76                                 | (4,630.75)                                |
| <b>PROFIT / (LOSS) FOR THE YEAR</b>                                 |    | <b>(69,520.73)</b>                        | <b>(53,383.97)</b>                        |
| Prior Period Expenses   | 18 | (6,895.46)                                | (637.17)                                  |
| <b>NET PROFIT / (LOSS) BEFORE TAX</b>                               |    | <b>(76,416.19)</b>                        | <b>(54,021.14)</b>                        |
| Provision for Tax - Current Tax (Wealth Tax)                        |    | 36.13                                     | 62.00                                     |
| - Deferred Tax (Refer Note No. 24)                                  |    | 22,446.00                                 | 1,235.00                                  |
| <b>PROFIT/(LOSS) AFTER TAX</b>                                      |    | <b>(54,006.32)</b>                        | <b>(52,848.14)</b>                        |
| Profit/(Loss) brought forward from previous year                    |    | (362,082.72)                              | (309,234.58)                              |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>                             |    | <b>(416,089.04)</b>                       | <b>(362,082.72)</b>                       |
| Basic / Diluted Earning Per Share +/- (Rs. )<br>(Refer Note No. 27) |    | (3.64)                                    | (3.57)                                    |
| <b>Notes Forming Part of The Accounts</b>                           | 19 |   |   |

As per our Report of even date

For **Bansal & Associates**  
Chartered Accountants  
(Firm Regn No.: 100980W)

**S. K. Bansal**  
Proprietor  
Membership No. - 12288

Mumbai, 29th August, 2011

On Behalf of the Board of Directors

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

Mumbai, 29th August, 2011



**CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011**

|   | (Rs. in 000's)                                     |                                  |
|---|--|----------------------------------|
|   | For the Year ended<br>31.03.2011                   | For the Year ended<br>31.03.2010 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |  |                                  |
| Net Profit Before Tax and Extraordinary items   | (88,700.49)  | (48,753.22)                      |
| Adjustments for :   |  |                                  |
| Depreciation  | 8,862.53   | 9,349.82                         |
| Interest on Borrowings  | 8,964.42   | 2,206.51                         |
| Interest / Dividends (Net)  | (2,342.57)   | (696.36)                         |
| (Profit) / Loss on Sale of Assets (net)   | 1,511.65   | (3,041.15)                       |
| Extra ordinary items etc. (net)   | 19,179.76  | (4,630.75)                       |
| (Profit) / Loss on sale of investments (net)  | 651.13   | 1,425.45                         |
| Prior Period Expenditure  | (6,895.46)   | (637.17)                         |
| Provision for Wealth Tax  | (36.13)  | (62.00)                          |
|   | 29,815.44  | 3,914.35                         |
| Operating Profit Before Working Capital changes   | (58,885.05)  | (44,838.87)                      |
| Adjustments for :   |  |                                  |
| Trade and Other Receivables   | (107,107.77)                                       | 138,721.63                       |
| Inventories   | 17,962.84  | 3,491.03                         |
| Trade and Other Payables  | 40,066.26  | (40,770.27)                      |
|   | (49,078.67)  | 101,442.39                       |
| Cash Generated from Operations  | (107,963.72)                                       | 56,603.52                        |
| Direct Taxes / TDS  | (1,248.55)   | (416.70)                         |
|   | (1,248.55)   | (416.70)                         |
| <b>Net Cash Generated in Operating Activities (A)</b>                                   | <b>(109,212.27)</b>                                | <b>56,186.82</b>                 |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |  |                                  |
| Purchase of Fixed Assets  | (121.25)   | (14.04)                          |
| Purchase of Investments   | -  | (126,129.51)                     |
| Sale of Fixed Assets  | 2,233.34   | 4,444.67                         |
| Sale of Investments   | 10,705.80  | 59,514.49                        |
| Interest / Dividends Received (Net)   | 2,342.57   | 696.36                           |
| <b>Net Cash from Investment Activity (B)</b>  | <b>15,160.46</b>                                   | <b>(61,488.03)</b>               |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |  |                                  |
| Change in Borrowings - Secured Loans  | (3,791.61)   | (3,563.24)                       |
| Change in Borrowings - Unsecured Loans  | 106,779.08   | 7,065.28                         |
| Interest on Borrowings  | (8,964.42)   | (2,206.51)                       |
| <b>Cash from Financing Activity (C)</b>   | <b>94,023.05</b>                                   | <b>1,295.53</b>                  |
| Net Increase / (Decrease) in Cash and Cash Equivalent (A+B+C)                           | <b>(28.76)</b>                                     | <b>(4,005.68)</b>                |
| Cash or Cash Equivalent as on 1st April 2010 (Opening Balance)                          | 4,869.79   | 8,875.47                         |
| Cash or Cash Equivalent as on 31st March 2011 (Closing Balance)                         | 4,841.03   | 4,869.79                         |
| Net Increase / (Decrease) in Cash and Cash Equivalent                                   | <b>(28.76)</b>                                     | <b>(4,005.68)</b>                |
| As per our Report of even date  | On Behalf of the Board of Directors                |                                  |
| For <b>Bansal &amp; Associates</b><br>Chartered Accountants<br>(Firm Regn No.: 100980W) | <b>Puneet Makar</b> - Chairman & Managing Director |                                  |
| <b>S. K. Bansal</b><br>Proprietor<br>Membership No. - 12288                             | <b>Yogiraj Makar</b> - Director                    |                                  |
| Mumbai, 29th August, 2011   | <b>Fali P. Mama</b> - Director                     |                                  |
|   | <b>Sunil Aggarwal</b> - Director                   |                                  |
|   | <b>B. L. Gupta</b> - Director                      |                                  |
|   | <b>Rakesh Khanna</b> - Director                    |                                  |
|   | Mumbai, 29th August, 2011                          |                                  |

## Annual Report 2010-2011

### SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

(Rs. in 000's)

|   | As at 31st<br>March, 2011 | As at 31st<br>March, 2010 |
|---|---------------------------|---------------------------|
| <b>SCHEDULE-1</b>   |                           |                           |
| <b>SHARE CAPITAL</b>  |                           |                           |
| <b>AUTHORISED</b>   |                           |                           |
| 9,87,50,000 Equity Shares of Rs. 2 each   | 197,500.00                | 197,500.00                |
| 25,000 15% Redeemable Cumulative Pref. Shares of Rs.100 each  | 2,500.00                  | 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<br>(out of the above, 30,00,000 Equity Shares have been issued<br>as Bonus Shares by capitalisation of General Reserve,<br>24,68,370 Equity Shares have been issued to the<br>shareholders of amalgamating Companies for<br>consideration other than cash, and 2,80,000<br>Equity Shares have been allotted at par to one of the<br>Financial Institutions on their exercising conversion option) | 29,640.41                 | 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   | 1,626.12                  | 1,626.12                  |
| <b>CAPITAL REDEMPTION RESERVE</b>   |                           |                           |
| As per last Balance Sheet   | 1,510.00                  | 1,510.00                  |
| <b>SECURITIES PREMIUM ACCOUNT</b>   |                           |                           |
| As per last Balance Sheet   | 183,194.90                | 183,194.90                |
| <b>GENERAL RESERVE</b>  |                           |                           |
| As per last Balance Sheet   | 428,757.06                | 428,757.06                |
| Less: Debit Balance in Profit and Loss Account  | 416,089.04                | 362,082.72                |
|   | <b>12,668.02</b>          | 66,674.34                 |
|   | <b>198,999.04</b>         | 253,005.36                |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011**

|  | (Rs. in 000's)            |                           |
|--|---------------------------|---------------------------|
|  | As at 31st<br>March, 2011 | As at 31st<br>March, 2010 |
| <b>SCHEDULE-3</b>  |                           |                           |
| <b>SECURED LOANS</b>   |                           |                           |
| <b>OTHER BORROWINGS</b>  |                           |                           |
| Other Loans  | 1,548.46                  | 5,340.07                  |
| (Due within one year Rs. 1266 thousands {Rs.2912 thousands})                         | 1,548.46                  | 5,340.07                  |
|  | <u>1,548.46</u>           | <u>5,340.07</u>           |
| 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<br>{Due within one year Rs. Nil - (Rs.-11183 thousand)} | -                         | 11,183.21                 |
| From Companies   | 193,851.57                | 83,089.28                 |
| From Directors   | 7,200.00                  | -                         |
|  | <u>201,051.57</u>         | <u>94,272.49</u>          |
| <b>SCHEDULE-5</b>  |                           |                           |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>  |                           |                           |
| <b>CURRENT LIABILITIES</b>   |                           |                           |
| Sundry Creditors   | 29,765.17                 | 76,443.44                 |
| Advances from Customers  | 1,764.00                  | 991.63                    |
| Other Liabilities  | 124,799.19                | 28,994.84                 |
|  | <u>156,328.36</u>         | <u>106,429.91</u>         |
| <b>PROVISIONS:</b>   |                           |                           |
| Gratuity   | -                         | 7,939.48                  |
| Leave Encashment   | 344.68                    | 2,237.39                  |
|  | <u>344.68</u>             | <u>10,176.87</u>          |
|  | <u>156,673.04</u>         | <u>116,606.78</u>         |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2011**

