

**KALYANI****HIGHLIGHTS****(Rupees in Million)**

PARTICULARS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
TURNOVER	2,619	2,793	2,396	1,813	1,858	2,174	2,101	1,726	1,508
PROFIT BEFORE INTEREST DEPRECIATION AND TAX	334	400	275	214	163	267	259	230	209
INTEREST	69	83	62	50	52	35	19	10	3
DEPRECIATION	128	119	112	105	91	83	72	57	48
PROFIT BEFORE TAX	137	198	101	59	20	148	168	163	158
PROVISION FOR TAX	49	64	34	20	12	54	58	59	55
PROFIT FOR THE YEAR	88	134	68	39	8	94	110	103	103
DIVIDEND %	25	25	20	18	12	22	22	22	22
DIVIDEND AMOUNT	9	9	7	7	4	8	8	8	7
GROSS BLOCK	1,926	1,788	1,680	1,563	1,370	1,224	1,117	859	732
NET BLOCK	825	814	823	814	724	668	635	449	379
NET WORTH	991	913	790	734	708	716	644	543	449
BOOK VALUE PER SHARE (RS.)	272	251	217	202	195	197	177	149	124
EARNINGS PER SHARE (RS)	24	37	18	9	3	26	30	28	28
SHAREHOLDERS (NO'S)	3244	3,248	3,428	3,352	3,522	3,412	3,056	3,060	3,711
NO OF EMPLOYEES (NO'S)	1,050	1,289	1,352	1,172	1,015	1,414	1,572	1,285	1,168

KALYANI FORGE LIMITED

BANKERS :

State Bank of India,
Bank of Maharashtra,
IDBI Bank Ltd.
Citi Bank NA,
HDFC Bank Ltd.
Indian Overseas Bank

AUDITORS :

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

CHIEF FINANCE OFFICER :

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.

KALYANI FORGE LIMITED

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

NOTICE

NOTICE is hereby given that the 34th 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 29th day of June, 2013 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, 2013, Profit & Loss Account for the year ended 31st March, 2013 and together with reports of Director's and Auditor's thereon;
2. To declare a dividend on equity shares;
3. To appoint a Director in place of Mr. C H Naniwadekar who retires by rotation and being eligible, offers himself for re-election;
4. To appoint a Director in place of Mr. U R Lahoti, who retires by rotation and being eligible, offers himself for re-election;
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, Pune having 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."

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. Viraj G Kalyani who was appointed as an Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, Mr. Viraj G Kalyani as a candidate for the office of the Director be and is hereby elected and appointed as a Director of the Company."

7. To appoint Mr. Viraj G Kalyani as Whole time Director to be designated as Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

RESOLVED THAT, pursuant to the provisions of sections 198, 269, 309, 310, and all other applicable provisions of the Companies Act, 1956 ("the Act") including any amendment or statutory modification thereto for the time being in force read with Schedule XIII of the Companies Act, 1956 (including any amendment or statutory modification thereto for the time being in force) and subject to the approval of Central Government, if necessary, and such other approvals, permissions and sanctions as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, if any, approval of the Company be and is hereby accorded to the appointment of Mr. Viraj Kalyani as the Whole Time Director - (WTD) of the Company, to be designated as Executive Director with effect from May 17, 2013 on the terms and conditions and on payment to him by way of remuneration and commission as set out in the Explanatory Statement to this Notice.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to revise from time to time during the tenure of the present appointment of Mr. Viraj Kalyani, the remuneration payable to him as the Whole Time Director designated as Executive Director subject to the limit stipulated in the Companies Act 1956 read with schedule XIII and such other provisions of the Companies Act, 1956 as may be applicable, with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during this tenure, the Company shall pay Mr. Viraj G Kalyani, the remuneration by way of salary, perquisites, commission or any other allowances as specified in Explanatory statement and in accordance with the limits specified under schedule XIII of the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration"

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

Place : Pune
Date : 17th May, 2013

Nirnoy Sur
Company Secretary

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

NOTES:

1. Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 6 and 7 above, are annexed hereto.
2. **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.**
3. 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.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 22nd day of June, 2013, to Saturday, the 29th day of June, 2013, both days inclusive.
5. 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 Equity Shares in physical form and in case of electronic holders the same has to be sent to their respective DP.
 - b) Quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares in physical form in all correspondence with the Company.
6. Members/ Proxies are requested to bring copy of Annual Report and attendance slip duly filled in.
7. 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.
8. Members holding equity shares in multiple folios in the identical order of names are requested to consolidate their holding into one folio.
9. The dividend, as recommended by the Board, if declared at the Annual General Meeting will paid on or after 29th June, 2013 to those persons or their mandate:
 - a) Whose names appear as Beneficial Owners as at the end of the business hours on 22nd June, 2013 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 29th June, 2013.
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 26160084 Fax – 020 26053503
 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. **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 them free of cost.

