
KALYANI FORGE LIMITED



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KALYANI



KALYANI FORGE LIMITED

BOARD OF DIRECTORS

NEELKANTH A. KALYANI
(Executive Chairman)

MRS. R. G. KALYANI
(Executive Director)

D.C. AGASHE

BALAJI SWAMINATHAN
(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 & Company
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 Lakhs)				
	2001-02	2000-01	1999-2000	1998-99	1997-98
TURNOVER	5886.29	5555.84	5448.80	4593.82	4280.24
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	898.77	825.80	898.66	706.86	618.03
INTEREST	181.59	196.23	178.93	149.97	165.12
DEPRECIATION	412.88	379.67	321.67	279.81	252.82
PROFIT BEFORE TAX	304.30	249.90	398.06	277.08	200.09
PROVISION FOR TAX	92.82	19.11	62.13	36.19	40.26
PROFIT FOR THE YEAR	211.48	230.79	335.93	240.89	159.83
DIVIDEND - %	12	12	20	16	15
AMOUNT	43.66	43.66	72.76	58.21	54.57
GROSS BLOCK	5288.02	5067.19	4926.45	4472.04	3230.26
NET BLOCK	2960.77	2725.51	2468.63	2098.26	2164.68
NET WORTH	2205.45	2451.18	2259.50	2045.21	1861.15
BOOK VALUE PER SHARE (Rs.)	60.61	67.38	62.11	56.22	51.16
EARNINGS PER SHARE (Rs.)	5.92	6.08	9.18	6.62	4.39



TWENTYTHIRD ANNUAL REPORT

DIRECTORS' REPORT

For the year ended 31st March, 2002

To,
Members,

The Directors present their 23rd Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 2002.

1. FINANCIAL RESULTS :

	2001-2002	(Rs.in lakhs) 2000-2001
Total Income	5 886	5 556
Gross Profit before depreciation	717	630
Profit after depreciation	304	250
Profit for the year	211	231
Add/(Less): Adjustments in respect of earlier years	4	(9)
Add : Balance of Profit from previous year	717	1 029
Profit available for appropriation	932	1 251
Less : Transfer to General Reserve	6	6
Less : Proposed Dividend on Equity Capital	44	44
Less : Tax on above Dividend	—	4
Surplus retained in Profit & Loss A/c	882	1 197

2. DIVIDEND :

Your Directors recommend payment of dividend for the year ended on 31.03.2002 at the rate of Rs. 1.20 per equity share of Rs.10/- each.

3. OPERATIONS :

Your Directors are pleased to report that the Company has achieved a turnover of Rs. 5 886 lakhs as against last year's turnover of Rs.5556 lakhs which shows an increase of 6% over the previous year. Exports of the Company during the year have slightly gone down to Rs. 310 lakhs from Rs.327 lakhs last year. The net profit after tax for the year has also decreased to Rs. 212 lakhs, as against Rs.231 lakhs last year.

4. DIRECTORS :

Mr. Balaji Swaminathan has been nominated on the Board with effect from 31.10.2002 as nominee of ICICI in place of Mr. D. A. Dadachanji. Mr. D. G. Karnik resigned from the directorship of the Company w.e.f.: 11.10.2001. The Directors place on record their sincere appreciation of the services offered and the very useful contributions made by Mr. Dadachanji and Mr. D. G. Karnik during their association with the Company. In accordance with the Provisions of Companies Act, 1956 and Articles of Association of the Company Mr. D. C. Agashe and Mr. U. R. Lahoti - Directors are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

5. 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.



6. 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 1 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.

7. 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.

8. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

9. INDUSTRIAL RELATIONS :

The relations with staff and workmen continue to be cordial.

10. 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 : 14th August, 2002

NEELKANTH A. KALYANI
Executive Chairman



TWENTYTHIRD 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, 2002.