**SCHEDULE - 6 FIXED ASSETS**

(Rs. in 000's)

| Description                                      | GROSS BLOCK       |                 |                        | DEPRECIATION / AMORTISATION |                   |                 | NET BLOCK              |                   |                   |                   |
|--|-------------------|-----------------|------------------------|-----------------------------|-------------------|-----------------|------------------------|-------------------|-------------------|-------------------|
|  | As at 01.04.2010  | Additions       | Deduction/ Adjustments | As at 31.03.2011            | Upto 31.03.2010   | For the Year    | Deduction/ Adjustments | Upto 31.03.2011   | As at 31.03.2011  | As at 31.03.2010  |
| Leasehold Land                                   | 1,345.76          | -               | -                      | 1,345.76                    | 957.87            | 79.33           | -                      | 1,037.20          | 308.56            | 387.89            |
| Buildings  | 59,296.30         | -               | -                      | 59,296.30                   | 11,349.46         | 1,179.50        | -                      | 12,528.96         | 46,767.34         | 47,946.84         |
| Plant & Machinery and Electrical Installations** | 149,322.24        | -               | -                      | 149,322.24                  | 118,221.11        | 4,216.08        | -                      | 122,437.19        | 26,885.05         | 31,101.13         |
| Furniture Fixtures and Office Equipment          | 31,274.99         | 121.25          | -                      | 31,396.24                   | 11,202.76         | 1,795.06        | -                      | 12,997.82         | 18,398.42         | 20,072.23         |
| Vehicles **                                      | 22,320.91         | -               | 5,977.68               | 16,343.23                   | 8,822.32          | 1,592.57        | 2,232.69               | 8,182.20          | 8,161.03          | 13,498.59         |
| <b>Grand Total</b>                               | <b>263,560.20</b> | <b>121.25</b>   | <b>5,977.68</b>        | <b>257,703.77</b>           | <b>150,533.31</b> | <b>8,862.54</b> | <b>2,232.69</b>        | <b>157,183.36</b> | <b>100,520.40</b> | <b>113,006.68</b> |
| <b>Previous Year</b>                             | <b>266,759.59</b> | <b>1,150.11</b> | <b>4,349.66</b>        | <b>263,560.19</b>           | <b>143,013.56</b> | <b>9,349.82</b> | <b>1,810.07</b>        | <b>150,553.51</b> | <b>113,006.68</b> | <b>123,745.98</b> |

Notes : 1) Building include Rs. 0.05 Lacs being cost of shares in Co-operative Housing Societies.

2) \*\* Includes Rs. 21382 Thousands purchased on Loan against Hypothecation of Vehicles Rs. 10763 thousands (Rs. 15229 thousands) & Machines Rs. Nil (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, 2011**

|  | (Rs. in 000's)            |                           |
|--|---------------------------|---------------------------|
|  | As at 31st<br>March, 2011 | As at 31st<br>March, 2010 |
| <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                     | 11.75                     |
| 5302 (12302) , Shares Re. 1 Each fully paid up<br>In Indian Hotels Co. Ltd.            | 557.07                    | 1,533.57                  |
| 2000 (2000) , Shares Rs. 2 Each fully paid up<br>In DLF Ltd.                           | 1,606.71                  | 1,606.71                  |
| Nil (200) Shares of Rs. 10/- each fully paid<br>in Axis Bank Ltd.                      | -                         | 235.30                    |
| Nil (100) Shares of Rs. 5/- each fully paid<br>in Infosys Technologies Ltd.            | -                         | 265.26                    |
| Nil (200) Shares of Rs. 2/- each fully paid up<br>in L & T Ltd.                        | -                         | 327.75                    |
| Nil (500) Shares of Rs. 5/- each fully paid up<br>in Reliance Communication Ltd.       | -                         | 83.67                     |
| Nil (200) Shares of Rs. 10/- each fully paid up<br>in Reliance Industries Ltd.         | -                         | 217.53                    |
|  | 2,175.53                  | 4,281.54                  |
| <b>Current (Unquoted) (Fully paid up) In Equity Shares</b>                             |                           |                           |
| 3000000 (3400000) Shares of Rs. 10 each Fully paid up<br>in Dujon Commercial Pvt. Ltd. | 121,000.00                | 125,000.00                |
| <b>In Units of Mutual Fund</b>   |                           |                           |
| Nil (59442.077) Units of JM Basic Fund   | -                         | 2,000.00                  |
| Nil (68605.482) Units of Reliance Diversified<br>Power Sector Fund                     | -                         | 3,171.03                  |
|  | 121,000.00                | 130,171.03                |
|  | 123,175.53                | 134,452.57                |
| 1. Aggregate of quoted investments - Cost  | 2,175.53                  | 4,281.54                  |
| - Market Value   | 981.63                    | 3,001.05                  |
| 2. Aggregate cost of unquoted investments  | 121,000.00                | 130,171.03                |

## Annual Report 2010-2011

### SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

|   | (Rs. in 000's)            |                           |
|---|---------------------------|---------------------------|
|   | As at 31st<br>March, 2011 | As at 31st<br>March, 2010 |
| <b>SCHEDULE-8</b>   |                           |                           |
| <b>CURRENT ASSETS</b>   |                           |                           |
| <b>INVENTORIES</b> (as certified by a Director)                     |                           |                           |
| Raw Materials & Components (at cost)                                | 8,185.19                  | 16,298.76                 |
| Work in Progress(at estimated cost)                                 | 2,915.78                  | 9,788.70                  |
| Finished Goods (lower of cost or net realisable value)              | 11,873.12                 | 14,849.47                 |
| 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                  |
|   | 43,402.06                 | 61,364.90                 |
| <b>SUNDRY DEBTORS (Unsecured)</b>                                   |                           |                           |
| Over six months   |                           |                           |
| - Considered Good   | 35,784.28                 | 41,312.08                 |
| - Considered Doubtful   | -                         | -                         |
|   | 35,784.28                 | 41,312.08                 |
| Other Debts   |                           |                           |
| - Considered Good   | -                         | -                         |
|   | -                         | -                         |
|   | 35,784.28                 | 41,312.08                 |
| Less : Provision for Doubtful Debts                                 | -                         | -                         |
|   | 35,784.28                 | 41,312.08                 |
| <b>CASH AND BANK BALANCES</b>                                       |                           |                           |
| Cash on hand  | 2,851.27                  | 2,694.29                  |
| Balance with Scheduled Banks  |                           |                           |
| - In Current Account  | 1,024.42                  | 1,209.80                  |
| - In Margin Money Deposit Account                                   | 965.34                    | 965.70                    |
|   | 4,841.03                  | 4,869.79                  |
|   | 84,027.37                 | 107,546.77                |
| <b>SCHEDULE-9</b>   |                           |                           |
| <b>LOANS AND ADVANCES</b>   |                           |                           |
| (Unsecured, considered good)  |                           |                           |
| Due from Employees  | 606.66                    | 1,117.19                  |
| Advances recoverable in cash or in kind or for value to be received | 150,150.59                | 35,809.87                 |
| Interest Accrued on Investments                                     | -                         | 49.32                     |
| Loans to Subsidiary   | 2,000.50                  | 1,975.50                  |
| Balances with Central Excise Department                             | 10,438.40                 | 10,438.40                 |
| Deposits  | 4,380.82                  | 5,551.12                  |
| Advance payment against taxes (net)                                 | 16,975.62                 | 15,727.07                 |
|   | 184,552.59                | 70,668.47                 |
| <b>SCHEDULE-10</b>  |                           |                           |
| <b>OPERATIONAL INCOME</b>   |                           |                           |
| Domestic Sales  | 4,366.99                  | 3,152.07                  |
| Sale of Raw Materials   | 6,195.14                  | -                         |
|   | 10,562.13                 | 3,152.07                  |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011**

