KALYANI

KALYANI FORGE LTD

HIGHLIGHTS

(Rupees in Million)

PARTICULARS	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
TURNOVER	2793.06	2617.3	1812.88	1857.92	2173.74	2100.73	1726.04	1508.46
PROFIT BEFORE INTEREST DEPRECIATION AND TAX	400.06	275.06	214.29	163.06	266.75	258.81	229.92	209.13
INTEREST	82.70	61.9	49.8	51.98	35.29	18.63	10.19	2.95
DEPRECIATION	118.87	111.71	105.12	90.86	83.43	72.09	57.05	47.85
PROFIT BEFORE TAX	198.49	101.45	59.37	20.22	148.03	168.09	162.68	158.33
PROVISION FOR TAX	66.18	33.74	20.23	11.84	53.85	57.61	59.27	55.40
PROFIT AFTER TAX	132.31	67.71	39.13	8.381	94.18	110.48	103.41	102.93
DIVIDEND %	25	20	18	12	22	22	22	22
DIVIDEND AMOUNT	9.10	7.28	6.55	4.37	8	8	8	7.28
GROSS BLOCK	1786.99	1679.91	1562.64	1370.42	1223.71	1116.88	858.79	732.46
NET BLOCK	814.27	823.05	814.10	724.23	668.24	634.99	449.00	378.59
NET WORTH	913.07	789.51	733.50	708.07	715.69	644.29	543.40	449.37
BOOK VALUE PER SHARE (RS.)	250.98	217.02	201.62	194.63	196.73	177.10	149.37	123.52
EARNINGS PER SHARE (RS)	36.87	17.72	9.10	2.57	25.92	30.31	28.35	28.28
SHAREHOLDERS (NO'S)	3248	3428	3352	3522	3412	3056	3060	3711
NO OF EMPLOYEES (NO'S)	1289	1352	1172	1015	1414	1572	1285	1168

KALYANI FORGE LIMITED

BANKERS:
State Bank of India,
Bank of Maharashtra,
IDBI Bank Ltd.
Citi Bank NA,
HDFC Bank Ltd.

SOLICITORS & ADVOCATES :
Karnik & Karnik
Pune

AUDITORS :
M/S. P. G. Bhagwat
Chartered Accountants,
Pune.

AVP- FINANCE
Mr. AVINASH KHARE

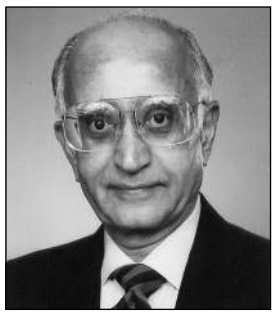
COMPANY SECRETARY
Mr. NIRNOY SUR

REGISTERED OFFICE:
Shangrila Gardens, 'C' Wing, 1st Floor,
Opp. Bund Garden,
Pune-411 001.
Tel. +91 2137 252335, 252755
Fax +91 2137 252344
Website: www.kalyaniforge.co.in

WORKS:
1. Hot Forging Division (HFD)
Metal Forms Division (MFD)
Koregaon Bhima, Tal. : Shirur,
District: Pune 412 216.

2. Precision Autocomp Division (PAD)
Gat No. 914/1 & 2, Sanaswadi
Tal. : Shirur, District: Pune 412 208.

BOARD OF DIRECTORS



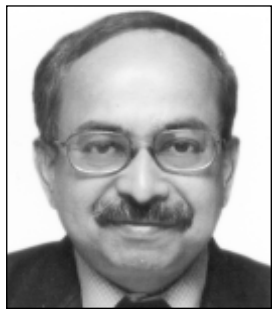
Dr. NEELKANTH A. KALYANI
(Chairman)



Mrs. ROHINI G. KALYANI
(Vice Chairperson and
Managing Director)



Mr. A. R. JAMENIS



Mr. G. N. KALYANI



Mr. UMESH R. LAHOTI



Mr. PRADIP P. NADKARNI



Mr. C. H. NANIWADEKAR



Mr. S. RAVINDRAN

KALYANI FORGE LIMITED

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

NOTICE

NOTICE is hereby given that the Thirty-Three 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 21st day of July, 2012 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, 2012, Profit & Loss Account for the year ended 31st March, 2012 and reports of the Board of Directors and Auditors thereon;

