



**KALYANI FORGE LIMITED**  
**40<sup>th</sup> Annual Report 2018-19**

# 40<sup>th</sup> Annual General Meeting

## Message from the Chairperson & Managing Director

Dear Shareholders,

I have great pleasure in extending you all, a warm welcome to the 40<sup>th</sup> Annual General Meeting of your company.

We are pleased to present to you our Annual Report for FY 2018-19. This year marks a significant landmark for our stakeholders, who have shared this journey with us and contributed to our success.

The Annual Report, for the year ended 31 March, 2019 has been in your hands for some time. With your permission, I shall take them as read.

### **Performance:**

The year gone by was a turbulent year for overall global economies, including some geopolitical uncertainties, global trade war, slow-down in automobile industry, rising raw material prices which has to the large extent affected the across industrial growth. In the challenging global and domestic environment, your company has not made additional capital expenditure during the year and dedicatedly focused upon reduction of debts, efficient usage of available working capital, controlling of interest costs, strengthening internal control systems, and improvement in productivity with this your Company has reported about 07% YoY growth in the total revenue and 05% in the PBT this year.

It gives us an immense pleasure in informing you that, during the year your Company has achieved many milestones in terms of improvements in internal strengths like:

- a) Long term rating of Crisil BBB/Stable to Crisil BBB+/Positive as assigned by Crisil Limited.
- b) Successfully completed the Certification of IATF 16949:2016 certifying Company's Quality Management Systems.
- c) Successfully went through Environment and Occupational Health and Safety Management System Audit and obtained recommended certification of ISO 14001:2015 & 45001:2018) from IRQS.

### **Dividend:**

The Company has always made efforts to increase value to its shareholders and reward them whenever possible, with these positive notes your board has recommended a dividend of Rs. 04.00 (40%) on a face value of Rs. 10 each. This is compared to a dividend of Rs. 3.50 per equity share (35%) declared in the previous financial year.

### **Outlook:**

It is expected that the automotive industry demand may remain subdued during most part of the FY 19-20, and hence, considering this year as a year of consolidation, your Company will continue its momentum to reduce debt and control upon interest cost. Further, the Company is looking forward to positive change in productivity improvement.

Of Couse, there is an ample scope for improvements particularly in the area of costs, productivity improvement, and reduction of rejections. For the past periods, we have successfully approached customers for cost reimbursement, cost escalations for the future supplies.

We keep receiving suggestions from our valued shareholders which proved very helpful in company's working. I thank our employees and all stakeholders, customers, suppliers, bankers, financial institutions and consultants and our Internal Auditors, Cost Auditors and Statutory Auditors for their support throughout the year.

I thank you all for your time for this General Meeting. It is very encouraging for us.

With best wishes,

Rohini G. Kalyani  
Chairperson & Managing Director



## CONTENTS

●	Summary of Financial Data	04
●	Notice of Annual General Meeting	05
●	Management Discussion & Analysis Report	14
●	Directors' Report	16
●	Report on Corporate Governance	50
●	Independent Auditors' Report on Financial Statements	61
●	Balance Sheet	70
●	Statement of Profit and Loss	71
●	Cash Flow Statement	72
●	Notes on Financial Statements	73
●	Proxy Form	103

## KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

### BOARD OF DIRECTORS

Mrs. Rohini G. Kalyani	(Chairperson & Managing Director)	(DIN: 00519565)
Mr. Viraj G. Kalyani	(Executive Director)	(DIN: 02268846)
Mr. Gaurishankar N. Kalyani	(Director)	(DIN: 00519610)
Mr. Abhijit Sen	(Independent Director)	(DIN: 00002593)
Mr. Pradip P. Nadkarni	(Independent Director)	(DIN: 01670826)
Mr. Vishwas Chitrao	(Independent Director)	(DIN: 07493694)

### AUDIT COMMITTEE

Mr. Abhijit Sen	Non- Executive Independent Director	(Chairman)
Mr. Pradip P. Nadkarni	Non- Executive Independent Director	
Mr. Gaurishankar N. Kalyani	Non- Executive Director	

### REMUNERATION & NOMINATION COMMITTEE

Mr. Pradip P. Nadkarni	Non- Executive Independent Director	(Chairman)
Mr. Abhijit Sen	Non- Executive Independent Director	
Mr. Gaurishankar N. Kalyani	Non- Executive Director	

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Gaurishankar N. Kalyani	Non- Executive Director	(Chairman)
Mr. Abhijit Sen	Non- Executive Independent Director	
Mr. Pradip P. Nadkarni	Non- Executive Independent Director	

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Rohini G. Kalyani	Managing Director	(Chairperson)
Mr. Pradip P. Nadkarni	Non- Executive Independent Director	
Mr. Viraj G. Kalyani	Executive Director	

### CHIEF FINANCIAL OFFICER

Mr. Avinash Khare

### COMPANY SECRETARY

Mr. Nilesh Vitekar



## KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

### **BANKERS :**

State Bank of India  
Bank of Maharashtra  
ICICI Bank Limited  
IDBI Bank Limited

### **AUDITORS :**

M/s. K. S. Aiyar & Co.  
Chartered Accountants,  
Mumbai.