|   | (Rs. in 000's)                            |   |
|---|---|---|
|   | For the year<br>ended<br>31st March, 2011 | For the year<br>ended<br>31st March, 2010 |
| <b>SCHEDULE-11</b>  |   |   |
| <b>OTHER INCOME</b>   |   |   |
| Dividend Received   | 324.42                                    | 696.36                                    |
| Interest (Gross) (T.D.S.Rs. 248.55 thousands [Rs. Nil])     | 2,266.70                                  | -   |
| Profit on Sale of Assets                                    | 79.89                                     | -   |
| Profit on Sale of Investments - Long Term                   | 90.65                                     | -   |
| Profit on Sale of Investment in Subsidiary                  | 1,000.00                                  | -   |
| Profit on Sale of Investments - Short Term                  | 1.08                                      | -   |
| Non Compete Fees received (TDS Rs. 1000 thousands (Rs.Nil)) | 10,001.08                                 | 934.43                                    |
|   | <u>13,763.82</u>                          | <u>1,630.79</u>                           |
| <b>SCHEDULE-12</b>  |   |   |
| <b>RAW MATERIALS &amp; COMPONENTS CONSUMED</b>              |   |   |
| Opening stock   | 16,298.76                                 | 16,298.76                                 |
| Less: Sales   | 8,113.57                                  | -   |
|   | 8,185.19                                  | 16,298.76                                 |
| Less: Closing stock   | 8,185.19                                  | 16,298.76                                 |
|   | <u>-</u>                                  | <u>-</u>                                  |
| <b>SCHEDULE-13</b>  |   |   |
| <b>ACCRETION/(DECRETION) TO STOCKS</b>                      |   |   |
| OPENING STOCK - Work in Progress                            | 9,788.70                                  | 9,788.71                                  |
| - Finished Goods  | 14,849.47                                 | 18,340.49                                 |
|   | 24,638.17                                 | 28,129.20                                 |
| Adjustment for Inventory Disposed                           | 8,113.57                                  | -   |
| CLOSING STOCK - Work in Progress                            | 2,915.78                                  | 9,788.70                                  |
| - Finished Goods  | 11,873.12                                 | 14,849.47                                 |
|   | <u>14,788.90</u>                          | <u>24,638.17</u>                          |
| ACCRETION/(DECRETION)                                       | <u>17,962.84</u>                          | <u>3,491.03</u>                           |
| <b>SCHEDULE-14</b>  |   |   |
| <b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>             |   |   |
| Salaries, Wages, Bonus etc.                                 | 54,421.08                                 | 10,322.22                                 |
| Contribution to Provident and other Funds                   | (849.86)                                  | 2,000.33                                  |
| Workers & Staff Welfare expenses                            | 808.54                                    | 505.95                                    |
|   | <u>54,379.76</u>                          | <u>12,828.50</u>                          |
| <b>SCHEDULE-15</b>  |   |   |
| <b>MANUFACTURING EXPENSES</b>                               |   |   |
| Sub Contract Work   | -   | 61.59                                     |
| Power, Fuel and Oil   | 1,690.14                                  | 2,172.21                                  |
| Excise duty   | (919.74)                                  | 53.72                                     |
|   | <u>770.40</u>                             | <u>2,287.52</u>                           |

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### SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

|   | (Rs. in 000's)                            |   |
|---|---|---|
|   | For the year<br>ended<br>31st March, 2011 | For the year<br>ended<br>31st March, 2010 |
| <b>SCHEDULE-16</b>                                  |   |   |
| <b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b> |   |   |
| Rent, Rates & taxes                                 | 738.37                                    | 1,154.41                                  |
| Insurance   | 201.33                                    | 406.11                                    |
| Freight and packing                                 | 40.18                                     | 65.73                                     |
| General Repairs                                     | 901.44                                    | 326.92                                    |
| Loss on Sale of Assets                              | 1,591.54                                  | 1,589.60                                  |
| Loss on sale of investments - Long term             | 1,457.00                                  | 1,325.45                                  |
| - Short Term  | 285.86                                    | 100.00                                    |
| Printing & Stationery                               | 344.75                                    | 459.81                                    |
| Professional / Legal Charges                        | 6,792.76                                  | 5,291.37                                  |
| Telephone Expenses                                  | 571.31                                    | 591.01                                    |
| Travelling & Conveyance                             | 2,560.45                                  | 2,328.97                                  |
| Exchange Rate Fluctuation                           | -   | 1,731.80                                  |
| Electricity   | 295.56                                    | 295.16                                    |
| Postage & Telegram Charges                          | 341.02                                    | 187.89                                    |
| Advertisement Expense                               | 75.65                                     | 67.06                                     |
| Security & Service Charges                          | 440.27                                    | 439.72                                    |
| Legal Expenses                                      | 18.88                                     | 72.67                                     |
| Membership & Subscription Fees                      | 55.60                                     | 63.70                                     |
| Guest House Expenses                                | 157.67                                    | 548.07                                    |
| House Keeping Expenses                              | 181.49                                    | 172.07                                    |
| Entertainment Expenses                              | 828.94                                    | 738.02                                    |
| Sales Tax Expenses                                  | -   | 493.87                                    |
| Share Registrar Expenses / Custodial fees           | 303.87                                    | 377.40                                    |
| Bad Debts Written off                               | -   | 312.11                                    |
| Office Maintenance                                  | 337.12                                    | 389.63                                    |
| Discounts & Rebates                                 | -   | 2,299.56                                  |
| Other expenses                                      | 2,075.84                                  | 1,279.89                                  |
|   | 20,596.90                                 | 23,108.00                                 |
|   | 20,596.90                                 | 23,108.00                                 |
| <b>SCHEDULE-17</b>                                  |   |   |
| <b>INTEREST</b>                                     |   |   |
| Others  | 8,964.42                                  | 2,206.51                                  |
|   | 8,964.42                                  | 2,206.51                                  |
|   | 8,964.42                                  | 2,206.51                                  |
| <b>SCHEDULE- 18</b>                                 |   |   |
| <b>PRIOR YEAR ADJUSTMENTS</b>                       |   |   |
| Prior Period Expenses                               | (6,895.46)                                | (637.17)                                  |
|   | (6,895.46)                                | (637.17)                                  |
|   | (6,895.46)                                | (637.17)                                  |



**SCHEDULE - 19****Notes forming part of the Accounts for the Year ended 31st March, 2011****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

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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.

(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 Loans, which are secured by exclusive hypothecation of such Asset.
- (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. 81842 thousands till the end of the current financial year.

3. Income-tax assessments have been completed upto Assessment Year 2008-09 (A.Y. 2007-08). The demand of Rs. 10103 thousands has been raised for A.Y. 2005 – 06 & Rs. 5367 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.

| 4. Contingent Liabilities not provided for                                       | As at 31 <sup>st</sup><br>March, 2011 | As at 31 <sup>st</sup><br>March, 2010 |
|--|---------------------------------------|---------------------------------------|
| (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    | 5250                                  | 3193                                  |
| (v) Claims against the Company not acknowledged as debts                         | 12531                                 | 14658                                 |
| (vi) Others (Income Tax)   | 15469                                 | 22251                                 |

5. Estimated value of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. Nil (Prev. Year 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.

| 7. <b>Payments to and provisions for Employees include remuneration to Chairman and Managing Director</b> | (Rs. in thousands) |               |
|---|--------------------|---------------|
|   | Current Year       | Previous Year |
| (i) Salary  | 2880               | 2880          |
| (ii) Perquisites  | 40                 | 40            |
| (iii) Contribution to Provident / Superannuation / Gratuity Fund  | 216                | 216           |
| <b>Total</b>  | <b>3136</b>        | <b>3136</b>   |

|                                  | (Rs. in thousands) |               |
|----------------------------------|--------------------|---------------|
|                                  | Current Year       | Previous Year |
| <b>8. Other Expenses include</b> |                    |               |
| (i) Donations                    | 5                  | 13            |
| (ii) Directors' Sitting Fees     | 45                 | 43            |

|   | (Rs. in thousands) |               |
|---|--------------------|---------------|
|   | Current Year       | Previous Year |
| <b>9. Auditors' Remuneration</b>            |                    |               |
| (i) Audit Fees                              | 150                | 150           |
| (ii) Tax Audit Fees                         | 50                 | 50            |
| (iii) Certifications/Limited Review Reports | 75                 | 25            |
| (iv) Reimbursement of Expenses              | 25                 | 25            |
|   | 300                | 250           |

| <b>10. Capacities and Production</b> | <b>Unit</b> | <b>Licensed Capacity</b> | <b>Installed Capacity(3 shifts basis)</b> | <b>Production</b> |
|--------------------------------------|-------------|--------------------------|---|-------------------|
| Forging                              | M.T.        | —                        | 7,200                                     | —                 |
|                                      |             | (—)                      | (7,200)                                   | (—)               |

