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# **KALYANI FORGE LIMITED**



**KALYANI**



## KALYANI FORGE LIMITED

### BOARD OF DIRECTORS

NEELKANTH A. KALYANI  
(Chairman)

B.N. KALYANI  
(Vice-Chairman)

D.G. KARNIK

S.K. MOHILE

D.C. AGASHE

S.S. VAIDYA

P.S. BHALERAO

D.A. DADACHANJI  
(I.C.I.C.I. Nominee)

ANIL REGE

UMESH R. LAHOTI

R. G. SHENDE

### BANKERS :

Bank of Maharashtra  
Dena Bank  
The Shamrao Vithal Co-operative Bank Limited

### SOLICITORS & ADVOCATES :

Kanga & Co.  
Mumbai.

### AUDITORS :

Dalal and Shah  
Chartered Accountants,  
Mumbai.

### REGISTERED OFFICE :

4th Floor,  
Athwani Chambers,  
16, Mahatma Gandhi Road,  
Pune - 411 001.

### WORKS :

Koregaon Bhima,  
Taluka : Sirur,  
District : Pune 412 207.



## HIGHLIGHTS

|                                                 | (Rupees in Million) |             |             |             |             |
|-------------------------------------------------|---------------------|-------------|-------------|-------------|-------------|
|                                                 | 1998-99             | 1997-98     | 1996-97     | 1995-94     | 1994-95     |
| TURNOVER                                        | 459.382             | 428.024     | 425.018     | 352.878     | 270.804     |
| PROFIT BEFORE INTEREST,<br>DEPRECIATION AND TAX | 70.686              | 61.803      | 70.399      | 61.845      | 42.887      |
| INTEREST                                        | 14.997              | 16.512      | 14.453      | 12.234      | 11.146      |
| DEPRECIATION                                    | 27.981              | 25.282      | 20.208      | 14.786      | 9.111       |
| PROFIT BEFORE TAX                               | 27.708              | 20.009      | 35.738      | 34.825      | 22.630      |
| PROVISION FOR TAX                               | 3.619               | 4.026       | 6.100       | 3.200       | —           |
| PROFIT AFTER TAX                                | 24.089              | 15.983      | 29.638      | 31.625      | 22.630      |
| DIVIDEND – %<br>AMOUNT                          | 16<br>5.821         | 15<br>5.457 | 20<br>7.279 | 22<br>8.006 | 20<br>7.277 |
| GROSS BLOCK                                     | 447.204             | 323.026     | 284.923     | 241.246     | 168.669     |
| NET BLOCK                                       | 209.826             | 216.468     | 202.575     | 180.560     | 122.185     |
| NET WORTH                                       | 204.521             | 186.115     | 171.794     | 148.847     | 123.372     |
| BOOK VALUE PER SHARE (Rs.)                      | 56.22               | 51.16       | 47.20       | 40.90       | 33.91       |
| EARNINGS PER SHARE (Rs.)                        | 6.62                | 4.39        | 8.14        | 8.69        | 6.22        |



## TWENTIETH ANNUAL REPORT

### DIRECTORS' REPORT

For the year ended 31st March, 1999.

To,  
Members,

The Directors present their 20th Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 1999.

#### 1. FINANCIAL RESULTS :

|                                                    | (Rs.in million) |         |
|----------------------------------------------------|-----------------|---------|
|                                                    | 1998-99         | 1997-98 |
| Total Income                                       | 459.382         | 428.024 |
| Gross Profit before depreciation                   | 55.689          | 45.291  |
| Profit after depreciation                          | 27.708          | 20.009  |
| Profit after tax                                   | 24.089          | 15.983  |
| Balance of Profit from previous year               | 71.761          | 62.581  |
| Less: Tax adjustments in respect of earlier years  | (1.062)         | —       |
| Profit available for appropriation                 | 94.788          | 78.564  |
| Transferred to General Reserve                     | 2.500           | 0.800   |
| Proposed Dividend on Equity Capital, including tax | 6.461           | 6.003   |
| Surplus retained in Profit & Loss A/c              | 85.827          | 71.761  |

#### 2. DIVIDEND :

Your Directors recommend the payment of dividend on equity shares, for the year ended on 31.3.99, at the rate of Rs.1.60 per share. Total amount payable on account of dividend is Rs.5.821 million.

