



# KALYANI FORGE LIMITED

**BOARD OF DIRECTORS**

NEELKANTH A. KALYANI  
(Chairman)

MRS. R. G. KALYANI  
(Vice Chairperson and  
Managing Director)

G. N. KALYANI

UMESH R. LAHOTI

C. H. NANIWADEKAR

PRADIP P. NADKARNI

A. R. JAMENIS

S. RAVINDRAN

**CHIEF EXECUTIVE OFFICER**

K. R. MURALI

**BANKERS:**

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

**SOLICITORS & ADVOCATES :**

Karnik & Karnik  
Pune

**AUDITORS :**

Dalal and Shah  
Chartered Accountants,  
Mumbai.

**REGISTERED OFFICE:**

Shangrila Gardens,  
'C' Wing, 1<sup>st</sup> Floor,  
Opp. Bund Garden,  
Pune-411 001.  
Website: [www.kalyaniforge.co.in](http://www.kalyaniforge.co.in)

**WORKS:**

1. Hot Forging Division (HFD)  
Metal Forms Division (MFD)  
Koregaon Bhima,  
Tal. : Shirur,  
District: Pune 412 207.
2. Precision Autocomp Division (PAD)  
Gat No. 914/1 & 2, Sanaswadi  
Tal. : Shirur,  
District: Pune 412 208.

**KALYANI FORGE LIMITED**

Regd. Office : Shangrila Gardens, "C" Wing,  
1<sup>st</sup> floor, Opposite Bund Garden, Pune 411 001

**NOTICE**

NOTICE is hereby given that the Thirty-first 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 17<sup>th</sup> day of July, 2010 at 11.00 a.m., to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended 31st March, 2010 and reports of the Directors Auditors thereon;
2. To declare dividend on equity shares;
3. To appoint a Director in place of Mr. U.R.Lahoti, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. Pradip Nadkarni, who retires by rotation and being eligible, offers himself for re-appointment;

**SPECIAL BUSINESS:**

1. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s P.G.Bhagwat, Chartered Accountants of Pune (Firm Registration No.-101118W), be and are appointed as Statutory Auditors of the Company, in place of M/s Dalal & Shah, Chartered Accountants, to hold the office of Auditors from the date of this Meeting to the conclusion of the next Annual General Meeting of the Company on such remuneration and out of pocket expenses as may be decided by the Board."

2. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,311 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, the Company hereby approves the re-appointment of Mrs. R.G. Kalyani as Managing Director, designated as Vice-Chairperson and Managing Director of the Company, for a further period of five years commencing from 29th January, 2010 on the terms conditions including payment to her by way of remuneration and commission as set out in the Explanatory Statement to the Notice convening this meeting with liberty to the Directors to alter or vary the terms and conditions of re-appointment in such manner as may be agreed to between the Directors and Mrs. R.G. Kalyani in the best interest of the Company;

RESOLVED FURTHER THAT in case of loss or inadequacy of profit in any financial year, Mrs. R.G.Kalyani be paid remuneration in accordance with applicable provisions of Part II of Schedule XIII to the Companies Act, 1956, or any amendment thereof or modification thereto;

RESOLVED FURTHER THAT the draft Agreement to be executed between the Company and Mrs. R.G. Kalyani recording her re-appointment as Managing Director and payment of remuneration and commission to her as set out in the Explanatory Statement to the Notice Convening this meeting, be and is hereby approved;

RESOVLED FURTHER THAT the Company Secretary be and is hereby authorized to take all such steps and do all acts as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board of Directors  
**For Kalyani Forge Ltd.,**