(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**

|              | Unit | Turnover |        | Opening Stock |         | Closing Stock |         |
|--------------|------|----------|--------|---------------|---------|---------------|---------|
|              |      | Qty      | Value  | Qty           | Value   | Qty           | Value   |
| Forging      | M.T. | 95       | 2871   | 187           | 14849   | 92            | 11873   |
|              |      | (40)     | (2887) | (227)         | (18340) | (187)         | (14849) |
| Others       |      |          | 6201   |               |         |               |         |
|              |      |          | (—)    |               |         |               |         |
| <b>Total</b> |      |          | 9072   | (187)         | (14849) | 92            | 11873   |
|              |      |          | (2887) | (227)         | (18340) | (187)         | 14849   |

|  |            |                             |
|--|------------|-----------------------------|
| <b>12. Raw Materials &amp; Components Consumed</b>       | <b>NIL</b> | <b>Rs.in 000's</b><br>(NIL) |
| <b>13. Value of Raw Material and Components Consumed</b> | <b>NIL</b> | (NIL)                       |
| <b>14. Value of Imports (C.I.F.)</b>                     | <b>NIL</b> | (NIL)                       |
| <b>15. Earnings in Foreign Exchange</b>                  | <b>NIL</b> | (NIL)                       |
| <b>16. Expenditure in Foreign Currency</b>               | <b>Nil</b> | (P.Y. 58)                   |

| <b>17. Disclosures as per revised AS 15 for Defined Benefit plan</b> | <b>Rs.in 000's</b> |
|--|--------------------|
| <b>Reconciliation of opening and closing balance of obligation</b>   |                    |
| <b>Period 01.04.2010 to 31.03.2011</b>                               |                    |
| Actuarial Value of Projected Benefit Obligations (PBO) (01.04.2010)  | 1,41,02,082        |
| Interest Cost from 01.04.2010 to 31.03.2011                          | 11,28,167          |
| Service Cost from 01.04.2010 to 31.03.2011                           | 28,198             |
| Benefits Paid from 01.04.2010 to 31.03.2011                          | 1,26,84,965        |
| Actuarial Gain / Loss on obligations                                 | 21,04,237 GAIN     |
| PBO at the end (31.03.2011)  | 4,69,245           |

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### Expenses recognized in profit & loss account

| P & L A/c Statement                                     | (Rs. In thousands) |
|---|--------------------|
| Interest Cost from 01.04.2010 to 31.03.2011             | 11,28,167          |
| Service Cost from 01.04.2010 to 31.03.2011              | 28,198             |
| Actual return on plan assets from 01.04.10 to 31.03.11  | 5,165              |
| Gain / Loss recognized as on 31.03.11                   | 21,04,237 Gain     |
| <b>Net Gain to be shown in P &amp; L A/c as expense</b> | <b>11,62,194</b>   |

### Amount recognized in balance sheet

| Balance Sheet Statement :                                | (Rs. In thousands) |
|--|--------------------|
| Present value of the Obligation at 31.03.11              | 4,69,245           |
| Fair value of plan assets at 31.03.11                    | 16,31,439          |
| Over-funded Liability at 31.03.11                        | 11,62,194          |
| Unrecognized actuarial gains/losses                      | Nil                |
| <b>Over-funded liability recognized in Balance Sheet</b> | <b>11,62,194</b>   |

### Principal actuarial assumptions

| Date of Valuation                      | 31.03.2011                      |
|--|---------------------------------|
| Discounting Rate                       | 8.00% p.a.                      |
| Rate of Increase in Compensation level | 5.00% p.a.                      |
| Rate of Return on Plan Assets          | 1.56% p.a.                      |
| Mortality Table                        | L.I.C.<br>(1994-96)<br>ULTIMATE |

18. Subsequent to rejection of closure application, the Company has declared a Lockout with effect from 28th May, 2009 under subsection 2 of section 24 of the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971 and the production at the Chinchwad undertaking is suspended since then. However the Lock out was lifted w.e.f. 9th March, 2011.
19. The company has written back certain unclaimed credit balances of the Creditors and credited the same to exceptional items of Rs. 18613 thousands.
20. During the year, the Company had received an advance of Rs. 105000 thousands towards asset sale of Chinchwad Plant. This amount was adjustable against final sale proceeds of the assets, if the deal materialize and the same will be appropriated against sale consideration.
21. Employees Cost includes the cost of settlement made with workers amounting to Rs. 46512 thousands.
22. The test suggested as per the Accounting Standard – 28, Impairment of Assets had been carried out at the Company's Chinchwad undertaking. However, management does not envisage any impairment loss on such assets.
23. Pursuant to the resolution passed by the board of directors, the Company has disposed off 4,00,000 Equity Shares of Rs. 10/- each fully paid up in the wholly owned subsidiary of the Company namely Dujon Commercial Private Limited, during the year.
24. 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. 22446 Thousands (Deferred Tax Asset of Rs. 1235 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, 2011 based on the tax effects of the timing differences, are as follows.

|  | Current Year | (Rs.in thousands)<br>Previous Year |
|--|--------------|------------------------------------|
| a. Timing Difference of Depreciation between Taxation & Books of Accounts. | (16142)      | (17511)                            |
| b. Unabsorbed Depreciation   | 9745         | 7828                               |
| c. Carried Forward Business Losses   | 98954        | 76800                              |
| d. Others  | 336          | 3330                               |
| Net Total  | 92893        | 70447                              |

25. 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.
26. 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.<br>ii. Viniyog Investment & Trading Co. Pvt. Ltd.<br>iii. Devidass Private Ltd.<br>iv. Dujon Commercial Private Limited<br>v. Makar Estates |
| (b) Key Management Personnel:           | (i) Mr. Yogiraj Makar<br>(ii) Mr. Puneet Makar  |

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

|   | Current year<br>(Rs. in 000's) | Previous year<br>(Rs. in 000's) |
|---|--------------------------------|---------------------------------|
| (i) Payment of Remuneration / Fees              | 5560                           | 4124                            |
| (ii) Payment of Interest on ICD                 | 7940                           | 976                             |
| (iii) Payment of Interest on Loan to a Director | 548                            | —                               |
| (iv) Payment of Rent                            | 120                            | 320                             |
| (v) Inter Corporate Deposit Borrowed            | 138805                         | 14100                           |
| (vi) Inter Corporate Deposit Redeemed           | 31990                          | 7070                            |
| (vii) Loan to Subsidiary                        | 25                             | 1975                            |
| (viii) Subscription to Equity                   | —                              | 105000                          |
| (ix) Deposit paid                               | —                              | 500                             |

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

|   | As at<br><b>31.03.2011</b> | As at<br><b>31.03.2010</b> |
|---|----------------------------|----------------------------|
| Net Profit (Loss) (Rs. in Thousands)  | (54,006.32)                | (52848.14)                 |
| 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                          | 2                          |
| Basic & Diluted Earning per Share +/- (Rs.)                                 | ( 3.64)                    | (3.57)                     |

28. 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".
29. The outstanding balances as at 31<sup>st</sup> March 2011 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.
30. Figures for the previous year have been given in the bracket and are regrouped and rearranged wherever necessary.

As per our Report of even date

For **Bansal & Associates**  
Chartered Accountants  
(Firm Regn No.: 100980W)

**S. K. Bansal**  
Proprietor  
Membership No. - 12288

Mumbai, 29th August, 2011

On Behalf of the Board of Directors

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

Mumbai, 29th August, 2011



**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 2010 to 31st March 2011  |
| 3. Shares of the subsidiary held by Amforge Industries Limited on the above date<br>a. Number and face value of paid-up equity<br>b. Extent of holding  | 3000000 Equity Shares of Rs. 10/- each<br>88.24%   |
| 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<br>a. Dealt within the accounts of Amforge Industries Limited for the year ended 31st March 2011<br>b. Not dealt within the accounts of Amforge Industries Limited for the year ended 31st March 2011                                | Loss of Rs. 1,09,654/-<br><br>NIL<br><br>Loss of Rs. 1,09,654/-<br>(88.24% thereof would be Rs. 96,759/-)            |
| 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<br>a. Dealt within the accounts of Amforge Industries Limited for the year ended 31st March 2011<br>b. Not dealt within the accounts of Amforge Industries Limited for the year ended 31st March 2011 | Loss of Rs. 2,03,04,795/-<br><br>NIL<br><br>Loss of Rs. 2,03,04,795/-<br>(88.24% thereof would be Rs. 1,79,16,951/-) |
| 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   | During the year company has sold 400000 shares of Rs. 10/- each  |
| 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, 2011 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. 127000.50 thousands, total revenue of Rs. Nil thousands and net cash flow amounting to (positive) 9.84 thousands. The financial statements of said subsidiary for the year ended 31st March, 2011 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.
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, 2011;
  - (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  
(Firm Regn No. : 100980W)

MUMBAI : 29th August, 2011.

