



Moving Ahead with Our Customers

ANNUAL REPORT
2015

KALYANI FORGE



www.kalyaniforge.co.in

Moving Ahead with Our Customers

KALYANI FORGE



Letter to the Shareholder

Dear Shareholder,

In my last year's message, I spoke about the journey of your company towards a dynamic and resilient organization. The seeds of transformation have shown increase in Top Line. The Company registered sales of Rs. 242.86 Crores as against Rs. 207.77 crores in the previous year. But these initiatives have costed our bottom line and we had to book loss this year. These initiatives include engaging more qualified and trained manpower to ensure better product quality and to add capability of a varied product types. These are investments and would yield results in periods to come. This is essentially building our muscles for long term growth with productivity. At the same time, we had to take some impairment on some capital projects which did not yield the results we expected. We are taking efforts to salvage those assets.

If you look at the performance of your company in the past where track record of sales have shown growth from Rs. 45 crores in the year 2000 to Rs. 279 crores in 2012. Same is the case with Fixed Assets and Reserves which have increased significantly over these years. This gives us a positive sense of overcoming this short term jerk of negative bottomline in the last year. Due to technical reasons, we have not declared any dividends this time, but keeping in line our policy of stable dividends, your board is seriously trying to declare interim dividend this year.

As inherent nature of Forging industry, the three determinants of Working Capital (namely) viz. Receivables, Payables and the Inventory block the funds leading to requirement of higher working capital, further resulting into high levels of operating credits. We have been making all out efforts to reduce this working capital gap to the extent possible, which you can see from the Balance Sheet.

This result has come at a time when the Indian Economy is plagued with several Non-Performing Assets and Banks are under tremendous pressure to get rid of such risky assets. I firmly believe Kalyani Forge, though currently of modest size, can be exemplary in how 21st century businesses should operate in India. It starts with regularly questioning our current ways.

Due to the losses incurred this year, we did not declare any dividends. We will plough our resources back into the organization to bring it back to fighting fit position financially. With the maturing of newly designed business processes, I am positive on coming out of this phase with upward growth in the coming fiscal year. During the year 2014, domestic automobile sales recorded a modest 7.2% growth. With economic recovery expected in 2015, demand for automobiles across the various categories is likely to receive required impetus. Sales growth in commercial vehicles and passenger vehicles is expected to enter the positive trajectory, driven by expected moderation in interest rate, fall in ownership cost and improvement in economic activity and consumer sentiments. As per expert estimates, auto industry is likely to grow by 11 to 12 % in 15-16. Several clients, who are among world leaders, have instilled their confidence in us to increase business and awarded orders for their new product launches.

The world today is a lot more dynamic and rapidly changing. It requires courageous leadership with a clear direction. I am proud to see many new leaders being born in our organization as we undergo this dynamic transformation. Our Employees continue to remain our major source of strength and I would like to sincerely thank each one of them for their efforts and level of commitment. I take this opportunity to express my deep gratitude to all our Stakeholders, Customers, Vendors, Bankers and Financial Institutions and members of the Board for their unstinted support and continued faith reposed in Kalyani Forge.

With best wishes

Rohini G. Kalyani
Chairperson & Managing Director





CONTENTS

•	Summary of Financial Data	04
•	Notice	05
•	Management Discussion & Analysis Report	15
•	Directors' Report	19
•	Report on Corporate Governance	46
•	Independent Auditors' Report on Financial Statements	57
•	Balance Sheet	62
•	Statement of Profit and Loss	63
•	Cash Flow Statement	64
•	Notes on Financial Statements	65
•	Attendance Slip and Proxy Form	87

KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

BOARD OF DIRECTORS

Mrs. Rohini G. Kalyani	(Chairperson & Managing Director)	(DIN: 00519565)
Mr. Gaurishankar. N. Kalyani	(Director)	(DIN: 00519610)
Mr. C. H. Naniwadekar	(Independent Director)	(DIN: 00031023)
Mr. Pradip P. Nadkarni	(Independent Director)	(DIN: 01670826)
Mr. A. R. Jamenis	(Independent Director)	(DIN: 00082620)
Mr. S. Ravindran	(Independent Director)	(DIN: 00229000)
Mr. Viraj G. Kalyani	(Executive Director)	(DIN: 02268846)

AUDIT COMMITTEE

Mr. C H Naniwadekar	Non- Executive Independent Director (Chairman)
Mr. A R Jamenis	Non- Executive Independent Director
Mr. Pradip Nadkarni	Non- Executive Independent Director
Mr. S Ravindran	Non- Executive Independent Director

REMUNERATION & NOMINATION COMMITTEE

Mr. A R Jamenis	Non- Executive Independent Director (Chairman)
Mr. C H Naniwadekar	Non- Executive Independent Director
Mr. Pradip Nadkarni	Non- Executive Independent Director
Mr. S Ravindran	Non- Executive Independent Director

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. G N Kalyani	Non- Executive Independent Director (Chairman)
Mr. C H Naniwadekar	Non- Executive Independent Director
Mr. Pradip Nadkarni	Non- Executive Independent Director

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Pradip Nadkarni	Non- Executive Independent Director (Chairman)
Mr. A R Jamenis	Non- Executive Independent Director
Mr. C H Naniwadekar	Non- Executive Independent Director
Mr. Viraj G Kalyani	Executive Director
Mrs. Rohini G. Kalyani	Managing Director

CHIEF EXECUTIVE OFFICER

Mr. K.V.L.N Murthy

COMPANY SECRETARY

Ms. Anushanethri .V



KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

BANKERS :

State Bank of India
Bank of Maharashtra
IDBI Bank Limited
HDFC Bank Limited
Indian Overseas Bank Limited

AUDITORS :

M/s. P. G. Bhagwat
Chartered Accountants,
Pune.