2. To declare dividend on equity shares;

3. To appoint a Director in place of Mr. G N Kalyani who retires by rotation and being eligible, offers himself for re-appointment;

4. To appoint a Director in place of Mr. S Ravindran, who retires by rotation and being eligible, offers himself for re-appointment;

5. 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 P.G.Bhagwat, Chartered Accountants of Pune (Firm Registration No.-101118W), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and are hereby authorized to fix their remuneration for the said period."

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

Pune
25th May, 2012

Nirnoy Sur
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. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 14th day of July, 2012, to Saturday, the 21st day of July, 2012, both days inclusive.

4. 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 in case of those who are holding in physical form , in case of electronic holders the same has to be sent to respective DP.

   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.

5. Members/ Proxies are requested to bring Annual Report and attendance slip duly filled in.

6. 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.

7. Members holding equity shares in multiple folios in the identical order of names are requested to consolidate their holding into one folio.

8. 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.

9. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 21st July, 2012 to those persons or their mandate:

   a) Whose names appear as Beneficial Owners as at the end of the business hours on 14th July, 2012 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 21st July, 2012.

10. 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.

11. 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 - (020) 2605 1629 Fax - (020) 2605 3503
    E-mail :pune@linkintime.co.in

12. Equity Shareholders who have not dematerialized are advised to dematerialize their shareholding, to avoid inconvenience in future and to reap benefits of de-materialization.

13. 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.

14. Documents referred to in any of the items of the Notice are available for inspection at the Registered Office address of the Company on any working day, up to the 21st July, 2012, during business hours of the Company.

15. 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:

Dividend for the year	Date of declaration of Dividened	Dividend Rs. Per share	Due date of the proposed transfer to the Central Government
2004-05	21-Sep-2005	2.00	20-Sep-2012
2005-06	12-Sep-2006	2.20	11-Nov-2013
2006-07	22-Sep-2007	2.20	21-Sep-2014
2007-08	20-Sep-2008	2.20	19-Sep-2015
2008-09	18-Jul-2009	1.20	17-Jul-2016
2009-10	17- Jul-2010	1.80	16-Jul-2017
2010-11	23-Jul-2011	2.00	22-Jul-2018

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.

16. Sending the annual report on E-mail of shareholders is allowed and thus you are requested to send your e mail ID if you want the annual report to be sent on e-mail. If you choose to receive the annual report on your e-mail then no separate annual report would be sent to you by post.

It would be your responsibility to report any changes in the e-mail ID that you have registered with us or your decision to receive the annual report by post instead. Any member may insist for physical copies of the annual report and the same would be sent to him free of cost.

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

Pune
25th May, 2012

Nirnoy Sur
Company Secretary

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

DIRECTORS' REPORT

For the year ended 31st March, 2012

To
The Members,

The Directors have pleasure in presenting their 33rd Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:

(Rs.Millions)

Particulars	Financial Year	
	(2011-12)	(2010-11)
Total Income	**2793.06**	2617.30
Gross Profit before depreciation	**317.35**	213.11
Profit after depreciation	**198.49**	101.40
Profit After Tax	**134.13**	64.46
Balance of profit from previous year	**614.74**	563.63
Profit available for appropriation	**748.87**	628.09
Less : Transfer to General Reserve	**13.41**	4.9
Less : Proposed Dividend on Equity Capital	**9.10**	7.3
Less : Tax on above Dividend	**1.48**	1.18
Surplus retained in Profit and Loss A/c	**724.88**	614.7

2. DIVIDEND:

Your Directors recommend dividend of Rs. 2.50 per equity share of Rs.10 each (25%) for the year ended 31st March,2012.

3. PERFORMANCE REVIEW:

We are happy to report excellent working results for the year under review. After providing for depreciation, the profit for the year is Rs 134,134,011 This has been possible because of efficient management of various functions leading to increase in productivity and volume in operations. The fine performance of the Company during the last three years has set the tone for further expansion of the company's operations.

