



KALYANI

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KALYANI FORGE LIMITED

29th Annual Report

2007—2008



KALYANI

KALYANI FORGE LIMITED

HIGHLIGHTS

PARTICULARS	(Rupees in Lakhs)					
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
TURNOVER	21,737.40	21,007.30	17,260.43	15,084.64	11,780.65	8,127.32
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	2,667.53	2,588.07	2,299.17	2,091.30	1,955.25	1,256.22
INTEREST	352.88	186.25	101.88	29.50	25.61	117.10
DEPRECIATION	834.33	720.86	570.51	478.54	455.19	436.88
PROFIT BEFORE TAX	1,480.32	1,680.96	1,626.78	1,583.26	1,474.45	702.24
PROVISION FOR TAX	538.54	576.10	592.65	553.98	448.98	225.50
PROFIT FOR THE YEAR	941.78	1,104.85	1,034.13	1,029.28	1,025.47	476.74
DIVIDEND (%)	22	22	22	20	20	15
DIVIDEND AMOUNT	80.04	80.04	80.04	72.76	72.76	54.57
GROSS BLOCK	12,237.09	11,168.75	8,587.94	7,324.61	5,842.82	5,345.33
NET BLOCK	6,682.42	6,349.90	4,489.95	3,785.88	2,778.51	2,700.65
NET WORTH	7,156.91	6,442.94	5,434.00	4,493.72	3,548.03	2,594.81
BOOK VALUE PER SHARE (Rs.)	196.73	177.10	149.37	123.52	97.52	71.30
EARNINGS PER SHARE (Rs.)	25.92	30.31	28.35	28.28	28.18	13.09



KALYANI FORGE LIMITED

BOARD OF DIRECTORS

NEELKANTH A. KALYANI
(Chairman)

MRS. R. G. KALYANI
(Managing Director)

G. N. KALYANI

UMESH R. LAHOTI

C. H. NANIWADEKAR

PRADIP P. NADKARNI

A. R. JAMENIS

BANKERS :

State Bank of India,
Bank of Maharashtra,
Citi Bank NA,
HDFC Bank
DBS Bank Ltd.

SOLICITORS & ADVOCATES :

Karnik & Karnik
Advocates,
Pune.

AUDITORS :

Dalal and Shah
Chartered Accountants,
Mumbai.

REGISTERED OFFICE :

Shangrila Gardens,
'C' Wing, 1st Floor,
Opp. Bund Garden,
Pune – 411 001.
Website : www.kalyaniforge.com

WORKS :

1. Koregaon Bhima,
Tal. : Sirur,
District : Pune 412 216.
2. Precision Autocomp Division
Gat No. 914/1 & 2, Sanaswadi
Tal. : Sirur,
District : Pune 412 208.

**KALYANI FORGE LIMITED**

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

NOTICE

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting of the Members of KALYANI FORGE LIMITED will be held at Poona Club Ltd., 6, Bund Garden Road, Pune-411 001 on Saturday, the 20th day of September, 2008 at 11.30. 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, 2008 and the Profit & Loss Account for the year ended on 31st March, 2008 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. Umesh R. Lahoti, who retires by rotation, but being eligible, offers himself for re-appointment.
- 4) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT the Company's retiring auditors, M/s. Dalal & Shah, Chartered Accountants, Mumbai, be and are hereby re-appointed 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 Managing Director be and is hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. Pradip Nadkarni, who was appointed as a Casual Director on the 28th July, 2007, in the vacancy caused by the resignation of Mr. D. C. Agashe, and who holds office under Section 262 of the Companies Act, 1956, up to the date of conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. A. R. Jamenis, who was appointed as an Additional Director by circulation on 23rd September, 2007, and who holds office under Section 260 of the Companies Act, 1956, up to the date of conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION**:

"RESOLVED THAT consent of the Company be and is hereby accorded to delist the Equity Shares of the Company from Pune Stock Exchange Limited (PSE) in accordance with SEBI (Delisting of Securities) Guidelines, 2003, and other applicable Laws, Rules, Regulations and Guidelines (including modification(s) or amendment(s) thereof for the time being in force or as may be enacted hereinafter), and subject to such approvals, permissions and sanctions as may be necessary.

