



KALYANI

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Kalyani Forge Ltd.
21st Annual Report
1999–2000



KALYANI FORGE LIMITED

Regd. Office : Shangrila Gardens, 1st floor,
'C' Wing, Opposite Bund Garden,
Pune 411001.

Date : 31st October, 2000

To
All the Members

Dear Sirs,

Please note that the situation of the Registered Office of the Company has been changed to the address given below :

**Shangrila Gardens, 1st Floor,
'C' Wing, Opposite Bund Garden,
Pune 411 001.
Tel. No. 613 6446**

You are requested to please note the same and send all your correspondence in future at the above address.

Thanking you,

Yours faithfully,
for KALYANI FORGE LIMITED

D S GADE
Financial Advisor &
Company Secretary



KALYANI FORGE LIMITED

BOARD OF DIRECTORS

NEELKANTH A. KALYANI
(Executive Chairman)

MRS. R. G. KALYANI
(Executive Director)

D.G. KARNIK

D.C. AGASHE

P.S. BHALERAO

D.A. DADACHANJI
(I.C.I.C.I. Nominee)

ANIL REGE

UMESH R. LAHOTI

R. G. SHENDE

BANKERS :

Bank of Maharashtra
Dena Bank
The Shamrao Vithal Co-operative Bank Limited

SOLICITORS & ADVOCATES :

Kanga & Co.
Mumbai.

AUDITORS :

Dalal and Shah
Chartered Accountants,
Mumbai.

REGISTERED OFFICE :

Shangrila Gardens,
'C' Wing, 1st Floor,
Opp. Bund Garden,
Pune - 411 001.

WORKS :

Koregaon Bhima,
Taluka : Sirur,
District : Pune 412 207.



HIGHLIGHTS

(Rupees in Million)

	1999-2000	1998-99	1997-98	1996-97	1995-96
TURNOVER	544.880	459.382	428.024	425.018	352.878
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	89.671	70.686	61.803	70.399	61.845
INTEREST	17.893	14.997	16.512	14.453	12.234
DEPRECIATION	32.167	27.981	25.282	20.208	14.786
PROFIT BEFORE TAX	39.611	27.708	20.009	35.738	34.825
PROVISION FOR TAX	6.213	3.619	4.026	6.100	3.200
PROFIT AFTER TAX	33.398	24.089	15.983	29.638	31.625
DIVIDEND - %	20	16	15	20	22
AMOUNT	7.276	5.821	5.457	7.279	8.006
GROSS BLOCK	492.645	447.204	323.026	284.923	241.246
NET BLOCK	246.863	209.826	216.468	202.575	180.560
NET WORTH	225.950	204.521	186.115	171.794	148.847
BOOK VALUE PER SHARE (Rs.)	62.11	56.22	51.16	47.20	40.90
EARNINGS PER SHARE (Rs.)	9.18	6.62	4.39	8.14	8.69



TWENTYFIRST ANNUAL REPORT

DIRECTORS' REPORT

For the year ended 31st March, 2000.

To,
Members,

The Directors present their 21st Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS :

		(Rs.in million)
	1999-2000	1998-99
Total Income	544.880	459.382
Gross Profit before depreciation	71.778	55.689
Profit after depreciation	39.611	27.708
Profit after tax	33.398	24.089
Add : Balance of Profit from previous year	85.827	71.761
Less: Tax adjustments in respect of earlier years	5.733	1.062
Profit available for appropriation	113.492	94.788
Less : Transferred to General Reserve	2.500	2.500
Less : Interim and (Final) Dividend on Equity Capital, including tax	8.076	6.461
Surplus retained in Profit & Loss A/c	102.916	85.827

2. DIVIDEND :

Your Directors have already approved payment of interim dividend of 20% (Rs. 2 per equity share of Rs. 10/- each) which has been already paid to the members. Directors have recommended this to be final dividend for the year ended 31.03.2000.