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.

**KALYANI****Kalyani Forge Ltd.****Summary of Financial Data****(Rupees in Million)**

PARTICULARS	2014 - 15	2013 - 14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
TURNOVER	2429	2078	2,624	2,793	2,396	1,813	1,858	2,174	2,101	1,726
PROFIT BEFORE INTEREST DEPRECIATION AND TAX	164	259	334	400	275	214	163	267	259	230
INTEREST	62	53	69	83	62	50	52	35	19	10
DEPRECIATION	131	135	128	119	112	105	91	83	72	57
PROFIT BEFORE TAX	(30)	72	137	198	101	59	20	148	168	163
PROVISION FOR TAX	(7)	24	49	64	34	20	12	54	58	59
PROFIT FOR THE YEAR	(23)	48	88	134	68	39	8	94	110	103
DIVIDEND %	0	25	25	25	20	18	12	22	22	22
DIVIDEND AMOUNT	0	9	9	9	7	7	4	8	8	8
GROSS BLOCK	2012	2012	1,920	1,787	1,680	1,563	1,370	1,224	1,117	859
NET BLOCK	608	784	825	814	823	814	724	668	635	449
NET WORTH	974	1028	991	913	790	734	708	716	644	543
BOOK VALUE PER SHARE (RS.)	268	282	272	251	217	202	195	197	177	149
EARNINGS PER SHARE (RS)	(6)	13	24	37	18	9	3	26	30	28
SHAREHOLDERS (NO'S)	3040	3154	3244	3,248	3,428	3,352	3,522	3,412	3,056	3,060
NO OF EMPLOYEES (NO'S)	1165	973	1,050	1,289	1,352	1,172	1,015	1,414	1,572	1,285

**KALYANI FORGE LIMITED**

(CIN: L28910MH1979PLC020959)

Regd. Office: Shangrila Gardens, "C" Wing,

1st floor, Opposite Bund Garden, Pune 411 001

E-mail : investors@kforge.com, Website : www.kalyaniforge.co.in

NOTICE

NOTICE is hereby given that the Thirty-Sixth 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 5th day of September, 2015 at 10.00 a.m., to transact the following business:

ORDINARY BUSINESS:

01. To receive, consider and adopt the Balance Sheet as at 31st March, 2015 and Profit & Loss Account as on that date together with reports of Director's and Auditor's thereon;
02. To appoint a Director in place of Mrs. Rohini G. Kalyani who retires by rotation and being eligible, offers herself for re-appointment.
03. To appoint a Director in place of Mr. Gaurishankar N. Kalyani who retires by rotation and being eligible, offers himself for re-appointment.
04. 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 Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. P. G. Bhagwat, Chartered Accountants, Pune having Firm Registration No.101118W, to hold office from as Statutory Auditors if the Company from the conclusion of this Annual General Meeting upto the conclusion of the 41st Annual General Meeting of the Company to be held in the calendar year 2020 (subject to ratification of the appointment by the Members at every Annual General Meeting to be held during their tenure) and that Board of Directors of the Company be and are hereby authorized to fix such remuneration, and plus Service Tax, out of pocket and travelling expenses as may be recommended by the Audit Committee for each year during the said period.

RESOLVED FURTHER THAT the Board or Committee thereof be and is hereby authorised to take such steps as may be necessary to give effect to the said resolution."

SPECIAL BUSINESS:

05. 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 196, 197 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment and remuneration of Mrs. Rohini G Kalyani, DIN: 00519565, as the Chairperson and Managing Director of the Company for a period of five years with effect from January 29, 2015, upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft Agreement, specifically sanctioned with authority to the Board of Directors (which term shall be deemed to include any duly authorized committee thereof for the time being exercising the power conferred on the Board by this Resolution) to alter and vary the terms and conditions of the said Appointment and/ or Agreement in such manner as it may deem fit and as may be agreed to between the Board of Directors and Mrs. Rohini G Kalyani and for this purpose the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary.

RESOLVED FURTHER THAT the Board or Committee thereof be and is hereby authorised to take such steps as may be necessary to give effect to the said resolution."

06. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT consequent to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the new set of the Articles of Association of the Company in the form and manner as per the draft Articles of Association placed before the meeting and annexed to this Notice as Annexure A, be and is hereby approved and adopted and the same shall be in substitution for, and to the entire exclusion of the existing set of Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be required to give effect to this resolution.”

07. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 or any statutory modification or re-enactment thereof, Mr. Rahul A Chincholkar, Cost Accountant, appointed as Cost Auditor by the Board of Directors of the Company to conduct an audit of the Cost Records of the Company for the financial year commencing from 01.04.2015, be paid a remuneration of Rs. 1,00,000 (Rupees One Lac Only) (excluding service tax, as applicable) in addition to reimbursement of out of pocket expenses and conveyance as recommended by the audit committee and approved by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary for the purpose of giving effect to this resolution”.

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

Place : Pune
Date : May 30, 2015

Anushanethri V
Company Secretary

Registered Office :

Shangrila Gardens, 'C' Wing, 1st Floor,
Opp Bund Garden, Pune - 411001