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



**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011**

|   |    | (Rs. In 000's)            |                           |
|---|----|---------------------------|---------------------------|
|   |    | As at 31st<br>March, 2011 | As at 31st<br>March, 2010 |
|   |    | SCHEDULE                  |                           |
| <b>SOURCES OF FUNDS</b>                     |    |                           |                           |
| <b>Shareholders' Funds</b>                  |    |                           |                           |
| Share Capital                               | 1  | 29,640.41                 | 29,640.41                 |
| Reserves and Surplus                        | 2  | 182,584.59                | 232,700.57                |
|   |    | <b>212,225.00</b>         | <b>262,340.98</b>         |
| <b>Loan Funds</b>                           |    |                           |                           |
| Secured Loans                               | 3  | 1,548.46                  | 5,340.07                  |
| Unsecured Loans                             | 4  | 201,051.57                | 94,272.49                 |
|   |    | <b>202,600.03</b>         | <b>99,612.56</b>          |
|   |    | <b>414,825.03</b>         | <b>361,953.54</b>         |
| <b>TOTAL FUNDS EMPLOYED</b>                 |    |                           |                           |
| <b>APPLICATION OF FUNDS</b>                 |    |                           |                           |
| <b>Fixed Assets</b>                         |    |                           |                           |
| Gross Block                                 | 6  | 257,703.75                | 263,560.19                |
| Less : Depreciation                         |    | 157,183.35                | 150,553.52                |
| Net Block                                   |    | 100,520.40                | 113,006.67                |
| Add: Capital Work in Progress               |    | 2,743.63                  | 2,743.63                  |
|   |    | <b>103,264.03</b>         | <b>115,750.30</b>         |
| <b>Investments</b>                          | 7  | <b>108,508.50</b>         | <b>115,785.54</b>         |
| <b>Deferred Tax Assets (Net)</b>            |    | <b>92,893.00</b>          | <b>70,447.00</b>          |
| <b>Current Assets , Loans and Advances</b>  |    |                           |                           |
| Inventories                                 | 8  | 43,402.06                 | 61,364.90                 |
| Sundry Debtors                              |    | 35,784.28                 | 41,312.08                 |
| Cash & Bank Balances                        |    | 4,880.04                  | 4,898.97                  |
| Other Current Assets                        |    | -                         | -                         |
| Loans and Advances                          | 9  | 182,552.09                | 68,692.97                 |
|   |    | 266,618.47                | 176,268.92                |
| Less: Current Liabilities and Provisions    | 5  |                           |                           |
| Current Liabilities                         |    | 156,338.36                | 106,439.91                |
| Provisions                                  |    | 344.68                    | 10,176.87                 |
| <b>Net Current Assets</b>                   |    | <b>109,935.43</b>         | <b>59,652.14</b>          |
| <b>Miscellaneous Expenditure</b>            | 10 | 224.07                    | 318.56                    |
| (To the extent not written off or adjusted) |    |                           |                           |
|   |    | <b>414,825.03</b>         | <b>361,953.54</b>         |
| <b>TOTAL FUNDS UTILISED</b>                 |    | <b>414,825.03</b>         | <b>361,953.54</b>         |
| <b>Notes Forming Part of The Accounts</b>   | 21 |                           |                           |

As per our Report of even date

 For **Bansal & Associates**  
 Chartered Accountants  
 (Firm Regn No.: 100980W)

**S. K. Bansal**  
 Proprietor  
 Membership No. - 12288

Mumbai, 29th August, 2011

On Behalf of the Board of Directors

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

Mumbai, 29th August, 2011

## Annual Report 2010-2011

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

|  |    | (Rs. in 000's)                            |   |
|--|----|---|---|
| SCHEDULE   |    | For the year<br>ended 31st<br>March, 2011 | For the year<br>ended 31st<br>March, 2010 |
| <b>INCOME</b>  |    |   |   |
| Operational Income   |    |   |   |
| Turnover (Gross)   | 11 | 10,562.13                                 | 3,152.07                                  |
| Less : Excise Duty   |    | 1,489.59                                  | 264.70                                    |
| Turnover (Net)   |    | <u>9,072.54</u>                           | <u>2,887.37</u>                           |
| Other Income   | 12 | 13,763.82                                 | 1,630.79                                  |
|  |    | <b><u>22,836.36</u></b>                   | <b><u>4,518.16</u></b>                    |
| <b>EXPENDITURE</b>   |    |   |   |
| Raw Material and Components Consumed                                     | 13 | -   | -   |
| (Accretion) / Decretion to Stocks  | 14 | 17,962.84                                 | 3,491.03                                  |
| Payments to and Provisions for Employees                                 | 15 | 54,379.76                                 | 12,828.50                                 |
| Manufacturing Expenses   | 16 | 770.40                                    | 2,287.52                                  |
| Administrative, Selling and Other Expenses                               | 17 | 20,611.90                                 | 23,125.09                                 |
|  |    | <b><u>93,724.90</u></b>                   | <b><u>41,732.14</u></b>                   |
| <b>PROFIT/(LOSS) BEFORE INTEREST AND DEPRECIATION &amp; AMORTISATION</b> |    | <b>(70,888.54)</b>                        | <b>(37,213.98)</b>                        |
| Interest   | 18 | 8,964.59                                  | 2,210.26                                  |
| <b>PROFIT/(LOSS) BEFORE DEPRECIATION &amp; AMORTISATION</b>              |    | <b>(79,853.13)</b>                        | <b>(39,424.24)</b>                        |
| Depreciation   | 6  | 8,862.53                                  | 9,349.82                                  |
| Amortisation   | 19 | 94.49                                     | 94.48                                     |
| <b>NET PROFIT/(LOSS)</b>   |    | <b>(88,810.15)</b>                        | <b>(48,868.54)</b>                        |
| Add : Other Extra Ordinary Gains /(Loss) (Net)                           |    | 19,179.76                                 | (4,630.75)                                |
| <b>PROFIT / (LOSS) FOR THE YEAR</b>                                      |    | <b>(69,630.39)</b>                        | <b>(53,499.29)</b>                        |
| Prior Period Expenses  | 20 | (6,895.46)                                | (637.17)                                  |
| <b>NET PROFIT / (LOSS) BEFORE TAX</b>                                    |    | <b>(76,525.85)</b>                        | <b>(54,136.46)</b>                        |
| Provision for Tax - Current Tax (Wealth Tax)                             |    | 36.13                                     | 62.00                                     |
| - Deferred Tax   |    | 22,446.00                                 | 1,235.00                                  |
| <b>PROFIT/(LOSS) AFTER TAX</b>   |    | <b>(54,115.98)</b>                        | <b>(52,963.46)</b>                        |
| Profit/(Loss) brought forward from previous year                         |    | (382,387.51)                              | (329,424.05)                              |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>                                  |    | <b>(436,503.49)</b>                       | <b>(382,387.51)</b>                       |
| Basic / Diluted Earning Per Share +/- (Rs. )<br>(Refer Note No. 15)      |    | <u>(3.65)</u>                             | <u>(3.57)</u>                             |
| <b>Notes Forming Part of The Accounts</b>                                | 21 |   |   |

As per our Report of even date

For **Bansal & Associates**  
Chartered Accountants  
(Firm Regn No.: 100980W)