3. OPERATIONS :

Your Directors are pleased to report that the Company has achieved a turnover of Rs.544.880 million as against last year's turnover of Rs.459.382 million which shows an increase of 18.61% over the previous year. The net profit after tax for the year is also increased by 39% to Rs. 33.398 million, as against Rs.24.089 million last year. Export of the Company during the year have also increased to Rs. 26.520 million from Rs. 11.537 million last year, which shows an increase of 2.3 times.

4. EXPANSION PROJECT :

During the year under review, Company has commercialised the warm forging plant and the same is working satisfactorily. Cold forging plant is commercialised in the financial year 2000 - 2001.

5. DIRECTORS :

In accordance with the Provisions of Companies Act, 1956 and Articles of Association of the Company Mr. D. C. Agashe, Mr. R. G. Shende and Mr. U. R. Lahoti - Directors are retiring by rotation at the ensuing Annual General Meeting and being eligible they offer themselves for re-appointment. Mr. S. S. Vaidya and Mr. B. N. Kalyani have ceased to be the Directors of the Company w.e.f. 11.8.2000 and 23.10.2000 respectively. The Board wishes to place on record their appreciation for the contribution made by Mr. S. S. Vaidya and Mr. B. N. Kalyani in taking board decisions. During the year under review Mrs. R. G. Kalyani has been appointed as additional Director and Executive Director of the Company w.e.f. 29.1.2000.

**6. AUDITORS :**

The auditors of the Company M/s.Dalal & Shah, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting. You are requested to re-appoint Auditors for the current year to hold office from the conclusion of this Annual General Meeting until the conclusion of the following Annual General Meeting.

7. PARTICULARS OF EMPLOYEES :

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in the Annexure-I to the Directors' Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all Shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining the said Annexure may write to the Company Secretary at the Registered Office of the Company.

8. DISCLOSURE REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The additional information required under the Provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the report is given in Annexure-II attached hereto.

9. STATUS ON Y2K (YEAR 2000) COMPLIANCE :

Company has successfully undergone year 2000 roll over. All systems / equipments are functioning in normal manner.

10. INDUSTRIAL RELATIONS :

The relations with staff and workmen continue to be cordial.

11. APPRECIATION :

Your Directors wish to place on record their appreciation for the support and assistance rendered by The ICICI Ltd., IDBI, SICOM Ltd., and the Bankers namely Bank of Maharashtra, Dena Bank and The Shamrao Vithal Co-operative Bank Ltd., and also the co-operation received from Central and State Governments. Directors also express their appreciation for the good performance to Mrs. R. G. Kalyani, Executive Director and all employees of the Company for the devoted services rendered by them.

For and on behalf of the Board of Directors

PUNE

Dated : 31st October, 2000.

NEELKANTH A. KALYANI
EXECUTIVE CHAIRMAN



TWENTYFIRST ANNUAL REPORT

ANNEXURE - II TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2000.

A) CONSERVATION OF ENERGY :

a) Energy conservation measures taken :

Preventive measures to reduce the consumption per unit of production have been taken.

b) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the schedule thereto :

	Current Year	Previous Year
1) POWER AND FUEL CONSUMPTION		
i) Electricity		
a) Purchased		
Units (KWH)	10 749 994	9 297 196
Total Amount (Rs.)	43 093 005	39 392 379
Rate/Unit (Rs.)	4.01	4.24
b) Own Generation		
i) Through Diesel Generator	—	—
ii) Through Steam Turbine/Generator	—	—
ii) Coal	—	—
iii) Fuel Oil		
Qty (K.L.)	1275.306	1284.046
Total Amount (Rs.)	10 518 007	10 319 336
Avg. Rate /K.L.(Rs.)	8247.44	8036.58

2) CONSUMPTION PER UNIT OF PRODUCTION

Product : High Quality Close Tolerance Die Forgings

Unit : M.T.

Electricity (KWH)

Fuel Oil (K.L.)