RESOLVED FURTHER THAT Ms. Rohini G. Kalyani, Managing Director, and Mr. R. Ramkumar, GM Taxation & Company Secretary, be and are hereby severally authorized to seek voluntary delisting at such time, and to take all necessary steps in this regard and to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to delisting of the Company's Equity Shares from PSE and to execute all such deeds, documents, writings etc. as may be necessary, desirable or expedient or as may be deemed fit."

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

Place : Pune
Date : 28th June, 2008

R. RAMKUMAR
GM Taxation & Company Secretary



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NOTES :-

1. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of special business is annexed hereto.
2. 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.
3. 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.
4. Mr. Umesh R. Lahoti, Director, retire by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment. A brief resume of Mr. Umesh R. Lahoti, nature of his expertise in specific functional areas, and names of Companies in which he holds directorship and membership/ chairmanship of committees of Board, as stipulated under Clause 49 of Listing Agreement with Stock Exchanges of India, are provided in Report on Corporate Governance, forming part of the Annual Report. The Board recommends adoption of the Resolution.
5. Members holding shares in dematerialized form are requested to intimate any change in their address/ name, bank details, ECS Mandates, nominations, power of attorney, etc. to their respective DPs only.
6. Members holding shares in physical form are to intimate any change in address, bank details, etc. to the Company's Registrar and Transfer Agents, namely :

INTIME SPECTRUM REGISTRY LIMITED

Block No.202, Second Floor,
Akshay Complex, Off. Dhole Patil Road
Near Ganesh Mandir, Pune- 411 001.
Tel./Fax – 9520 2605 3503
E-mail : pune@intimespectrum.com

7. Equity Shareholders who desirous of any information concerning the accounts or operation of the Company are requested to write to the Company at least 10 days before the date of Annual General Meeting so that the information may be available at the said meeting.
8. Equity Shareholders who have not dematerialized are advised to dematerialize their shareholding, to avoid inconvenience in future and to reap benefits of de-materialisation.
9. In order to provide better service to the Shareholders, the Company has introduced, in the year 2005, Electronic Clearing Service (ECS) for payments of dividend. Shareholders desirous of availing ECS facility may provide the required information to our Registrar and Transfer Agents.
10. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 1st day of September, 2008, to Saturday, the 20th day of September, 2008 (both days inclusive).
11. Dividend, If declared, will be paid to those shareholders, whose names appear in the Company's Register of Members/ Register of Beneficial Owners as on 20th day of September, 2008.
12. Documents referred to in any of the items of the Notice are available for inspection at the factory address of the Company on any working day, upto the 20th day of September, 2008, during business hours of the Company.
13. Those Members who have not encashed/received their Dividend Warrants for the previous years may approach the Secretarial Department at the factory address of the Company for obtaining payment of such outdated warrants.
14. 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 Sections 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 : 28th June, 2008

R. RAMKUMAR
GM Taxation & Company Secretary



KALYANI

KALYANI FORGE LIMITED

ANNEXURE TO THE NOTICE:

Explanatory Statement as required by Section 173 of the Companies Act, 1956:

Item No. 5 :

As provided under provisions of Section 262 of the Companies Act, 1956, and Article 140 of the Articles of Association of the Company, the Board of Directors in their meeting held on 28th July, 2007 have appointed Mr. Pradip Nadkarni as a Casual Director, in the vacancy caused by the resignation of Mr. D. C. Agashe,. Mr. Pradip Nadkarni holds office as Director only up to the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, notice has been received from a member signifying his intention to propose his appointment as a Director.

A brief resume of Mr. Pradip Nadkarni, nature of his expertise in specific functional areas and names of Companies in which he holds directorships and membership/chairmanship of Committees of Board, as stipulated under Clause 49 of Listing Agreement with Stock Exchanges of India, are provided in Report on Corporate Governance, forming part of the Annual Report.

He holds 100 equity shares in the Company.