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

Place : Pune
 Date : 17th May, 2013

Nirnoy Sur
 Company Secretary



Annexure to Notice

As required by Section 173 of the Companies Act, 1956, (hereinafter referred to as "the Act") the following Explanatory Statements set out all material facts relating to the business mentioned under item No. 6 and 7 of the accompanying Notice dated 17th May, 2013.

Item No. 6

Mr. Viraj Gaurishankar Kalyani, (aged 23 years) was appointed by the Board of Director of the Company as additional director at its meeting held on 17th May, 2013 with effect from 17th May, 2013. In terms of section 260 of the Act and Article 141 of the Company's Articles of Association, Mr. Viraj G Kalyani is eligible to hold the office of Director only till the date of the 34th Annual General Meeting, but is eligible for re- appointment. Notice has been received by the Company as required by section 257 of the Act along with a deposit of Rs. 500/- from a member of the Company, signifying the intention to propose candidature of Mr. Viraj G Kalyani for the office of Director.

Earlier Mr. Viraj G Kalyani was Executive Vice President of the Company and was responsible for certain areas of the Company viz, sales, marketing, production, personnel, administration.

The Board recommends the appointment of Mr. Viraj G Kalyani and passing of the resolution as set out in item No. 6 of the Notice as an Ordinary Resolution.

Mr. Viraj G Kalyani is the son of Mrs. Rohini G Kalyani, Vice Chairperson and Managing Director and Gaurishankar N Kalyani, Non-Executive Director and is the grandson of Mr. Neelkanth A Kalyani, Chairman of the Company and they are indirectly interested in the resolution.

No other Director, except those mentioned above, is interested in the resolution.

Item No. 7

Mr. Viraj G Kalyani (aged 23 years) is a Graduate from the Jerome Fisher Program in Management and Technology at University of Pennsylvania, a four-year dual-degree program, with a Bachelor of Science in Economics, concentration in Finance at the Wharton School and a Bachelor of Science in Engineering, Major in Mechanical Engineering at the School of Engineering and Applied Science. He joined Kalyani Forge Ltd as Executive Vice President in the year 2012 and contributed towards implementation of current expansion plan, business systems, and research for potential new business opportunities' and diversification. Mr. Viraj G Kalyani has been recognized for his professionalism, commitment to excellence and his contribution to the Kalyani Group Companies.

The Board considers it desirable that the Company should continue to avail itself of the services of Mr. Viraj G Kalyani as Whole-time Director and accordingly recommends the Resolutions at item No. 7 for approval by the members.

The Board of Directors at their meeting held on 17th May, 2013 accepted the recommendation of the remuneration committee the remuneration payable to Viraj G Kalyani for his services as Whole-time Director as detailed below, subject to the limits stipulated under the Companies Act, 1956:-

(I) SALARY :

Rs. 1,13,000/-(Rupees One Lac thirteen Thousand only) per month.

(II) COMMISSION :

Commission not exceeding 4% of the net profits of the co. in a particular year, computed according to Section 349 & 350 of the Act, which put together with salary and perquisites shall be subject to the overall ceiling laid down in section 309 and schedule XIII of the Companies Act, 1956 and the overall limit under section 198.

(III) PERQUISITES :

Perquisites- As classified in three categories, namely A, B and C below.

PERQUISITES

CATEGORY 'A'

(I) RESIDENTIAL ACCOMODATION :-

Housing: Rent Free Accomodation or House Rent Allowance will be subject to ceiling of 40% of the Salary

(II) MEDICAL REIMBURSEMENT :-

Expenses incurred for the whole-time Director and the family subject to a ceiling of 15 days Salary in a year or 45 days Salary over a period of three years.

(III) ANNUAL LEAVE TRAVEL CONCESSION :-

For the Whole-time Director and his family once in a year incurred in accordance with the rules of the Company, subject to the limit of one month salary in a year or 90 days salary over a period of three years.