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. G N Kalyani and Mr. S Ravindran, 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, forms part of the Corporate Governance Report.

5. TRANSFER TO GENERAL RESERVE:

During the year a sum of Rs 13,410,000 has been transferred to the General Reserve Account.

6. AUDITORS:

The Auditors of the Company M/s.P.G. Bhagwat, Chartered Accountants, Pune, who retire at the ensuing Annual General Meeting and are eligible for reappointment. They have confirmed their eligibility under

Section 224 of the Companies Act, 1956 for reappointment as Auditors of the Company.

7. 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.

8. 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, 2012, 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, 2012, 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.

9. 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.

10. PARTICULARS OF EMPLOYEES:

There is no employee whose particulars are required to be given under section 217(2A) (a) of the Companies Act 1956 read with Notification dated 31st March, 2011 by Ministry of Corporate Affairs.

11. 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 I to the Directors' Report.

12. APPOINTMENT OF COST AUDITOR

Mr. S C Jog, a Practicing Cost Accountant was appointed as Cost Auditor with the approval of Government of India to conduct cost audit of the accounts of the Company relating to for the year ended 31st March, 2012 pursuant to Section 233B of the Companies Act, 1956.

13. NOTES ON TAXATION

In the opinion of Directors, the provision for Income –Tax is sufficient to meet Income Tax demands. Shortfall, if any, will be met, if necessary, out of reserves.

14. RESEARCH & DEVELOPMENT

As part of KFL's overall strategy, throughout the year the Company remained focused on developing value added products for all market segments. R & D activities also focused on process cost reductions through increased yields.

Details of the R & D Activities undertaken are enumerated in Annexure I to this report.

15. APPRECIATION:

Your Directors would like to thank to the Bankers, Central and State Government, Stock Exchanges, other Regulatory Agencies, Investors, Shareholder 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 of Directors

Pune
25th May, 2012

Rohini G. Kalyani
Vice Chairperson & Managing Director

ANNEXURE - I 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 the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March, 2012.

A) CONSERVATION OF ENERGY:

a. The company is striving continuously to conserve energy by adopting innovative measures to reduce wastage and achieve optimum utilization of energy. As a result of these measures company has earned substantial amount of Power factor incentive from MSEB which has resulted in reduction of power cost.

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

Sr No	Description	2011-12	2010-2011
1)	**Power And Fuel Consumption**		
I)	**Electricity**		
	a) Purchased Units (KWH)	**28698913**	28112760
	Total Amount (Rs)	**182,047,732.00**	157,224,030.00
	Rate/Unit (Rs)	**6.35**	5.60
	B) Own Generation		
	I) Through Diesel Generator (KWH)	**326784**	16744
	II) Through Steam Generator	**-**	-
		-	-
II)	**Coal**		
III)	**Fuel Oil (LDO+Fuel Oil)**		
	Quantity (Ltrs)	**1514440**	1289512
	Total Amount (Rs)	**56,138,420.00**	52,871,647.00
	Average Rate /Litre (Rs.)- LDO	**52.71**	41.62
2)	**Consumption Per Unit Of Production**		
	Product : High Quality Closed Tolerance Die Forgings		
	UNIT : M.T.	**17,382.00**	17623.00
	ELECTRICITY (KWH)	**1,651.17**	1595.00
	FUEL OIL(KL/TON)	**0.09**	0.07
	COAL	**NIL**	NIL

*We could maintain total cost with percentage in use in costs of LDO and Furnace oil

B) TECHNOLOGY ABSORPTION:

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

i) Specific areas in which R&D was carried out by the Company

a) The focus of the company's R&D efforts was on the following areas:

1) Development of new innovative technology for the manufacture of existing dies, machined components and their intermediates.

2) Development of new products both in the area of Forging as well as Machined components especially for Export.

3) Development of in-house Mechanical Testing Facility for process improvements and to satisfy the customer requirements

4) Development of methods to improve safety procedures, effluent control, pollution control etc.