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 :

1) Power and Fuel Consumption	Current Year	Previous Year
i) Electricity		
a) Purchased		
Units (KWH)	11 061 681	11 327 939
Total Amount (Rs.)	48 325 443	49 022 914
Rate/Unit (Rs.)	4.37	4.33
b) Own Generation		
i) Through Diesel Generator	—	—
ii) Through Steam Turbine/Generator	—	—
ii) Coal	—	—
iii) Fuel Oil		
Qty (K.L.)	899.538	1109.669
Total Amount (Rs.)	11 943 293	14 409 705
Avg. Rate /K.L.(Rs.)	13 277.14	12 985.59

2) Consumption Per Unit of Production

Product : High Quality Close Tolerance Die Forgings

Unit : M.T.

	5 798	5 569
Electricity (KWH)	1 907.84	2 034.11
Fuel Oil (K.L.)	0.155	0.199
Coal	NIL	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 :

- In house R & D activity for Warm and Cold Forging is being continued.
- Near net shape forgings for the two wheeler industry.
- Nesting techniques for two wheeler conrods and other Small Precision forgings.

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

- The development of Warm & Cold Forgings has enabled the Company to get into manufacture of tulip for the CV joint assembly, and all four stroke items for two wheeler.
- Improvement in material savings and energy cost.

c) Future Plan of action :

- Further Developments on Warm forging and Cold sizing of the DOJ pots for the CV joint assembly.
- Aluminium forging.

**ANNEXURE - II TO THE DIRECTORS' REPORT (Contd.)****d) Expenditure on R&D**

(Rs. in Lakhs)

i)	Capital	NIL
ii)	Recurring	3.48
iii)	Total	3.48
iv)	Total R&D Expenditure as a percentage of total turnover	0.06

2) Technology absorption, adaptation and innovation :

The Company has imported, during the previous financial year, technical know-how for manufacture of Tulips for CV Joints and the same is under absorption and adaptation.

C. FOREIGN EXCHANGE USED AND EARNED :

(Rs. in Lakhs)

Used	37.22
Earned	323.19

For and on behalf of the Board of Directors

PUNE

Dated : 14th August, 2002

NEELKANTH A. KALYANI

Executive Chairman





TWENTYTHIRD ANNUAL REPORT

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **KALYANI FORGE LIMITED**, as at 31st March, 2002 and also the Profit and Loss Account of the Company 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.

1. 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 material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on matters specified in paragraphs 4 and 5 of the said Order;
3. Further to our comments in the Annexure referred to in paragraph 2 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 Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable;
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of Section 274(1)(g) 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 Accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - (ii) 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

MUMBAI.
Dated : 16th August, 2002.

ANISH AMIN
Partner



KALYANI

KALYANI FORGE LIMITED

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF THE AUDITOR'S REPORT OF EVEN DATE
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002, 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 all 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 except to the extent of Rs. 9,13,492/-;
- (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;
- (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;

TWENTYTHIRD ANNUAL REPORT

- (xvi) The maintenance of cost records, for the Company's products, prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, and rules made thereunder are not applicable to the Company for the year;
- (xvii) According to the records of the Company, the Provident Fund dues have generally been regularly deposited during the year with the appropriate authorities. As explained to us, the Act relating to the Employees State Insurance is, at present, not applicable to the Company;
- (xviii) According to the records of the Company, no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales-Tax, Customs Duty and Excise Duty were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable;
- (xix) On the basis of (a) the examination of the books of account of the Company, (b) the vouchers examined by us on a test check basis, (c) explanations given to us on our inquiries and (d) the checks and controls relating to authorising payment looking to the Company's needs and exigencies and to the best of our knowledge and belief, we have not come across any personal expenses charged to revenue account, other than expenses incurred under service contracts obligations with the Company's employees or under normally accepted business practices which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses;
- (xx) The Company does not fall within the purview of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For and on behalf of
DALAL & SHAH
Chartered Accountants

MUMBAI.
16th August, 2002.

ANISH AMIN
Partner

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