EXPLANATION : For the purpose of Category 'A' "family" means the spouse, the -dependent children and dependent parents of the Whole-time Director.

(C) CLUB FEES : - Fees of clubs up to Rs. 25,000 per annum, subject to a maximum of two clubs exclude admission and life membership fees.

CATEGORY 'B'

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent that these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on the perquisites.

CATEGORY 'C'

Free use of a company's car with driver for use on Company's business and telephone at residence. This will not be considered as the perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the company to the Whole-time Director.

MINIMUM REMUNERATION

If in any financial year during the currency of the tenure of the Whole-time Director, the Company has either loss or inadequate profit to pay the substantive remuneration as mentioned above, the Company shall the pay Whole-time Director minimum remuneration as permissible under Schedule XIII to the Companies Act, 1956

Chairperson of Board Committees :

Nil

Membership of Board Committee :

Nil

Equity Shareholding :

Mr. Viraj G Kalyani Holds 31635 equity shares in the Company.

Mr. Viraj G Kalyani is son of Mrs. Rohini G Kalyani, Vice Chairperson and Managing Director and Gaurishankar N Kalyani, Non-Executive Director and is the grandson of Mr. Neelkanth A Kalyani, Chairman of the Company and they are indirectly interested in the resolution.

No other Director, except those mentioned above, is interested in the resolution.

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

Place : Pune
Date : 17th May, 2013

Nirnoy Sur
Company Secretary

Registered Office :

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

DIRECTORS' REPORT

For the year ended 31st March, 2013

To
The Members,

The Directors have the pleasure of presenting the Thirty Fourth Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 2013.

1. FINANCIAL RESULTS :

(Rs.Millions)

Particulars	Financial Year	
	2012-13	2011-12
Total Income	2618.69	2793.06
Gross Profit before depreciation	265.36	317.35
Profit after depreciation	137.26	198.49
Profit After Tax	88.28	134.13
Balance of profit from previous year	724.88	614.74
Profit available for appropriation	813.16	748.87
Less : Transfer to General Reserve	8.83	13.41
Less : Proposed Dividend on Equity Capital	9.10	9.10
Less : Tax on above Dividend	1.55	1.48
Surplus retained in Profit and Loss A/c	793.69	724.88

2. DIVIDEND :

Your Directors recommend dividend of Rs.2.5 per equity share of Rs.10 each (25%) for year ended 31st March, 2013.

3. PERFORMANCE REVIEW :

We are happy to report working results for the year under review. After providing for depreciation, the profit for the year is **Rs.13,72,55,703**

4. DIRECTORS :

Pursuant to Section 256 of the Companies Act, 1956 read with articles 160,161 of Articles of Association of the Company, Mr. C H Naniwadekar and Mr. U R Lahoti, Directors retire by rotation and are eligible for re-appointment at the ensuing Annual General Meeting.

Mr. Viraj G Kalyani was appointed as an Additional Director with effect from 17th May, 2013. As an Additional Director, Mr. Viraj G Kalyani holds office upto the date of the ensuing Annual General Meeting and being eligible, offers himself for appointment as Director afresh.

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. 88,28,000** 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, 2013, 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, 2013, 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, 2013 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 Director

Place : Pune
Date : 17th May, 2013

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, 2013.

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 is 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 in the schedule thereto :

Sr. No.	Description	2012-13	2011-12
1)	Power And Fuel Consumption		
I)	Electricity		
a)	Purchased Units (KWH)	2,49,14,766	2,86,98,913
	Total Amount (Rs)	18,95,49,830.00	18,20,47,732.00
	Rate/Unit (Rs)	7.61	6.35
B)	Own Generation		
I)	Through Diesel Generator	2,05,220	3,26,784
II)	Through Steam Generator (KWH)	-	-
II)	Coal		
III)	Fuel Oil (LDO+Fuel Oil)		
	Quantity (Ltrs)	12,12,903	15,14,440
	Total Amount (Rs)	4,73,64,278.00	5,61,38,420.00
	Average Rate /Litre (Rs.)- LDO	60.00	52.71
2)	CONSUMPTION PER UNIT OF PRODUCTION		
	Product : High Quality Closed Tolerance Die Forgings		
	UNIT : M.T.	15,179	17,382.00
	ELECTRICITY (KWH)	1,641.40	1,651.17
	FUEL OIL(KL/TON)	0.08	0.09
	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.