

KALYANI FORGE LIMITED



REPORTJUNCTION.COM

2003 — 2004

KALYANI

KALYANI FORGE LIMITED

BOARD OF DIRECTORS

NEELKANTH A. KALYANI
(Executive Chairman)

MRS. R. G. KALYANI
(Executive Director)

G. N. KALYANI

D.C. AGASHE

ANIL REGE

UMESH R. LAHOTI

BANKERS :

Bank of Maharashtra
Dena Bank
Citi Bank

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)

	2003-04	2002-03	2001-02	2000-01	1999-2000
TURNOVER	11 780.65	8 127.32	5886.29	5555.84	5448.80
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	1 955.25	1 256.22	898.77	825.80	898.66
INTEREST	25.61	117.10	181.59	196.23	178.93
DEPRECIATION	455.19	436.88	412.88	379.67	321.67
PROFIT BEFORE TAX	1 474.45	702.24	304.30	249.90	398.06
PROVISION FOR TAX	448.98	225.50	92.82	19.11	62.13
PROFIT FOR THE YEAR	1 025.47	476.74	211.48	230.79	335.93
DIVIDEND - %	20	15	12	12	20
AMOUNT	72.76	54.57	43.66	43.66	72.76
GROSS BLOCK	5 896.62	5 345.33	5288.02	5067.19	4926.45
NET BLOCK	2 778.51	2 700.65	2960.77	2725.51	2468.63
NET WORTH	3 548.03	2 594.81	2161.80	2451.18	2259.50
BOOK VALUE PER SHARE (Rs.)	97.52	71.30	59.42	67.38	62.11
EARNINGS PER SHARE (Rs.)	28.18	13.09	5.92	6.08	9.18



TWENTYFIFTH ANNUAL REPORT

KALYANI FORGE LIMITED

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

NOTICE

NOTICE is hereby given that the Twenty fifth Annual General Meeting of the members of KALYANI FORGE LIMITED, will be held at Poona Club Ltd., 6, Bund Garden Road, Pune on Wednesday, the 22nd day of September, 2004 at 9:30 A.M. (I.S.T.) to transact the following business:

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on 31st March, 2004 and the Reports of the Directors and of the Auditors.
- 2) To declare dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. U. R. LAHOTI, who retires by rotation, but being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. D. C. AGASHE, who retires by rotation but being eligible, offers himself for re-appointment.
- 5) To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT THE COMPANY'S RETIRING AUDITORS, M/S. DALAL & SHAH, CHARTERED ACCOUNTANTS, MUMBAI BE AND THEY ARE HEREBY REAPPOINTED AS AUDITORS OF THE COMPANY TO HOLD OFFICE FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY AND THAT THE BOARD OF DIRECTORS BE AND IS AUTHORISED TO FIX THEIR REMUNERATION FOR THE SAID PERIOD".

By Order of the Board of Directors
for KALYANI FORGE LTD.,

Place : Pune
Date : 12th July, 2004.

G. M. NADKARNI
Company Secretary



KALYANI

KALYANI FORGE LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members who hold shares in dematerialized form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the Meeting.
3. Members holding shares in dematerialized form are requested to intimate any change in their address, bank details, etc. to their respective DPs and those holding shares in physical form are to intimate the abovesaid changes to :

MCS LIMITED

116/118, Akshay Complex, Off. Dhole Patil Road
Near Ganesh Mandir, Pune – 411 001.
Tel./Fax - 9520 26129597
E-mail : mcspune@vsnl.net

4. Equity Shares of the Company are under compulsory demat trading by all investors. Those Shareholders who have not dematerialized are advised to dematerialize their shareholding to avoid inconvenience in future.
5. If the dividend on Equity Shares as recommended by the Board of Directors is declared at the meeting, the dividend warrants will be posted on and from the 6th day of October, 2004 to those shareholders whose names appeared in the Company's List of Shareholders on September 22, 2004.
6. The Share Transfer Books and the Register of Members of the Company will remain closed from Wednesday, the 15th day of September, 2004 to Wednesday, the 22nd day of September, 2004 (both days inclusive)
7. Documents referred to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day upto the 22nd day of September, 2004 during business hours of the Company.
8. Those Members who have not encashed/received their Dividend Warrants for the previous years may approach the Secretarial Department at the Registered Office of the Company for obtaining payment of such outdated warrants.
9. Dividends which remain unclaimed/unencashed for a period of 7 years will be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim by the shareholders shall lie for the unclaimed dividend transferred to IEPF.

By Order of the Board of Directors
for KALYANI FORGE LTD.,

Place : Pune
Date : 12th July, 2004.

G. M. NADKARNI
Company Secretary



TWENTYFIFTH ANNUAL REPORT

DIRECTORS' REPORT

For the year ended 31st March, 2004

To,
Members,

The Directors present their 25th Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS :

	<u>2003-2004</u>	(Rs. in lakhs) <u>2002-2003</u>
Total Income	11 780	8 133
Gross Profit before depreciation	1 929	1 139
Profit after depreciation	1 474	702
Profit for the year	1 025	477
Add/(Less): Adjustments in respect of earlier years	—	—
Add : Balance of Profit from previous year	1 272	882
Profit available for appropriation	2 297	1 359
Less : Transfer to General Reserve	80	25
Less : Proposed Dividend on Equity Capital	73	55
Less : Tax on above Dividend	9	7
Surplus retained in Profit & Loss A/c	2 135	1 272

2. DIVIDEND :

Your Directors recommend payment of dividend for the year ended on 31.03.2004 at the rate of Rs. 2.00 per equity share of Rs.10/- each.