Pune  
26<sup>th</sup> May, 2010

Shweta Naik  
Company Secretary

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, must be deposited with the Company at its Registered office not less than 48 hours before the time fixed for holding the Annual General Meeting.
3. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 5 & 6 being special business is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 10th day of July, 2010, to Saturday, the 17th day of July, 2010, both days inclusive.
5. Members are requested to :
  - a) intimate any change in their address to the Company's Registrar and Share Transfer agents, Link Intime India Pvt. Ltd, Block No.202, Second Floor, Akshay Complex, Off.Dhole Patil Road, Near Ganesh Mandir, Pune - 411 001.
  - b) Quote client ID and DP ID numbers in respect of shares held in dematerialization form and ledger folio number in respect of shares in physical form in all correspondence.
6. Members/ Proxies are requested to bring Annual Report and attendance slip duly filled in.
7. Corporate members intending to send their authorized representative to attend meeting are requested to send a certified true copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the Annual General Meeting.
8. Members holding equity shares in multiple folios in the identical order of names are requested to consolidate their holding into one folio.
9. Members desirous of getting any information concerning the accounts or operation of the Company, are requested to address their queries to the Company Secretary at least ten days in advance of the Annual General Meeting so that the information required can be made available at the meeting to the extent possible.
10. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 17th July, 2010 to those persons or their mandate:
  - a) Whose names appear as Beneficial Owners as at the end of the business hours on Saturday, 10th July, 2010 in the list of Beneficial Owners to be furnished by NSDL and CDSL in respect of the shares held in electronic form; and
  - b) Whose names appear as members in the register of members of the Company after giving effect to valid share transfers in physical form lodged with the Company /Registrar and Share Transfer Agents on or before Saturday, 17th July, 2010.
11. 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.
12. Members holding shares in physical form are requested to intimate any change in address, bank details, etc. to the Company's Registrar and Share Transfer Agents :

**Link Intime India Pvt. Ltd,**  
Block No.202, Second Floor,  
Akshay Complex  
Off.Dhole Patil Road,  
Near Ganesh Mandir,  
Pune - 411 001.

Telephone - 9520 2605 1629 Fax - 9520 2605 3503  
E-mail :pune@linkintime.co.in



13. Equity Shareholders who have not dematerialized are advised to dematerialize their shareholding, to avoid inconvenience in future and to reap benefits of de-materialization.
14. 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.
15. 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, up to the 17th July, 2010, during business hours of the Company.

#### 16. Unclaimed Dividends:

The details of dividend paid by the Company and their respective due dates of the proposed transfer to such Fund of the Central Government if they remain unencashed are as under:

<b>Dividend for the year</b>	<b>Date of declaration of Dividened</b>	<b>Dividend Rs. Per share</b>	<b>Due date of the proposed transfer to the Central Government</b>
2002-03	24-Nov-2003	1.5	23-Nov-2010
2003-04	22-Sep-2004	2	21-Sep-2011
2004-05	21-Sep-2005	2	20-Sep-2012
2005-06	12-Sep-2006	2.2	11-Nov-2013
2006-07	22-Sep-2007	2.2	21-Sep-2014
2007-08	20-Sep-2008	2.2	19-Sep-2015
2008-09	18-Jul-2009	1.2	17-Jul-2016

It may please be noted that no claim will lie from a member once the transfer is made to the credit of Investor Education and Protection Fund of the Central Government, under the amended provisions of Section 205(C) of the Companies Act, 1956.

In view of the regulation, the shareholders are advised to send the entire unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

By Order of the Board of Directors  
**For Kalyani Forge Ltd.,**

Pune  
26<sup>th</sup> May, 2010

Shweta Naik  
Company Secretary



## ANNEXURE TO THE NOTICE

### Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

#### Item No.5:

The Company has received letter from Messrs. Dalal and Shah, Chartered Accountants expressing their unwillingness to continue to act as Auditors of the Company.

It is proposed to appoint Messrs. P.G Bhagwat, Chartered Accountants of Pune as Statutory Auditors, in place of the retiring auditors, from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting. Messrs. P.G Bhagwat, Chartered Accountants, have consented to act as Statutory Auditors of the Company, if appointed and have intimated that their appointment would be within the limits of Section 224(IB) of the Companies Act, 1956. The Directors commend the Resolution at Item 5 for the approval of the Members.

No Director is concerned or interested in this item of business.

#### Item No.6:

Members are aware that at the 26<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> September, 2005 Mrs. R.G. Kalyani was appointed as Managing Director of the Company as per the provisions of Section 269 read with Schedule XIII to the Companies Act, 1956, for a period of five years commencing from 29<sup>th</sup> January, 2005 to 28<sup>th</sup> January, 2010 on the terms, inter-alia, as to remuneration including perquisites, benefits and amenities as set out in the agreement dated 29<sup>th</sup> January, 2005 entered into between the Company and Mrs. R.G. Kalyani.

In view of the growth in overall business operations of the Company, profitability and considering the responsibilities shouldered by Mrs. R.G. Kalyani, Vice-Chairperson and Managing Director, the Remuneration Committee had subject to approval of the Board, proposed that with effect from 29<sup>th</sup> January, 2010, Mrs. R.G. Kalyani be re-appointed as Managing Director, designated as Vice- Chairperson and Managing Director for a further period of five years with effect from 29<sup>th</sup> January, 2010 till 28<sup>th</sup> January, 2015 and recommended remuneration payment of commission as per provision of the Companies Act, 1956 and Schedule XIII to the Act.