Except Mr. Pradip Nadkarni, no other Director may be deemed concerned or interested in the resolution. The Board recommends adoption of the Resolution.

Item No. 6 :

As provided under provisions of Section 260 of the Companies Act, 1956, and Article 141 of the Articles of Association of the Company, the Board of Directors in their meeting held on 28th July, 2007, have appointed Mr. A. R. Jamenis as an Additional Director with effect from 23rd September, 2007. Mr. A. R. Jamenis holds office as Director only up to the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, notice has been received from a member signifying his intention to propose his appointment as a Director.

A brief resume of Mr. A. R. Jamenis, nature of his expertise in specific functional areas and names of Companies in which he holds directorships and membership/chairmanship of Committees of Board, as stipulated under Clause 49 of Listing Agreement with Stock Exchanges of India, are provided in Report on Corporate Governance, forming part of the Annual Report.

He does not hold any equity share in the Company.

Except Mr. A. R. Jamenis, no other Director may be deemed concerned or interested in the resolution. The Board recommends adoption of the Resolution.

Item No. 7 :

Presently, Equity Shares of the Company are listed with The Bombay Stock Exchange Limited(BSE), National Stock Exchange of India Limited(NSE) and The Pune Stock Exchange(PSE).

Consequent to the Technological Developments, the Equity Shares of the Company are being traded all over India through on-line terminals provided by both BSE as well as NSE. In view of this, it is proposed to de-list the Company's Equity Shares from PSE as stated in the resolution. No inconvenience will be caused to the Equity Shareholders residing in Pune, since on-line terminals are provided by both BSE as well as NSE at Pune. Further Listing of the Company's Equity Shares in many Stock Exchanges, apart from not adding any value to the Shareholders, results in avoidable cost, administrative work, delay and inconvenience. The proposal is in line with current SEBI(Delisting of Securities) Guidelines, 2003. Hence the Special Resolution.

All the Directors who hold Equity Shares may be deemed concerned or interested in the resolution. The Board recommends adoption of the Resolution.

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

Place : Pune
Date : 28th June, 2008

R. RAMKUMAR
GM Taxation & Company Secretary



TWENTYNINTH ANNUAL REPORT

DIRECTORS' REPORTFor the year ended 31st March, 2008

To
The Members,

The Directors present their 29th Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS :

		(Rs. in lakhs)
	<u>2007-08</u>	<u>2006-07</u>
Total Income	21,737	21,007
Gross Profit before depreciation	2,314	2,402
Profit after depreciation	1,480	1,681
Profit for the year	942	1,105
Add/Less(-) : Prior Period Adjustments	1	(2)
Add : Balance of Profit from previous year	4,700	3,816
Profit available for appropriation	5,643	4,919
Less : Transfer to General Reserve	125	125
Less : Proposed Dividend on Equity Capital	80	80
Less : Tax on above Dividend	14	14
Surplus retained in Profit & Loss A/c	5,424	4,700

2. DIVIDEND :

Your Directors recommend payment of dividend for the year ended on 31.03.2008 at the rate of Rs. 2.20 per equity share of Rs.10/- each.

3. OPERATIONS :

Your Directors are pleased to report that the Company has achieved a turnover of **Rs. 21,737 lakhs** as against last year's turnover of **Rs.21,007 lakhs** which shows an increase of 3.5 % over the previous year. Exports of the Company during the year has increased from **Rs. 2,505 lakhs** last year to **Rs. 4,355 lakhs** during the current year. Your Company has earned good amount of Foreign Exchange due to this.

The net profit after tax is lower at Rs.1,480 lakhs, compared to Rs.1,681 lakhs during last year .

The performance of the Company during last year was not in line with our expectations.

Sales of HCV & Two wheeler sector were lower during the year .So OEMs had dropped their schedules. Major RM (Steel) prices had seen frequent upward movements throughout the year which also affected supplies to customers .

Development of some parts was delayed due to special type raw material which was under development with Indian suppliers and took more time.

Working capital levels had seen upward trends due to price increases and increased credit limits for export buyers .This has resulted in additional burden on Interest cost.

