



KALYANI

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30th Annual Report 2008—2009

KALYANI FORGE LIMITED



KALYANI

KALYANI FORGE LIMITED

HIGHLIGHTS

(Rupees in Million)

PARTICULARS	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
TURNOVER	1857.92	2173.74	2100.73	1726.04	1508.46	1178.07
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	163.06	266.75	258.81	229.92	209.13	195.53
INTEREST	51.98	35.29	18.63	10.19	2.95	2.56
DEPRECIATION	90.86	83.43	72.09	57.05	47.85	45.52
PROFIT BEFORE TAX	20.22	148.03	168.10	162.68	158.33	147.45
PROVISION FOR TAX	11.84	53.85	57.61	59.27	55.40	44.90
PROFIT FOR THE YEAR	8.38	94.18	110.49	103.41	102.93	102.55
DIVIDEND (%)	12	22	22	22	20	20
DIVIDEND AMOUNT	4.37	8.00	8.00	8.00	7.28	7.28
GROSS BLOCK	1370.42	1223.71	1116.88	858.79	732.46	584.28
NET BLOCK	724.23	668.24	634.99	449.00	378.59	277.85
NET WORTH	708.07	715.69	644.29	543.40	449.37	354.80
BOOK VALUE PER SHARE (Rs.)	19.46	19.67	17.71	14.97	12.36	9.75
EARNINGS PER SHARE (Rs.)	2.57	2.59	3.03	2.83	2.82	2.81
SHAREHOLDERS (NOS.)	3,522	3,412	3,056	3,060	3,711	4,750
NO. OF EMPLOYEES (NOS.)	1,015	1,414	1,572	1,285	1,168	1,044



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,
Citi Bank NA,
HDFC Bank
DBS Bank Ltd.

SOLICITORS & ADVOCATES :

Karnik & Karnik
Pune

AUDITORS :

Dalal and Shah
Chartered Accountants,
Mumbai.

REGISTERED OFFICE :

Shangrila Gardens,
'C' Wing, 1st Floor,
Opp. Bund Garden,
Pune – 411 001.
Website : www.kalyaniforge.co.in

WORKS :

1. Koregaon Bhima,
Tal. : Shirur,
District : Pune 412 216.
2. Precision Autocomp Division
Gat No. 914/1 & 2, Sanaswadi
Tal. : Shirur,
District : Pune 412 208.

**KALYANI FORGE LIMITED**

Regd. Office : Shangrila Gardens, 1st floor,
'C' Wing, Opposite Bund Garden, Pune 411001.

NOTICE

NOTICE is hereby given that the Thirtieth 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 18th day of July, 2009 at 11.30 A.M. (I.S.T.) to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on 31st March, 2009 and the Reports of the Directors and of the Auditors.
- 2) To declare Dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. G. N. Kalyani, who retires by rotation, but being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. C. H. Naniwadekar, who retires by rotation, but 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. Dalal & Shah, Chartered Accountants, Mumbai, be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and that the Managing Director be and is hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. S. Ravindran, who was appointed as an Additional Director, in the meeting of Board of Directors, held on 31st January, 2009, and who holds office under Section 260 of the Companies Act, 1956, up to the date of conclusion of this Annual General Meeting, and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director, under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

By Order of the Board of Directors
for KALYANI FORGE LTD.,

Place : Pune
Date : 30th May, 2009

R. RAMKUMAR
GM Taxation & Company Secretary



THIRTIETH ANNUAL REPORT

NOTES :-

1. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of special business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Members who hold shares in dematerialized form are requested to bring their CLIENT ID and DP ID numbers for easy identification of attendance at the Meeting.
4. Mr. G. N. Kalyani and Mr. C. H. Naniwadekar, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible to offer themselves for re-appointment. A brief resume of both Mr. G. N. Kalyani as well as Mr. C. H. Naniwadekar, nature of their expertise in specific functional areas, and names of Companies in which they hold directorship and membership/chairmanship of committees of Board, as stipulated under Clause 49 of Listing Agreement with Stock Exchanges of India, are provided in Report on Corporate Governance, forming part of the Annual Report. The Board recommends adoption of the Resolutions, re-appointing them as Directors.
5. 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.
6. Members holding shares in physical form are to intimate any change in address, bank details, etc. to the Company's Registrar and Transfer Agents, namely :