**S. K. Bansal**  
Proprietor  
Membership No. - 12288

Mumbai, 29th August, 2011

On Behalf of the Board of Directors

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

Mumbai, 29th August, 2011

**CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011**

|   | (Rs. in 000's)                   |                                  |
|---|----------------------------------|----------------------------------|
|   | For the Year ended<br>31.03.2011 | For the Year ended<br>31.03.2010 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                      |                                  |                                  |
| Net Profit Before Tax and Extraordinary items                   | (88,810.14)                      | (48,868.55)                      |
| Adjustments for :   |                                  |                                  |
| Depreciation  | 8,862.53                         | 9,349.82                         |
| Amortisation  | 94.49                            | 94.48                            |
| Interest on Borrowings  | 8,964.42                         | 2,206.51                         |
| Interest / Dividends (Net)                                      | (2,342.57)                       | (696.36)                         |
| (Profit) / Loss on Sale of Assets (net)                         | 1,511.65                         | (3,041.15)                       |
| Net Profit on Sale of Assets, Extra ordinary items etc.(net)    | 19,179.76                        | (4,630.75)                       |
| (Profit) / Loss on sale of investments (net)                    | 651.13                           | 1,425.45                         |
| Prior Period Expenditure  | (6,895.46)                       | (637.17)                         |
| Provision for Wealth Tax  | (36.13)                          | (62.00)                          |
|   | <u>29,909.93</u>                 | <u>4,008.83</u>                  |
| Operating Profit Before Working Capital changes                 | (58,900.21)                      | (44,859.72)                      |
| Adjustments for :   |                                  |                                  |
| Trade and Other Receivables                                     | (107,107.77)                     | 141,721.63                       |
| Inventories   | 17,962.84                        | 3,491.03                         |
| Trade and Other Payables  | 40,066.26                        | (49,825.06)                      |
|   | <u>(49,078.67)</u>               | <u>95,387.60</u>                 |
| Cash Generated from Operations                                  | (107,978.88)                     | 50,527.88                        |
| Direct Taxes / TDS  | (1,248.55)                       | (416.70)                         |
| Net Cash Generated in Operating Activities (A)                  | <u>(109,227.43)</u>              | <u>50,111.18</u>                 |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                                  |                                  |
| Purchase of Fixed Assets  | (121.25)                         | (14.04)                          |
| Purchase of Investments   | -                                | (126,129.51)                     |
| Sale of Fixed Assets  | 2,233.34                         | 4,444.67                         |
| Sale of Investments   | 10,705.80                        | 59,514.49                        |
| Interest / Dividends Received (Net)                             | 2,342.57                         | 696.36                           |
| Misc. / Deferred Revenue Exp. incurred / w/off                  | -                                | (175.51)                         |
| Net Cash from Investment Activity (B)                           | <u>15,160.46</u>                 | <u>(61,663.54)</u>               |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                                  |                                  |
| Change in Borrowings - Secured Loans                            | (3,791.61)                       | 1,412.26                         |
| Change in Borrowings - Unsecured Loans                          | 106,804.08                       | 7,065.28                         |
| Interest on Borrowings  | (8,964.42)                       | (2,206.51)                       |
| Cash from Financing Activity (C)                                | <u>94,048.05</u>                 | <u>6,271.03</u>                  |
| Net Increase /(Decrease) in Cash and Cash Equivalent (A+B+C)    | <b>(18.92)</b>                   | <b>(5,281.34)</b>                |
| Cash or Cash Equivalent as on 1st April 2010 (Opening Balance)  | 4,898.96                         | 10,180.29                        |
| Cash or Cash Equivalent as on 31st March 2011 (Closing Balance) | 4,880.04                         | 4,898.96                         |
| Net Increase /(Decrease) in Cash and Cash Equivalent            | <u><b>(18.92)</b></u>            | <u><b>(5,281.33)</b></u>         |

As per our Report of even date

 For **Bansal & Associates**  
 Chartered Accountants  
 (Firm Regn No.: 100980W)

**S. K. Bansal**  
 Proprietor  
 Membership No. - 12288

Mumbai, 29th August, 2011

On Behalf of the Board of Directors

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

Mumbai, 29th August, 2011

## Annual Report 2010-2011

### SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH, 2011

|  | (Rs. in 000's)            |                           |
|--|---------------------------|---------------------------|
|  | As at 31st<br>March, 2011 | As at 31st<br>March, 2010 |
| <b>SCHEDULE-1</b>  |                           |                           |
| <b>SHARE CAPITAL</b>   |                           |                           |
| <b>AUTHORISED</b>  |                           |                           |
| 9,87,50,000 Equity Shares of Rs. 2 each  | 197,500.00                | 197,500.00                |
| 25,000 15% Redeemable Cumulative Pref. Shares of Rs.100 each   | 2,500.00                  | 2,500.00                  |
|  | <b>200,000.00</b>         | <b>200,000.00</b>         |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>  |                           |                           |
| 1,48,20,206 (1,48,20,206 ) Equity Shares of Rs 2 each fully paid up<br>(out of the above, 30,00,000 Equity Shares have been issued<br>as Bonus Shares by capitalisation of General Reserve,<br>24,68,370 Equity Shares have been issued to the<br>shareholders of amalgamating Companies for<br>consideration other than cash, and<br>2,80,000 Equity Shares have been allotted at par to one of the<br>Financial Institutions on their exercising conversion option ) | 29,640.41                 | 29,640.41                 |
|  | <b>29,640.41</b>          | <b>29,640.41</b>          |
| <b>SCHEDULE-2</b>  |                           |                           |
| <b>RESERVES AND SURPLUS</b>  |                           |                           |
| <b>CAPITAL RESERVE</b>   |                           |                           |
| As per last Balance Sheet  | 1,626.12                  | 1,626.12                  |
| on sale of shares of Subsidiary  | 4,000.00                  |                           |
| <b>CAPITAL REDEMPTION RESERVE</b>  |                           |                           |
| As per last Balance Sheet  | 1,510.00                  | 1,510.00                  |
| <b>SECURITIES PREMIUM ACCOUNT</b>  |                           |                           |
| As per last Balance Sheet  | 183,194.90                | 183,194.90                |
| Add: Additions during the year   | -                         | -                         |
| Less : Calls in Arrears  | -                         | -                         |
|  | 183,194.90                | 183,194.90                |
| <b>GENERAL RESERVE</b>   |                           |                           |
| As per last Balance Sheet  | 428,757.06                | 428,757.06                |
| Less: Debit Balance in Profit and Loss Account   | 436,503.49                | 382,387.51                |
|  | (7,746.43)                | 46,369.55                 |
|  | <b>182,584.59</b>         | <b>232,700.57</b>         |

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**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2011**


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(Rs. in 000's)

|  | <b>As at 31st<br/>March, 2011</b> | As at 31st<br>March, 2010 |
|--|-----------------------------------|---------------------------|
| <b>SCHEDULE-3</b>  |                                   |                           |
| <b>SECURED LOANS</b>   |                                   |                           |
| <b>OTHER BORROWINGS</b>  |                                   |                           |
| Other Loans  | 1,548.46                          | 5,340.07                  |
| (Due within one year Rs. 1266 thousands {Rs.2912 thousands})                         | <u>1,548.46</u>                   | <u>5,340.07</u>           |
| Note: For details of nature of security, etc., refer Note no. 4 of Schedule 21       |                                   |                           |
| <b>SCHEDULE-4</b>  |                                   |                           |
| <b>UNSECURED LOANS</b>   |                                   |                           |
| From a Financial Institution<br>{Due within one year Rs. Nil ( Rs. 11183 thousands)} | -                                 | 11,183.21                 |
| From Companies   | 193,851.57                        | 83,089.28                 |
| From Directors   | 7,200.00                          |                           |
|  | <u>201,051.57</u>                 | <u>94,272.49</u>          |
| <b>SCHEDULE-5</b>  |                                   |                           |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>  |                                   |                           |
| <b>CURRENT LIABILITIES</b>   |                                   |                           |
| Sundry Creditors   | 29,765.17                         | 76,443.44                 |
| Advances from Customers  | 1,764.00                          | 991.63                    |
| Other Liabilities  | 124,809.19                        | 29,004.84                 |
|  | <u>156,338.36</u>                 | <u>106,439.91</u>         |
| <b>PROVISIONS:</b>   |                                   |                           |
| Gratuity   | -                                 | 7,939.48                  |
| Leave Encashment   | 344.68                            | 2,237.39                  |
|  | <u>344.68</u>                     | <u>10,176.87</u>          |
|  | <u>156,683.04</u>                 | <u>116,616.78</u>         |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT  
31ST MARCH 2011**