**4. LISTING:**

Your Directors are glad to inform that Equity Shares of Your Company are also now listed with National Stock Exchange of India Limited. As allowed by the Delisting Rules, Your Directors have proposed to delist Equity Shares of Your Company from the Pune Stock Exchange Limited(PSE), where there is not much trading. Necessary Special Resolution for Approval of Shareholders for delisting from PSE form part of Notice of Annual General Meeting and Your Directors recommend their adoption. Even after proposed delisting from PSE, Equity Shares of Your Company will continue to be listed with 2 renowned and well connected Bombay Stock Exchange Limited and National Stock Exchange Limited.

5. RATING FOR BANK FACILITIES:

Your Directors are glad to inform that as required by Reserve Bank of India, Your Company has complied with rating of Bank Facilities. CRISIL has allotted 'A Stable' for Rupee Term Loan and Cash Credit arrangements and 'P1' for Foreign Currency Packing Credit, Letter of Credit and Bank Guarantee facilities.

6. DIRECTORS:

Mr. D. C. Agashe, a Director of your Company, since 28.06.1984 resigned on 28.07.2007. Your Directors place on record the contribution made by Mr. D. C. Agashe.

The Directors of your Company, in their meeting held on 28.07.2007, have appointed Mr. Pradip Nadkarni as Director, in the vacancy caused by the resignation of Mr. D. C. Agashe. As per provisions of Section 262 of the Companies Act, 1956, the term of Directorship of Mr. Pradip Nadkarni expires with the ensuing Annual General Meeting.

Mr. A. R. Jamenis was appointed as an Additional Director by the Board of Directors of your Company with effect from 23rd September, 2007. According to provisions of Section 260 of the Companies Act, 1956, he holds office as Director only up to the date of the ensuing Annual General Meeting.

As required by Section 257 of the Act, notices has been received from a members signifying their intentions to propose the appointments of Mr. Pradip Nadkarni and Mr. A. R. Jamenis, as Directors. Resolution proposing their appointments as Director forms part of agenda of ensuing Annual General Meeting and your Directors recommend their appointment.

Mr. Umesh R. Lahoti, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

7. 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.

8. 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.

9. 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.

10. 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:



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- i) That in the preparation of the accounts for the Financial Year ended 31st March, 2007, 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 Financial 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, 2008, on a "going concern" basis.

11. INDUSTRIAL RELATIONS:

The relations with staff and workmen continue to be cordial.

12. APPRECIATION:

Your Directors wish to place on record their appreciation for the support and assistance rendered by the Bankers namely, State Bank of India, Bank of Maharashtra, Citibank NA and DBS Bank and also the co-operation received from Central and State Governments. Your Directors also express their appreciation for the good performance, to Mrs. R.G. Kalyani, Managing Director, and all employees of the Company for the devoted services rendered by them.

Report

For and on behalf of the Board of Directors

Place : Pune
Date : 28th June, 2008.

NEELKANTH A. KALYANI
Chairman

**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 Financial Year ended on 31st March, 2008 :

Name of the Employee, Qualification, Designation & Nature of duties.	(Age) Experience.	Gross Remuneration, Date of commencement of employment.	Particulars of last employment held, Designation, Organisation & period.
Mrs. R. G. Kalyani B.Sc., Diploma in Financial Management. Managing Director	(44) 14 years	Rs. 76,88,405 29.01.2000	Director Dandakaranya Investment & Trading Private Limited 3 years.
Mr. S. R. Shivshankar B. E. (Mechanical), DBM, President	(49) 27 years	Rs. 13,40,570 22.10.2007	President Jaya Hind Industries Ltd., 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, Allowances, Perquisites, Privilege Leave Encashment, Commission, etc.
3. The nature of employment is contractual.
4. Mrs. R. G. Kalyani is wife to Mr. G. N. Kalyani, Director, and daughter-in-law to Dr. N. A. Kalyani, Chairman.

For and on behalf of
the Board of Directors

Place : Pune
Date : 28th June, 2008.

NEELKANTH A. KALYANI
CHAIRMAN