LINK INTIME INDIA PVT. LIMITED
 Block No.202, Second Floor,
 Akshay Complex, Off. Dhole Patil Road
 Near Ganesh Mandir, Pune- 411 001.
 Tel./Fax – 9520 2605 3503
 E-mail : pune@linkintime.co.in

7. Equity Shareholders who are desirous of any information concerning the accounts or operation of the Company are requested to write to the Company at least 10 days before the date of Annual General Meeting so that the information may be available at the said meeting.
8. Equity Shareholders who have not dematerialized are advised to dematerialize their shareholding, to avoid inconvenience in future and to reap benefits of de-materialisation.
9. 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.
10. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 1st day of July, 2009, to Saturday, the 18th day of July, 2009 (both days inclusive).
11. Dividend, if declared, will be paid to those shareholders, whose names appear in the Company's Register of Members/ Register of Beneficial Owners as on 18th day of July, 2009.
12. 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, upto the 18th day of July, 2009, during business hours of the Company.
13. Those Members who have not encashed/received their Dividend Warrants for the previous years may approach the Secretarial Department at the factory address of the Company for obtaining payment of such outdated warrants.
14. Dividends which remain unclaimed/unencashed for a period of 7 years will be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Sections 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim by the shareholders shall lie for the unclaimed dividend transferred to IEPF.

By Order of the Board of Directors
for KALYANI FORGE LTD.,

Place : Pune
 Date : 30th May, 2009

R. RAMKUMAR
 GM Taxation & Company Secretary

**ANNEXURE TO THE NOTICE:**

Explanatory Statement as required by Section 173 of the Companies Act, 1956:

Item No. 6 :

As provided under provisions of Section 260 of the Companies Act, 1956, and Article 141 of the Articles of Association of the Company, the Board of Directors in their meeting held on 31st January, 2009, have appointed Mr. S. Ravindran as an Additional Director of the Company. He holds office as Additional Director only up to the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, notice has been received from a member signifying his intention to propose appointment of Mr. S. Ravindran as a Director.

A brief resume of Mr. S. Ravindran, nature of his expertise in specific functional areas and names of Companies in which he holds directorships and membership/chairmanship of Committees of Board, as stipulated under Clause 49 of Listing Agreement with Stock Exchanges of India, are provided in Report on Corporate Governance, forming part of the Annual Report.

He does not hold any equity shares in the Company.

Except Mr. S. Ravindran, no other Director may be deemed concerned or interested in the resolution. The Board recommends adoption of the Resolution.

By Order of the Board of Directors
for KALYANI FORGE LTD.,

Place : Pune
Date : 30th May, 2009

R. RAMKUMAR
GM Taxation & Company Secretary





THIRTIETH ANNUAL REPORT

DIRECTORS' REPORTFor the year ended 31st March, 2009

To
The Members,

The Directors present their 30th Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS :

	(Rs. in Million)	
	<u>2008-09</u>	<u>2007-08</u>
Total Income	1857.9	2173.7
Gross Profit before depreciation	111.0	231.4
Profit after depreciation	20.2	148.0
Profit for the year	8.4	94.2
Add/Less(-) : Prior Period Adjustments	+0.1	+0.1
Add : Balance of Profit from previous year	542.4	470.0
Profit available for appropriation	551.8	564.3
Less : Transfer to General Reserve	2.5	12.5
Less : Proposed Dividend on Equity Capital	4.4	8.0
Less : Tax on above Dividend	0.7	1.4
Surplus retained in Profit & Loss A/c	544.2	542.4

2. DIVIDEND :

Your Directors recommend payment of dividend for the year ended on 31.03.2009 at the rate of Rs. 1.20 per equity share of Rs.10/- each.

3. OPERATIONS :

Net Sales from Operations dropped by 14.6% from Rs. 1,886.6 Million to Rs. 1,611.6 Million due to drop in customer demand. Drop in export demand was more pronounced than from domestic customers.

Profit before tax as a percentage of Sales was at 1.25% for the Financial Year compared to 7.85% in the previous Financial Year. Profit Before Tax during the year was impacted due to higher input material cost (54.8% as against 51.5% in 2007-08) and interest and depreciation burden (8.8% as against 6.3% in the previous year).