The Board of Directors at their meeting held on 22<sup>nd</sup> January, 2010 accepted the recommendation of the Remuneration Committee as to remuneration and commission as detailed hereafter:

- (I) **SALARY** : Rs. 113,400 (Rupees One Lac thirteen Four Hundred only) per month.
- (II) **COMMISSION** : Commission not exceeding 5% of the net profits of the Company in a particular year, computed at the end of the financial year in accordance with Section 349 and other applicable provisions of the Companies Act, 1956, which put together with salary and perquisites shall be subject to the overall ceiling laid down in sections 198, 309 and Schedule XIII to the Companies Act, 1956.
- (III) **PERQUISITES** : In addition to salary Mrs. R.G. Kalyani shall also be entitled to following perquisites classified in three categories as under :

#### CATEGORY 'A'

##### 1. RESIDENTIAL ACCOMMODATION:

- (A) The expenditure by the company on hiring furnished accommodation for the Managing Director will be subject to ceiling of 40% of the salary.
- (B) The Company will provide rent-free furnished accommodation.
- (C) In case no accommodation is provided by the company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Residential Accommodation (A).

##### 2. MEDICAL REIMBURSEMENT:

Expenses incurred for the Managing Director and the family subject to a ceiling of 15 days Salary in a year or 45 days Salary over a period of three years.

**3. ANNUAL LEAVE TRAVEL CONCESSION:**

For self and family once in a year incurred in accordance with the rules of the Company, subject to the limit of one month salary in a year or 90 days salary over a period of three years.

**EXPLANATION :**For the purpose of Category 'A' "family" means the spouse, the dependent children and dependent parents of the Managing Director.

**4. CLUB FEES:**

Fees of clubs up to Rs. 25,000 per annum, subject to a maximum of two clubs, excluding admission and life membership fees.

**CATEGORY 'B'**

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent that these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

**CATEGORY 'C'**

Free use of Company's car with driver including maintenance of car for use on Company's business and telephone at residence.

The provision for use car for official duties and telephone facility at residence shall not be included in computation of perquisites for the purpose of calculating the said ceiling.

However, personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

**MINIMUM REMUNERATION:**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in Schedule II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

For the purpose of computation of minimum remuneration, the following shall not be included:

1. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
2. Gratuity at the rate not exceeding half a months salary for each completed year of service, and
3. Encashment of leave at the end of the tenure.

**SITTING FEES:**

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or committee thereof.

The terms and conditions of the appointment and /or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, within the maximum amount payable to the Managing Director in accordance with Schedule XIII to the Companies Act, 1956, as may amended from time to time.

The remuneration including commission payable to Mrs. R.G. Kalyani, Managing Director is in accordance with Schedule XIII to the Companies Act, 1956 and will be calculated on annual net profits of the Company determined in accordance with Section 349 of the Act is subject to the provisions of Section 198, 309, 310 and 311 and all applicable provisions of the Act.

The appointment and payment of remuneration to Managing Director are subject to the approval of the members at the ensuing annual general meeting of the Company.

The Board commends passing of the Ordinary Resolution as set out at Item No.6 of accompanying Notice.

**Memorandum of Interest:**

Mrs. R.G.Kalyani is concerned and interested being her own appointment.

Mr. N. A.Kalyani and Mr. G.N. Kalyani, Directors of the Company being related to Mrs. R.G. Kalyani may be deemed to be concerned and interested in the resolution under Item No. 6.

Save as aforesaid, none of the other Directors of the Company is in any way concerned or interested in the said resolution.

The agreement between the Company and Mrs. R.G. Kalyani is available for inspection on any working day of the Company between 11.00 a.m. and 2.00 p.m. only at the registered office of the Company.

The relevant abstract, as required under Section 302 of the Companies, 1956 had already been sent to the shareholders of the Company at the time of approval of the Board.

For those who have not received the same may treat above as an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board of Directors  
**For Kalyani Forge Ltd.,**

Pune  
26<sup>th</sup> May, 2010

Shweta Naik  
Company Secretary

**DIRECTORS' REPORT****For the year ended 31<sup>st</sup> March, 2010**

To  
The Members,

The Directors have pleasure in presenting their 31st Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 2010.