#### 3. OPERATIONS :

Your Directors are pleased to report that the Company has achieved a turnover of Rs.459.382 million as against last year's turnover of Rs.428.024 million which shows an increase of 7% over the previous year. The net profit after tax for the year is also increased by 51% to Rs.24.089 million, as against Rs.15.983 million last year. Export of the Company during the year have also increased to Rs. 11.536 million from Rs. 5.238 million last year, which shows an increase of 120%.

#### 4. EXPANSION PROJECT :

Company has undertaken last year another expansion project named as 'Metal Forms Division', including additions of One 2500 Ton Press and One 1000 Ton Press. The total cost of the project is around Rs.18 crores. 1000 Ton Press is already commercialised. Other equipments are under installation.

#### 5. DIRECTORS :

In accordance with the Provisions of Companies Act, 1956 and Articles of Association of the Company Dr. N. A. Kalyani, Mr. P. S. Bhalerao and Mr. D. G. Karnik – Directors are retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

#### 6. AUDITORS :

The auditors of the Company M/s.Dalal & Shah, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting. You are requested to re-appoint 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.



## 7. 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 the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all Shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining the said Annexure may write to the Company Secretary at the Registered Office of the Company.

## 8. 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 annexed hereto.

## 9. STATUS ON Y2K (YEAR 2000) PREPAREDNESS :

The Computer Software system of the Company is developed in-house and is Y2K compliant with four digit dates. As regards hardware, Company has taken appropriate measures to upgrade and make them Y2K compliant. The expenditure involved is not substantial and therefore there will not be any financial impact. As the Company is Y2K compliant, no contingency plans are required.

## 10. INDUSTRIAL RELATIONS :

The relations with staff and workmen continue to be cordial.

## 11. APPRECIATION :

Your Directors wish to place on record their appreciation for the support and assistance rendered by The ICICI Ltd., IDBI, SICOM Ltd., and the Bankers namely Bank of Maharashtra, Dena Bank and The Shamrao Vithal Co-operative Bank Ltd., and also the co-operation received from Central and State Governments. Directors also express their appreciation for the good performance to Mr.K.Ramaswami, President and all employees of the Company for the devoted services rendered by them.

For and on behalf of the Board of Directors

PUNE

Dated : 28th July, 1999.

NEELKANTH A. KALYANI  
CHAIRMAN



## TWENTIETH ANNUAL REPORT

### 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, 1999.

#### 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 :

|                                      | Current Year | Previous Year |
|--------------------------------------|--------------|---------------|
| <b>1) POWER AND FUEL CONSUMPTION</b> |              |               |
| i) Electricity                       |              |               |
| a) Purchased                         |              |               |
| Units (KWH)                          | 9 297 196    | 8 620 715     |
| Total Amount (Rs.)                   | 39 392 379   | 34 471 456    |
| Rate/Unit (Rs.)                      | 4.24         | 4.00          |
| b) Own Generation                    |              |               |
| i) Through Diesel Generator          | —            | —             |
| ii) Through Steam Turbine/Generator  | —            | —             |
| ii) Coal                             | —            | —             |
| iii) Fuel Oil                        |              |               |
| Qty (K.L.)                           | 1284.046     | 1316.828      |
| Total Amount (Rs.)                   | 10 319 336   | 9 823 395     |
| Avg. Rate /K.L.(Rs.)                 | 8036.58      | 7459.89       |

#### 2) CONSUMPTION PER UNIT OF PRODUCTION

|                                                     |         |         |
|-----------------------------------------------------|---------|---------|
| Product : High Quality Close Tolerance Die Forgings |         |         |
| Unit : M.T.                                         | 5074    | 4949    |
| Electricity (KWH)                                   | 1832.32 | 1741.91 |
| Fuel Oil (K.L.)                                     | 0.253   | 0.266   |
| 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 :

The following technology for Warm and Cold Forging is being developed through inhouse R&D activity.

- Near net shape forgings for the two wheeler industry.
- Nesting techniques for two wheeler conrods and other Small Precision forgings.
- The Cad/Cam has been fully implemented and now currently being used for development and production of dies using 3 Axis CNC machines.

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

- The development of Warm & Cold Forgings may enable the Company to get into manufacture of Precision Forgings for the two wheeler industry.
- Improvement in material savings and energy cost.

##### c) Future Plan of action :

- Development of Warm forging and the Cold sizing of the male tripot/tulip forgings for the CV joint assembly.
- Development of flashless CV inner races, Spiders using the enclosed die system.