During the Financial Year, several new product development initiatives have been taken which will translate into business in 2009-10. This is expected to compensate any further drop in current domestic and export revenues during the next Financial Year.

Another positive initiative during the year under review has been planned reduction in working capital. At the end of the Financial Year, the net working capital was Rs. 441.4 Million (27.4% of net Sales) as compared to Rs. 717.8 Million (38.1% of net Sales) at previous Financial Year end.

**4. DE— LISTING :**

After passing of Special Resolution by Shareholders for delisting from Pune Stock Exchange (PSE) and completion of required formalities, Equity shares of the Company are since de-listed from PSE. Equity Shares of Your Company will continue to be listed with 2 renowned and well connected Bombay Stock Exchange Limited and National Stock Exchange Limited.

5. DIRECTORS :

Mr. D. C. Agashe, a Director of your Company, from 28.06.1984 till his resignation on 28.07.2007, has expired during the year.. Your Directors once again place on record the contribution made by Mr. D. C. Agashe.

Mr. S. Ravindran was appointed as an Additional Director by the Board of Directors of your Company with effect from 31st January, 2009. According to provisions of Section 260 of the Companies Act, 1956, he holds office as Director only up to the date of the ensuing Annual General Meeting.

As required by Section 257 of the Act, notices has been received from a member signifying his intention to propose the appointment of Mr. S. Ravindran, as Director. Resolution proposing his appointment as Director forms part of agenda of ensuing Annual General Meeting and your Directors recommend his appointment.

Mr. G. N. Kalyani, and Mr. C. H. Naniwadekar, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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 reappoint 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 Annexure I to the Directors' Report.

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 given, in Annexure II attached hereto.

9. 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, 2009, 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 a 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 Financial 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, 2009, on a "going concern" basis.



THIRTIETH ANNUAL REPORT

10. TRANSFER TO INVESTOR PROTECTION FUND :

An amount of Rs. 64,521/- was transferred to Investor Education & Protection Fund (IEPF) during the year, being unclaimed dividend for Financial Year 2000-2001.

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 Bankers namely, State Bank of India, Bank of Maharashtra, Citibank NA, HDFC Bank, DBS Bank and also the co-operation received from Central and State Governments and all our Stake-holders. Your Directors also express their appreciation for the good performance, to Mrs. R.G. Kalyani, Vice Chairperson and Managing Director, and all employees of the Company for the devoted services rendered by them.

For and on behalf of the Board of Directors

Place : Pune
Date : 30th May 2009.

NEELKANTH A. KALYANI
Chairman



**ANNEXURE – I TO THE DIRECTORS' REPORT**

Information required as per sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the Financial Year ended on 31st March, 2009 :

Name of the Employee, Qualification, Designation & Nature of duties.	(Age) Experience.	Gross Remuneration, Date of commencement of employment.	Particulars of last employment held, Designation, Organisation & period.
Mrs. R. G. Kalyani B.Sc., Diploma in Financial Management. Vice Chairperson and Managing Director	(45) 15 years	Rs. 1,770,800 29.01.2000	Director Dandakaranya Investment & Trading Private Limited 3 years.
Mr. S. R. Shivshankar B. E. (Mechanical), DBM, President (upto 16.03.2009)	(50) 28 years	Rs. 2,966,109 22.10.2007	President Jaya Hind Industries Ltd., 3 years.
Mr. K. R. Murali, B. E. (Mechanical), Chief Executive Officer	(45) 22 years	Rs. 205,113 22.02.2009	Executive Director, Sanmar Engineering Corporation. 2 years.

NOTES :

1. Designation denotes the nature of duties also.
2. Gross remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, Allowances, Perquisites, Privilege Leave Encashment, Commission, etc.
3. The nature of employment for Managing Director is contractual.
4. Mrs. R. G. Kalyani is wife to Mr. G. N. Kalyani, Director, and daughter-in-law to Dr. N. A. Kalyani, Chairman.

For and on behalf of
the Board of Directors

Place : Pune
Date : 30th May, 2009.

NEELKANTH A. KALYANI
CHAIRMAN