**SCHEDULE - 6 : FIXED ASSETS**

(Rs. in 000's)

| Description   | GROSS BLOCK         |                 |                           | DEPRECIATION / AMORTISATION |                    |                 |                           | NET BLOCK          |                     |                     |
|---|---------------------|-----------------|---------------------------|-----------------------------|--------------------|-----------------|---------------------------|--------------------|---------------------|---------------------|
|   | As at<br>01.04.2010 | Additions       | Deduction/<br>Adjustments | As at<br>31.03.2011         | Upto<br>31.03.2010 | For the<br>Year | Deduction/<br>Adjustments | Upto<br>31.03.2011 | As at<br>31.03.2011 | As at<br>31.03.2010 |
| Leasehold Land                                      | 1,345.76            | -               | -                         | 1,345.76                    | 957.87             | 79.33           | -                         | 1,037.20           | 308.56              | 387.89              |
| Buildings   | 59,296.30           | -               | -                         | 59,296.30                   | 11,349.46          | 1,179.50        | -                         | 12,528.96          | 46,767.34           | 47,946.84           |
| Plant & Machinery and<br>Electrical Installations** | 149,322.24          | -               | -                         | 149,322.24                  | 118,221.11         | 4,216.08        | -                         | 122,437.19         | 26,885.05           | 31,101.13           |
| Furniture Fixtures and<br>Office Equipment          | 31,274.99           | 121.25          | -                         | 31,396.24                   | 11,202.76          | 1,795.06        | -                         | 12,997.82          | 18,398.42           | 20,072.23           |
| Vehicles **   | 22,320.91           | -               | 5,977.68                  | 16,343.23                   | 8625.40            | 1927.07         | 1730.15                   | 8822.32            | 7520.91             | 13695.51            |
| <b>Grand Total</b>                                  | <b>263,560.20</b>   | <b>121.25</b>   | <b>5,977.68</b>           | <b>257,703.77</b>           | <b>150356.60</b>   | <b>9197.04</b>  | <b>1730.15</b>            | <b>157823.49</b>   | <b>99880.28</b>     | <b>113203.60</b>    |
| <b>Previous Year</b>                                | <b>266,759.59</b>   | <b>1,150.11</b> | <b>4,349.66</b>           | <b>263,560.19</b>           | <b>143,013.56</b>  | <b>9,349.82</b> | <b>1,810.07</b>           | <b>150,553.51</b>  | <b>113,006.68</b>   | <b>123,745.98</b>   |

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. 10763 thousands (Rs. 15229 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 2011**


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(Rs. in 000's)

**As at 31st**      **As at 31st**  
**March, 2011**    **March, 2010**

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**SCHEDULE-7**
**INVESTMENTS Non - Trade**
**Long Term (Quoted) (At Cost)**
**Equity Shares (Fully paid up)**

|                                    |  |   |            |            |
|------------------------------------|--|---|------------|------------|
| 800                                | (800)                                  | Shares of Rs 10 each in Firth (India) Steel Co Ltd                  | 11.75      | 11.75      |
| 12302                              | (12302)                                | Shares Re. 1 Each fully paid up In Indian Hotels Co. Ltd.           | 557.07     | 1,533.57   |
| 2000                               | (2000)                                 | Shares Rs. 2 Each fully paid up In DLF Ltd.                         | 1,606.71   | 1,606.71   |
| 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     |
| 406840                             | (406840)                               | Shares of Rs. 10/- each fully paid up in Mahindra Forgings Ltd.     | 106,332.97 | 106,332.97 |
|                                    |  |   | <hr/>      | <hr/>      |
|                                    |  |   | 108,508.50 | 110,614.51 |
| <br><b>In Units of Mutual Fund</b> |  |   |            |            |
| 59442.077                          | (59442.077)                            | Units of JM Basic Fund  | -          | 2,000.00   |
| 68605.482                          | (95647.085)                            | Units of Reliance Diversified Power Sector Fund                     | -          | 3,171.03   |
|                                    |  |   | <hr/>      | <hr/>      |
|                                    |  |   | -          | 5,171.03   |
|                                    |  |   | <hr/>      | <hr/>      |
|                                    |  |   | 108,508.50 | 115,785.54 |
|                                    |  |   | <hr/>      | <hr/>      |
| 1.                                 | Aggregate of quoted investments        | - Cost  | 108,508.50 | 110,614.51 |
|                                    |  | - Market Value  | 27,914.44  | 48,953.63  |
| 2.                                 | Aggregate cost of unquoted investments |   | <hr/>      | <hr/>      |
|                                    |  |   | -          | 5,171.03   |

## Annual Report 2010-2011

### SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2011

|   | (Rs. in 000's)            |                           |
|---|---------------------------|---------------------------|
|   | As at 31st<br>March, 2011 | As at 31st<br>March, 2010 |
| <b>SCHEDULE-8</b>   |                           |                           |
| <b>CURRENT ASSETS</b>   |                           |                           |
| <b>INVENTORIES</b>  |                           |                           |
| (as certified by a Director)  |                           |                           |
| Raw Materials & Components (at cost)                                | 8,185.19                  | 16,298.76                 |
| Work in Progress(at estimated cost)                                 | 2,915.78                  | 9,788.70                  |
| Finished Goods (lower of cost or net realisable value)              | 11,873.12                 | 14,849.47                 |
| 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                  |
|   | 43,402.06                 | 61,364.90                 |
| <b>SUNDRY DEBTORS (Unsecured)</b>                                   |                           |                           |
| Over six months   |                           |                           |
| - Considered Good   | 35,784.28                 | 41,312.08                 |
| - Considered Doubtful   | -                         | -                         |
|   | 35,784.28                 | 41,312.08                 |
| Other Debts   |                           |                           |
| - Considered Good   | -                         | -                         |
|   | 35,784.28                 | 41,312.08                 |
| Less : Provision for Doubtful Debts                                 |                           |                           |
|   | -                         | -                         |
|   | 35,784.28                 | 41,312.08                 |
| <b>CASH AND BANK BALANCES</b>                                       |                           |                           |
| Cash on hand  | 2,867.86                  | 2,710.88                  |
| Balance with Scheduled Banks  |                           |                           |
| - In Current Account  | 1,046.84                  | 1,222.39                  |
| - In Margin Money Deposit Account                                   | 965.34                    | 965.70                    |
|   | 4880.04                   | 4,898.97                  |
|   | 84,066.38                 | 107,575.95                |
| <b>SCHEDULE-9</b>   |                           |                           |
| <b>LOANS AND ADVANCES</b>   |                           |                           |
| (Unsecured, considered good)  |                           |                           |
| Due from Employees  | 606.66                    | 1,117.19                  |
| Advances recoverable in cash or in kind or for value to be received | 150,150.59                | 35,809.87                 |
| Interest Accrued on Investments                                     | -                         | 49.32                     |
| Balances with Central Excise Department                             | 10,438.40                 | 10,438.40                 |
| Deposits  | 4,380.82                  | 5,551.12                  |
| Advance payment against taxes (net)                                 | 16,975.62                 | 15,727.07                 |
|   | 182,552.09                | 68,692.97                 |



**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2011**

|   | (Rs. in 000's)                            |   |
|---|---|---|
|   | For the year<br>ended<br>31st March, 2011 | For the year<br>ended<br>31st March, 2010 |
| <b>SCHEDULE-10</b>  |   |   |
| <b>MISCELLANEOUS EXPENDITURE</b>                            |   |   |
| Preliminary Expenses  |   |   |
| Opening Balanc  | 318.56                                    | 237.53                                    |
| Add : Addition During the year                              | -   | 175.51                                    |
| Less : Written off During the year                          | 94.49                                     | 94.48                                     |
| Closing Balance   | <u>224.07</u>                             | <u>318.56</u>                             |
| <b>SCHEDULE-11</b>  |   |   |
| <b>OPERATIONAL INCOME</b>                                   |   |   |
| Domestic Sales  | 4,366.99                                  | 3,152.07                                  |
| Sale of Raw Materials                                       | 6,195.14                                  | -   |
|   | <u>10,562.13</u>                          | <u>3,152.07</u>                           |
| <b>SCHEDULE-12</b>  |   |   |
| <b>OTHER INCOME</b>   |   |   |
| Dividend Received   | 324.42                                    | 696.36                                    |
| Interest (Gross) (T.D.S.Rs. 248.55 thousands [Rs. Nil])     | 2,266.70                                  | -   |
| Profit on Sale of Assets                                    | 79.89                                     | -   |
| Profit on Sale of Investments - Long Term                   | 90.65                                     | -   |
| Profit on Sale of Investment in Subsidiary                  | 1,000.00                                  | -   |
| Profit on Sale of Investments - Short Term                  | 1.08                                      | -   |
| Non Compete Fees received (TDS Rs. 1000 thousands (Rs.Nil)) | 10,001.08                                 | 934.43                                    |
|   | <u>13,763.82</u>                          | <u>1,630.79</u>                           |
| <b>SCHEDULE-13</b>  |   |   |
| <b>RAW MATERIALS &amp; COMPONENTS CONSUMED</b>              |   |   |
| Opening stock   | 16,298.76                                 | 16,298.76                                 |
| Less : Sales  | 8,113.57                                  | -   |
|   | <u>8,185.19</u>                           | <u>16,298.76</u>                          |
| Less: Closing stock   | 8,185.19                                  | 16,298.76                                 |
|   | <u>-</u>                                  | <u>-</u>                                  |
| <b>SCHEDULE-14</b>  |   |   |
| <b>ACCRETION/(DECRETION) TO STOCKS</b>                      |   |   |
| OPENING STOCK - Work in Progress                            | 9,788.70                                  | 9,788.71                                  |
| - Finished Goods  | 14,849.47                                 | 18,340.49                                 |
|   | <u>24,638.17</u>                          | <u>28,129.20</u>                          |
| Adjustment for Inventory Disposed                           | 8,113.57                                  | -   |
| CLOSING STOCK - Work in Progress                            | 2,915.78                                  | 9,788.70                                  |
| - Finished Goods  | 11,873.12                                 | 14,849.47                                 |
|   | <u>14,788.90</u>                          | <u>24,638.17</u>                          |
| ACCRETION/(DECRETION)                                       | <u>17,962.84</u>                          | <u>3,491.03</u>                           |
| <b>SCHEDULE-15</b>  |   |   |
| <b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>             |   |   |
| Salaries, Wages, Bonus etc.                                 | 54,421.08                                 | 10,322.22                                 |
| Contribution to Provident and other Funds                   | (849.86)                                  | 2,000.33                                  |
| Workers & Staff Welfare expenses                            | 808.54                                    | 505.95                                    |
|   | <u>54,379.76</u>                          | <u>12,828.50</u>                          |