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

## d) Expenditure on R&amp;D

(Rs. in Million)

|      |                                                         |       |
|------|---------------------------------------------------------|-------|
| i)   | Capital                                                 | NIL   |
| ii)  | Recurring                                               | 0.127 |
| iii) | Total                                                   | 0.127 |
| iv)  | Total R&D Expenditure as a percentage of total turnover | 0.028 |

## 2) Technology absorption, adaptation and innovation :

The Company as of date has not imported any technology.

## C. FOREIGN EXCHANGE USED AND EARNED :

(Rs. in Million)

|        |        |
|--------|--------|
| USED   | 32.801 |
| EARNED | 12.067 |

For and on behalf of the Board of Directors

PUNE

Dated : 28th July, 1999.

NEELKANTH A. KALYANI  
CHAIRMANReport  junction.com



## TWENTIETH ANNUAL REPORT

### REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **KALYANI FORGE LIMITED** as at 31st March, 1999 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report as under :-

1. As required by the Manufacturing and Other Companies ( Auditor's Report ) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order;
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the Books of the Company;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account of the Company;
  - (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to Section 211(3C) of the Companies Act 1956, to the extent considered applicable;
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the Accounts read together with relevant notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view :
    - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
    - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For and on behalf of  
DALAL & SHAH  
Chartered Accountants

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MUMBAI.  
Dated : 29th July ,1999

Y. C. AMIN  
Partner






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**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT OF EVEN DATE  
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999 OF KALYANI FORGE LIMITED**

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On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that :

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. As explained to us, all the assets have been physically verified by the Management at reasonable intervals during the year. According to the information and explanations given to us, no discrepancies have been noticed on physical verification as compared to book records;
  - (ii) None of the fixed assets have been revalued during the year;
  - (iii) The stocks of stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals during the year, other than stocks lying with third parties, which have, however, been confirmed by the parties;
  - (iv) The procedures, as explained to us, for physical verification of the above referred stocks followed by the Management are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business;
  - (v) According to the records produced to us for our verification, there were no material discrepancies noticed on physical verification of stocks referred to in (iii) above, as compared to the book records and the same have been properly dealt with in the Books of Account;
  - (vi) We have examined the stocks verification records of the Company and wherever necessary, have physically verified the stocks with assistance of the technical staff of the Company. On the basis of such examination and verification, we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year;
  - (vii) The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there were no companies under the same management as defined under section 370(1B) of the Companies Act, 1956;
  - (viii) No loans, secured or unsecured, have been granted to the Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there were no companies under the same management as defined under Section 370(1B) of the Companies Act, 1956;
  - (ix) Employees to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts according to the stipulations wherever stipulated and are also regular in payment of interest where applicable;
  - (x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of raw materials, stores, plant and machinery, equipment and other assets and also for sale of goods;
  - (xi) According to the information and explanations given to us, the transactions of purchase of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the year to Rs. 50 000/- or more per annum in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices available with the Company. As explained to us, there were no other transactions of sale of goods, materials or services which were required to be entered in the said register;
  - (xii) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials or finished goods and necessary provisions for loss arising on items so determined have been made in the books of account of the Company;
  - (xiii) The Company has not accepted any deposits from the public;
  - (xiv) In our opinion, the Company has maintained reasonable records for sale and disposal of realisable scrap. The Company has no by-products;
  - (xv) The Company has appointed a firm of Chartered Accountants to undertake internal audit of the company. In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business;
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## TWENTIETH ANNUAL REPORT

- (xvi) The Central Government has not prescribed for maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company;
- (xvii) According to the records of the Company, the Provident Fund dues have generally been regularly deposited during the year with the appropriate authorities. As explained to us, the Act relating to the Employees State Insurance is, at present, not applicable to the Company;
- (xviii) According to the records of the Company, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs Duty and Excise Duty were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable;
- (xix) On the basis of (a) the examination of the books of account of the Company, (b) the vouchers examined by us on a test check basis, (c) explanations given to us on our inquiries and (d) the checks and controls relating to authorising payment looking to the Company's needs and exigencies and to the best of our knowledge and belief, we have not come across any personal expenses charged to revenue account, other than expenses incurred under service contracts obligations with the Company's employees or under normally accepted business practices which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses;
- (xx) The Company does not fall within the purview of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For and on behalf of  
DALAL & SHAH  
Chartered Accountants

MUMBAI.  
Dated : 29th July, 1999

Y. C. AMIN  
Partner

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