3. OPERATIONS :

Your Directors are pleased to report that the Company has achieved a turnover of Rs. 11 780 lakhs as against last year's turnover of Rs. 8 127 lakhs which shows an increase of 45% over the previous year. Exports of the Company during the year have increased to Rs. 901 lakhs from Rs. 366 lakhs last year. The net profit after tax for the year has also gone up to Rs. 1 025 lakhs, as against Rs. 477 lakhs last year.

4. DIRECTORS :

Mr. U. R. Lahoti and Mr. D. C. Agashe, 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 reappoint 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 Annexure I to the Directors' Report.



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(l)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in 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 2004, 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 a 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 2004, 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 SICOM Ltd., and the Bankers namely, Bank of Maharashtra, Dena Bank, HDFC Bank Ltd., and Citibank 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 : 12th July, 2004

NEELKANTH A. KALYANI

Executive Chairman



TWENTYFIFTH ANNUAL REPORT

ANNEXURE – I TO THE DIRECTORS' REPORT

Information required as per sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March 2004.

Name of the employee, Qualification, Designation & nature of duties	(Age) Experi- ence	Gross Remuneration (Net take home pay) date of commencement of employment	Particulars of last employment held, Designation, Organisation & Period
Dr. N. A. Kalyani Experience in Senior Management Executive Chairman	(76) 42 years	Rs. 81 11 471 (Rs. 69 01 005) 28.07.1999	Chairman Bharat Forge Limited 37 years.
Mrs. R. G. Kalyani B.Sc. Diploma in Financial Management Executive Director	(40) 10 years	Rs. 64 89 177 (Rs. 55 09 486) 29.01.2000	Director Dandakaranya Investment & Trading Private Limited 3 years.

NOTES :

1. Designation denotes the nature of duties also.
2. Gross remuneration includes salary, Company's contribution to Provident Fund and Superannuation Fund, Gratuity Fund, Allowances, Perquisites, Privilege Leave entitlement, commission, etc.
3. The nature of employment is contractual in both the cases.
4. Dr. N. A. Kalyani and Mrs. R. G. Kalyani are related to each other.

For and on behalf of
the Board of Directors

Place : PUNE
Date : 12th July, 2004

NEELKANTH A. KALYANI
EXECUTIVE CHAIRMAN



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KALYANI FORGE LIMITED

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, 2004.

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)	16 257 076	13 684 482
Total Amount (Rs.)	65 665 619	56 114 387
Rate/Unit (Rs.)	4.04	4.10
b) Own Generation		
i) Through Diesel Generator	—	—
ii) Through Steam Turbine/Generator	—	—
ii) Coal	—	—
iii) Fuel Oil		
Qty (K.L.)	1 183.580	975.247
Total Amount (Rs.)	17 963 166	11 985 950
Avg. Rate /K.L.(Rs.)	15 177	12 290.17
2) Consumption Per Unit of Production		
Product : High Quality Close Tolerance Die Forgings		
Unit : M.T.	10 731	7 996
Electricity (KWH)	1 515	1 711.42
Fuel Oil (K.L.)	0.110	0.122
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 :**

- i) In house R & D activity for multi-location Cold Forged spline shafts, used in two wheeler industry.
- ii) Technological improvements being continued in the areas of close-to-form warm and hot forgings.
- iii) Simulation techniques being used for yield improvements and defect prediction in hot forging areas.
- iv) In-house R & D activity in the die-life improvement is being continued.
- v) On line tool path program generation/high speed milling technique.

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

- i) Development of multi-location spline forgings through cold forging techniques has enabled the company to be a preferred supplier to OE two wheeler manufacturer.
- ii) Foray in to improved warm forging techniques has opened many opportunities into manufacture of CV joint assemblies, auto-electrical components, etc.
- iii) Use of Deform Simulation techniques has resulted in substantial yield improvements and first time right of forged components.



TWENTYFIFTH ANNUAL REPORT

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

iv) Use of high speed milling techniques in die manufacturing has resulted in reduction of die manufacturing cycle time and substantial improvement in speed to market.

c) Future Plan of action :

- i) Further developments on warm forgings and cold sizing of Bevel Gears & other car and heavier vehicle parts.
- ii) Substantial value addition through machining of forgings.
- iii) Machining of conrod by special techniques.
- iv) Technological improvement in property optimisation in case of micro alloys.
- v) Coated metal and forming dies.
- vi) Die stress prediction using FEM at forming surface.

d) Expenditure on R & D

(Rs. in Lakhs)

i) Capital	NIL
ii) Recurring	1.24
iii) Total	1.24
iv) Total R&D Expenditure as a percentage of total turnover	0.01

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	135.53
Earned	386.00

For and on behalf of the Board of Directors

Place : PUNE
Date : 12th July, 2003

NEELKANTH A. KALYANI
Executive Chairman