

KALYANI FORGE LIMITED



KALYANI



KALYANI FORGE LIMITED

BOARD OF DIRECTORS

NEELKANTH A. KALYANI
(Executive Chairman)

MRS. R. G. KALYANI
(Executive Director)

D.G. KARNIK

D.C. AGASHE

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 :

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

WORKS :

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



HIGHLIGHTS

	(Rupees in Million)				
	2000-01	1999-2000	1998-99	1997-98	1996-97
TURNOVER	555.584	544.880	459.382	428.024	425.018
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	82.580	89.866	70.686	61.803	70.399
INTEREST	19.623	17.893	14.997	16.512	14.453
DEPRECIATION	37.967	32.167	27.981	25.282	20.208
PROFIT BEFORE TAX	24.990	39.806	27.708	20.009	35.738
PROVISION FOR TAX	1.911	6.213	3.619	4.026	6.100
PROFIT AFTER TAX	23.079	33.593	24.089	15.983	29.638
DIVIDEND - %	12	20	16	15	20
AMOUNT	4.366	7.276	5.821	5.457	7.279
GROSS BLOCK	506.719	492.645	447.204	323.026	284.923
NET BLOCK	272.551	246.863	209.826	216.468	202.575
NET WORTH	245.118	225.950	204.521	186.115	171.794
BOOK VALUE PER SHARE (Rs.)	67.38	62.11	56.22	51.16	47.20
EARNINGS PER SHARE (Rs.)	6.34	9.18	6.62	4.39	8.14



TWENTYSECOND ANNUAL REPORT

DIRECTORS' REPORT

For the year ended 31st March, 2001.

To,
Members,

The Directors present their 22nd Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS :

	2000-2001	(Rs.in lakhs) 1999-2000
Total Income	5556	5449
Gross Profit before depreciation	630	720
Profit after depreciation	250	398
Profit after tax	231	336
Add : Balance of Profit from previous year	1029	858
Less: Adjustments in respect of earlier years	9	59
Profit available for appropriation	1251	1135
Less : Transfer to General Reserve	6	25
Less : Final / (Interim) Dividend on Equity Capital, including tax	48	81
Surplus retained in Profit & Loss A/c	1197	1029

2. DIVIDEND :

Your Directors recommend payment of dividend for the year ended on 31.03.2001 at the rate of Rs.1.20 per equity share of Rs.10/- each. The total amount payable on account of dividend is Rs. 48,10,891/-.

3. OPERATIONS :

Your Directors are pleased to report that the Company has achieved a turnover of Rs.5556 lakhs as against last year's turnover of Rs.5449 lakhs which shows an increase of 1.96% over the previous year. Export of the Company during the year have also increased to Rs.327 lakhs from Rs.265 lakhs last year, which shows an increase of 1.23 times. The net profit after tax for the year has however, decreased by 31% to Rs.231 lakhs, as against Rs.336 lakhs last year due to general slackness in the automobile market.

4. EXPANSION PROJECT :

During the year under review, Company has commercialised the cold forging plant.

5. DIRECTORS :

In accordance with the Provisions of Companies Act, 1956 and Articles of Association of the Company Mr. D. G. Karnik and Mr. Anil Rege - Directors are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr. P. S. Bhalerao, director, resigned on 06.07.2001. Directors place on record their appreciation for services rendered by Mr. P. S. Bhalerao during his tenure of directorship with the Company.

6. AUDITOR'S REPORT :

With reference to note no. 17 to the Accounts referred by the auditors in their report to the Members, the Directors wish to state that the said note is self explanatory and do not call for any further explanation u/s 217(3) of the Companies Act, 1956.

**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 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.

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 the Annexure 1 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.

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 :

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2001, 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 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 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, 2001 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 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, inspite of difficult conditions to Mrs. R. G. Kalyani, Executive Director and all employees of the Company for the devoted services rendered by them.

For and on behalf of the Board of Directors

PUNE

Dated : 30th July, 2001.

NEELKANTH A. KALYANI

Executive Chairman



TWENTYSECOND 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, 2001.

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 :

1) Power and Fuel Consumption	Current Year	Previous Year
i) Electricity		
a) Purchased		
Units (KWH)	11 327 939	10 749 994
Total Amount (Rs.)	49 022 914	43 093 005
Rate/Unit (Rs.)	4.33	4.01
b) Own Generation		
i) Through Diesel Generator	—	—
ii) Through Steam Turbine/Generator	—	—
ii) Coal	—	—
iii) Fuel Oil		
Qty (K.L.)	1109.669	1275.306
Total Amount (Rs.)	14 409 705	10 518 007
Avg. Rate /K.L.(Rs.)	12 985.59	8247.44
2) Consumption Per Unit of Production		
Product : High Quality Close Tolerance Die Forgings		
Unit : M.T.	5569	6278
Electricity (KWH)	2034.11	1712.33
Fuel Oil (K.L.)	0.199	0.203
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 :

- i) In house R & D activity for Warm and Cold Forging is being continued.
- ii) Near net shape forgings for the two wheeler industry.
- iii) Nesting techniques for two wheeler conrods and other Small Precision forgings.

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

- i) The development of Warm & Cold Forgings has enabled the Company to get into manufacture of tulip for the CV joint assembly, and all four stroke items for two wheeler.
- ii) Improvement in material savings and energy cost.

c) Future Plan of action :

- i) Further Developments on Warm forging and Cold sizing of the DOJ pots for the CV joint assembly.
- ii) Aluminium forging.



KALYANI FORGE LIMITED

ANNEXURE - II TO THE DIRECTORS' REPORT (Contd.)**d). Expenditure on R&D**

(Rs. in Lakhs)

i)	Capital	NIL
ii)	Recurring	2.81
iii)	Total	2.81
iv)	Total R&D Expenditure as a percentage of total turnover	0.051

2) Technology absorption, adaptation and innovation :

The Company has imported, during the financial year under review, technical know-how for manufacture of Tulips for CV Joints and the same is under absorption and adaptation.

C. FOREIGN EXCHANGE USED AND EARNED :

(Rs. in Lakhs)

Used	66.75
Earned	348.97

For and on behalf of the Board of Directors

PUNE

Dated : 30th July, 2001.

NEELKANTH A. KALYANI

Executive Chairman



TWENTYSECOND ANNUAL REPORT

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **KALYANI FORGE LIMITED** as at 31st March, 2001 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 matters specified in paragraphs 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 in Section 211(3C) of the Companies Act, 1956, to the extent considered applicable;
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2001, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the Accounts read together with Note No. 17 relating to the change in the method of recognising the liability for Privilege Leave Entitlements resulting in the profit for the year being lower by Rs. 2 109 944/- and read together with other 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, 2001 and
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

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For and on behalf of
DALAL & SHAH
Chartered Accountants

MUMBAI.

Dated : 31st July, 2001.

ANISH AMIN
Partner



**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT OF EVEN DATE
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001 OF KALYANI FORGE LIMITED**

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;