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### SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2011

|   | (Rs. in 000's)                            |   |
|---|---|---|
|   | For the year<br>ended<br>31st March, 2011 | For the year<br>ended<br>31st March, 2010 |
| <b>SCHEDULE-16</b>                                  |   |   |
| <b>MANUFACTURING EXPENSES</b>                       |   |   |
| Sub Contract Work                                   | -   | 61.59                                     |
| Power, Fuel and Oil                                 | 1,690.14                                  | 2,172.21                                  |
| Excise duty   | (919.74)                                  | 53.72                                     |
|   | 770.40                                    | 2,287.52                                  |
| <b>SCHEDULE-17</b>                                  |   |   |
| <b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b> |   |   |
| Rent, Rates & taxes                                 | 738.37                                    | 1,154.41                                  |
| Insurance   | 201.33                                    | 406.11                                    |
| Freight and packing                                 | 40.18                                     | 65.73                                     |
| General Repairs                                     | 901.44                                    | 326.92                                    |
| Loss on Sale of Assets                              | 1,591.54                                  | 1,589.60                                  |
| Loss on sale of investments - Long term             | 1,457.00                                  | 1,325.45                                  |
| - Short Term  | 285.86                                    | 100.00                                    |
| Printing & Stationery                               | 344.75                                    | 459.81                                    |
| Professional / Legal Charges                        | 6,792.76                                  | 5,296.46                                  |
| Telephone Expenses                                  | 571.31                                    | 591.01                                    |
| Travelling & Conveyance                             | 2,560.45                                  | 2,328.97                                  |
| Exchange Rate Fluctuation                           | -   | 1,731.80                                  |
| Electricity   | 295.56                                    | 295.16                                    |
| Postage & Telegram Charges                          | 341.02                                    | 187.89                                    |
| Advertisement Expense                               | 75.65                                     | 67.06                                     |
| Security & Service Charges                          | 440.27                                    | 439.72                                    |
| Legal Expenses                                      | 18.88                                     | 72.67                                     |
| Membership & Subscription Fees                      | 55.60                                     | 63.70                                     |
| Guest House Expenses                                | 157.67                                    | 548.07                                    |
| House Keeping Expenses                              | 181.49                                    | 172.07                                    |
| Entertainment Expenses                              | 828.94                                    | 738.02                                    |
| Sales Tax Expenses                                  | -   | 493.87                                    |
| Share Registrar Expenses / Custodial fees           | 303.87                                    | 377.40                                    |
| Bad Debts Written off                               | -   | 312.11                                    |
| Office Maintenance                                  | 337.12                                    | 389.63                                    |
| Discounts & Rebates                                 | -   | 2,299.56                                  |
| Other expenses                                      | 2,090.84                                  | 1,291.89                                  |
|   | 20,611.90                                 | 23,125.09                                 |
| <b>SCHEDULE-18</b>                                  |   |   |
| <b>INTEREST</b>                                     |   |   |
| Others  | 8,968.17                                  | 2,210.26                                  |
|   | 8,968.17                                  | 2,210.26                                  |
| <b>SCHEDULE- 19</b>                                 |   |   |
| <b>AMORTISATION</b>                                 |   |   |
| Preliminary Expenses                                | 94.49                                     | 94.48                                     |
|   | 94.49                                     | 94.48                                     |
| <b>SCHEDULE- 20</b>                                 |   |   |
| <b>PRIOR YEAR ADJUSTMENTS</b>                       |   |   |
| Prior Period Expenses                               | (6,895.46)                                | (637.17)                                  |
|   | (6,895.46)                                | (637.17)                                  |

**SCHEDULE - 21**

Notes forming part of the Consolidated Accounts for the Year ended 31st March, 2011

**1. Basis 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 Subsidiary Company Dujon Commercial Private Limited.

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, 2011 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.

## Annual Report 2010-2011

(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 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 Loans, which are secured by exclusive hypothecation of such Asset.

(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. 81842 thousands till the end of the current financial year.

5. Income-tax assessments have been completed upto Assessment Year 2008-09 (A.Y. 2007-08). The demand of Rs. 10103 thousands has been raised for A.Y. 2005 – 06 & Rs. 5367 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)

| 6. Contingent Liabilities not provided for                                       | As at 31 <sup>st</sup><br>March, 2011 | As at 31 <sup>st</sup><br>March, 2010 |
|--|---------------------------------------|---------------------------------------|
| (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    | 5250                                  | 3193                                  |
| (v) Claims against the Company not acknowledged as debts                         | 12531                                 | 14326                                 |
| (v) Others (Income Tax)  | 15469                                 | 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. 151.66 lacs (Rs.151.66 lacs) 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. 73.12 lacs with the Hon'ble Bombay High Court. The matter is subjudice. Requisite adjustments will be made on attaining finality.

9. Subsequent to rejection of closure application, Company has declared a Lockout with effect from 28th May, 2009 under subsection 2 of section 24 of the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act, 1971 and the production at the Chinchwad undertaking is suspended since then. However the Lock out was lifted w.e.f. 9th March, 2011.

10. During the year, the company has written back certain unclaimed credit balance of creditors and credited the same to exceptional items of Rs. 18613 thousands.

Employees Cost Includes the cost of settlement made with workers amounting to Rs. 46512 thousands.

11. The test suggested as per AS – 28, Impairment of Assets could not be under taken at the Company's Chinchwad factory, However, management does not envisage any impairment loss as has been specified in the said Accounting Standard.
12. 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.
13. 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:

|  | Current year (Rs. in 000's) | Previous year (Rs. in 000's) |
|--|-----------------------------|------------------------------|
| (i) Payment of Remuneration / Fees           | 5560                        | 4124                         |
| (ii) Payment of Interest                     | 8488                        | 976                          |
| (iii) Payment of Rent                        | 120                         | 320                          |
| (iv) Inter Corporate Deposit Borrowed        | 138805                      | 14100                        |
| (v) Inter Corporate Deposit Redeemed         | 31990                       | 7070                         |
| (vi) Loan to Subsidiary                      | 25                          | 1975                         |
| (vii) Subscription to Equity( Refer Note 20) | —                           | 105000                       |
| (viii) Deposit paid                          | —                           | 500                          |

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

|   | As at <u>31.03.2011</u> | As at <u>31.03.2010</u> |
|---|-------------------------|-------------------------|
| Net Profit (Loss) (Rs. in Lacs)   | (54,115.98)             | (52,963.46)             |
| 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                       | 2                       |
| Basic & Diluted Earning per Share +/- (Rs.)                                 | (3.65)                  | (3.57)                  |

15. 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".

16. The outstanding balances as at 31<sup>st</sup> March 2011 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.

17. 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  
(Firm Regn No.: 100980W)

**S. K. Bansal**  
Proprietor  
Membership No. - 12288

Mumbai, 29th August, 2011

On Behalf of the Board of Directors

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

Mumbai, 29th August, 2011

**AMFORGE AMFORGE 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

Folio No.

Client ID

Name and Address of the Shareholder:

No. of Share (s) held:

I hereby record my presence at the **39<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 Friday, the 30<sup>th</sup> September, 2011 at 2.30 p.m.

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

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

**AMFORGE AMFORGE INDUSTRIES LIMITED**

**PROXY FORM**

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

D.P. ID

Folio No.

Client ID

I/ We ..... of ..... being a member / members of the Amforge 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 39<sup>th</sup> Annual General Meeting to be held on Friday, the 30<sup>th</sup> September, 2011 at 2.30 p.m. or any adjournment there of.

Please affix Re.1.00 Revenue Stamp here

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

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.