**1. FINANCIAL RESULTS:**

Particulars	(Rs.Millions)	
	Financial Year	
	2009-10	2008-09
Total Income	<b>1826.10</b>	1857.92
Gross Profit before Depreciation,	<b>164.50</b>	111.00
Profit after Depreciation	<b>59.36</b>	20.20
Profit for the year	<b>39.13</b>	8.40
Add/Less : Prior Period Adjustment	<b>-6.03</b>	1.00
Add : Balance of Profit from Previous Year	<b>544.20</b>	542.40
Profit available for appropriation	<b>577.30</b>	551.80
Less : Transfer to General Reserve	<b>6.00</b>	2.50
Less : Proposed Dividend on Equity Capital	<b>6.55</b>	4.40
Less : Tax on above dividend	<b>1.11</b>	0.70
Surplus retained in Profit and Loss A/C	<b>563.64</b>	544.20

**2. DIVIDEND:**

Your Directors recommend dividend of Rs.1.80 per equity share of Rs.10 each(18%) for year ended 31st March,2010.

**3. PERFORMANCE REVIEW:**

Net sales from operations increased marginally from Rs. 1611.6 Million to Rs. 1620.4 Million. The year saw first 6 months hit by economic adversities, while the last 6 months experienced a steady growth due to rigorous controls over costs necessitated by recessionary pressure resulted in increase in Profit Before Tax as a percentage of sales to 3.8% from 1.25% in the previous year. This was also impacted by reduced input material cost (51.65% against 54.8% in 2008-09). During the year the product sales mix was modified so as to exclude dies with high material consumption.

During the financial year we continued with new product development initiatives which will translate into business in the times to come.

However we could not stop increase in Net working capital to Rs. 506.7 Million (31.3% of Net Sales) as compared to Rs. 441.4 Million (27.4% of Net Sales). This was mainly due to sudden increase in the requirement of the market and in our sales schedules during Second Half of the financial year.

**4. DIRECTORS:**

During the year under review, there is no change in the composition of the Board of Directors of the Company.





Pursuant to Section 256 of the Companies Act, 1956 read with articles 160,161 of Articles of Association of the Company, Mr. U.R.Lahoti and Mr.Pradip Nadkarni, Directors retire by rotation and are eligible for re-appointment at the ensuing Annual General Meeting.

The brief profile of the Directors seeking re-appointment, as required to be disclosed under Clause 49 of the Listing Agreement, form part of the Corporate Governance Report.

## **5. FIXED DEPOSITS:**

The Company has not accepted any fixed deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

## **6. TRANSFER TO GENERAL RESERVE:**

During the year a sum of Rs. 6 millions has been transferred to the General Reserve Account.

## **7. AUDITORS:**

The existing Statutory Auditors of your Company M/S Dalal & Shah , Chartered Accountants, Mumbai have communicated to the Company their unwillingness to be re-appointed as Statutory Auditors of the Company and hence are not offering themselves for re-appointment in the ensuing Annual General Meeting.

It is proposed to appoint M/S P.G. Bhagwat, Chartered Accountants, Pune as Statutory Auditors, in place of retiring auditors, from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting on a remuneration as may be decided by the Board of Directors.

## **8. AUDITORS' REPORT:**

The observations made in the Auditors' Report, read together with the relevant notes thereon, are self explanatory and hence does not call for any comments under Section 217(3) of the Companies Act, 1956.

## **9. DIRECTORS' RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- i) that in the preparation of the annual accounts for the Financial Year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that the Directors have selected such accounting policies and applied them consistently and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010, and of the profit of the Company for the year ended on that date;
- 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 and
- iv) that the annual accounts have been prepared on a going concern basis.

## **10. CORPORATE GOVERNANCE:**

As per Clause 49 of the Listing Agreement with the Stock exchanges, a separate section on corporate governance practice followed by the Company, together with a certificate from the Company's Auditors confirming compliance, is set out in the annexure forming part of this report.

## **11. PARTICULARS OF EMPLOYEES:**

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, regarding employees is given in Annexure I to the Directors' Report.

**12. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in accordance with 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 are given in Annexure II to the Directors' Report.

**13. APPRECIATION:**

Your Directors would like to thank to the Bankers, Central and State Government, Investors and Employees of the Company and wish to acknowledge and place on record their sincere appreciation for the continuous excellent support given by them to the Company and their confidence in its management. Industrial relations continued to be cordial and peaceful.

For and on behalf of the Board

Pune  
26<sup>th</sup> May, 2010

Neelkanth A. Kalyani  
Chairman