Coal

6278

1712.33

0.203

NIL

5074

1832.32

0.253

NIL

B) TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

1. Research & Development (R&D) :

a) Specific areas in which R&D carried out by the Company :

The following technology for Warm and Cold Forging is being developed through inhouse R&D activity.

i) Near net shape forgings for the two wheeler industry.

ii) Nesting techniques for two wheeler conrods and other Small Precision forgings.

b) Benefits derived as a result of the above R&D :

i) The development of Warm & Cold Forgings have enabled the Company to get into manufacture of tripot/tulip forgings for the CV joint assembly..

ii) Improvement in material savings and energy cost.

c) Future Plan of action :

i) Further Developments on Warm forging and Cold sizing of the male tripot/tulip forgings for the CV joint assembly.

ii) Development of flashless CV inner races, Spiders using the enclosed die system.



ANNEXURE - II TO THE DIRECTORS' REPORT (Contd.)

d) Expenditure on R&D

(Rs. in Million)

i)	Capital	NIL
ii)	Recurring	0.299
iii)	Total	0.299
iv)	Total R&D Expenditure as a percentage of total turnover	0.055

2) Technology absorption, adaptation and innovation :

The Company has not imported any technology till the end of the financial year under review.

C. FOREIGN EXCHANGE USED AND EARNED :

(Rs. in Million)

USED	0.846
EARNED	26.634

For and on behalf of the Board of Directors

PUNE

Dated : 31st October, 2000.

NEELKANTH A. KALYANI

EXECUTIVE CHAIRMAN





TWENTYFIRST ANNUAL REPORT

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **KALYANI FORGE LIMITED** as at 31st March, 2000 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report as under :-

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on matters specified in paragraph 4 and 5 of the said Order;
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the Books of the Company;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account of the Company;
 - (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to Section 211(3C) of the Companies Act 1956, to the extent considered applicable;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the Accounts read together with relevant notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view :
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2000 and
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

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ANISH AMIN
Partner

MUMBAI.

Dated : 1st November, 2000.



**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT OF EVEN DATE
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2000 OF KALYANI FORGE LIMITED**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that :

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. As explained to us, all the assets have been physically verified by the Management at reasonable intervals during the year. According to the information and explanations given to us, no discrepancies have been noticed on physical verification as compared to book records;
- (ii) None of the fixed assets have been revalued during the year;
- (iii) The stocks of stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals during the year, other than stocks lying with third parties, which have, however, been confirmed by the parties;
- (iv) The procedures, as explained to us, for physical verification of the above referred stocks followed by the Management are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business;
- (v) According to the records produced to us for our verification, there were no material discrepancies noticed on physical verification of stocks referred to in (iii) above, as compared to the book records and the same have been properly dealt with in the Books of Account;
- (vi) We have examined the stocks verification records of the Company and wherever necessary, have physically verified the stocks with assistance of the technical staff of the Company. On the basis of such examination and verification, we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year, except the changes stated in Note No. 18 in Schedule 15 to the Accounts;
- (vii) The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there were no companies under the same management as defined under section 370(1B) of the Companies Act, 1956;
- (viii) No loans, secured or unsecured, have been granted to the Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there were no companies under the same management as defined under Section 370(1B) of the Companies Act, 1956;
- (ix) Employees to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts according to the stipulations wherever stipulated and are also regular in payment of interest where applicable;
- (x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of raw materials, stores, plant and machinery, equipment and other assets and also for sale of goods;
- (xi) According to the information and explanations given to us, the transactions of purchase of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the year to Rs. 50 000/- or more per annum in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices available with the Company. As explained to us, there were no other transactions of sale of goods, materials or services which were required to be entered in the said register;
- (xii) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials or finished goods and necessary provisions for loss arising on items so determined have been made in the books of account of the Company;
- (xiii) The Company has not accepted any deposits from the public;
- (xiv) In our opinion, the Company has maintained reasonable records for sale and disposal of realisable scrap. The Company has no by-products;
- (xv) The Company has appointed a firm of Chartered Accountants to undertake internal audit of the company. In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business;