### **REGISTERED OFFICE :**

Shangrila Gardens, 'C' Wing, 1<sup>st</sup> Floor,  
Opp. Bund Garden,  
Pune-411 001.  
Tel. +91 2137 252335, 252755  
Fax +91 2137 252344  
Website: [www.kalyaniforge.co.in](http://www.kalyaniforge.co.in)

### **WORKS :**

1. Hot Forging Division (HFD)

2. Metal Forms Division (MFD)

Koregaon Bhima, Tal. - Shirur,  
Pune - 412 216.

3. Precision Autocomp Division (PAD)

Gat No. 914/1 & 2, Sanaswadi  
Tal. - Shirur, Pune - 412 208.

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

<b>PARTICULARS</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015 - 16</b>	<b>2014 - 15</b>	<b>2013 - 14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
TURNOVER/Revenue	<b>2,928</b>	2,723	2,567	2,338	2,429	2,078	2,624	2,793	2,396	1,813
PBIDT	<b>302</b>	279	192	186	164	259	334	400	275	214
INTEREST	<b>56</b>	58	36	49	62	53	69	83	62	50
DEPRECIATION	<b>150</b>	129	104	117	131	135	128	119	112	105
PBT	<b>96</b>	92	52	20	-30	72	137	198	101	59
PROVISION FOR TAX	<b>27</b>	26	17	9	-7	24	49	64	34	20
PAT	<b>70</b>	66	35	11	-23	48	88	134	68	39
DIVIDEND%	<b>40</b>	35	30	20	0	25	25	25	20	18
DIVIDENDAMOUNT	<b>15</b>	13	11	7	0	9	9	9	7	7
GROSS BLOCK	<b>2,660</b>	2,569	2,208	2,147	2,012	2,012	1,920	1,787	1,680	1,563
NET BLOCK	<b>784</b>	842	601	609	608	784	825	814	823	814
NET WORTH	<b>1,116</b>	1,068	1,020	985	974	1,028	991	913	790	734
BOOK VALUE PER SHARE (RS.)	<b>307</b>	294	281	271	268	282	272	251	217	202
EARNING PER SHARE (RS)	<b>19.14</b>	18.04	9.57	3	-6	13	24	37	18	9
SHAREHOLDERS (NO'S)	<b>4,155</b>	4,470	3,298	3,137	3,040	3,154	3,244	3,248	3,428	3,352
NO OF EMPLOYEES (NO'S)	<b>1,294</b>	1,282	1,161	1,250	1,165	973	1,050	1,289	1,352	1,172

**KALYANI FORGE LIMITED**

(CIN: L28910MH1979PLC020959)

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

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

**NOTICE**

**NOTICE** is hereby given that the Fortieth 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 Friday, 26<sup>th</sup> July, 2019 at 10.30 a.m., to transact the following business:

**ORDINARY BUSINESS:**

01. To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2019 together with reports of the Board of Directors and Auditors thereon;
02. To declare a dividend on equity shares for the Financial Year ended March 31, 2019.
03. To appoint a Director in place of Mr. Gaurishankar N. Kalyani (DIN: 00519610) who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

04. **To appoint Mr. Viraj G. Kalyani (DIN 02268846) as a Director of the Company:**

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 (DIN 02268846) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 15<sup>th</sup> May, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 160(1) of the Companies Act, 2013 ("the Act") and Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company."

**"RESOLVED FURTHER THAT**, pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the appointment of Mr. Viraj G. Kalyani, who is eligible for appointment as a Director of the Company, for a term of five years commencing from 15<sup>th</sup> May, 2019 to 14<sup>th</sup> May, 2024, be and is hereby approved."

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

**"RESOLVED THAT**, in accordance with the provisions of section 139 and 141 and any other applicable provisions if any, of the Companies Act, 2013 and rules framed thereunder or any amendment thereto and pursuant to recommendation of Audit Committee, the appointment of M/s. K.S. Aiyar, Chartered Accountants, Mumbai (Firm Registration No. 100186W) as Statutory Auditors of the Company in the 37<sup>th</sup> Annual General Meeting of the Company be and is hereby ratified and that the Board of Directors of the Company be and are hereby authorized to fix such remuneration, out of pocket and travelling expenses as may be incurred during the course of Audit."

**"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 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, M/s R C K & Associates, Practicing Cost Accountant through their partner

Mr. Rahul A. Chincholkar, Cost Accountant, appointed as Cost Auditor by the Board of Directors to conduct an audit of the Cost Records of the Company for the financial year commencing from 01.04.2019, be paid remuneration of Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) (exclusive of taxes, 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 : 18<sup>th</sup> May, 2019

**Nilesh Vitekar**  
Company Secretary

**Registered Office :**

Shangrila Gardens, 'C' Wing, 1<sup>st</sup> Floor,  
Opp Bund Garden, Pune - 411001



**NOTES :**

- 01) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 20<sup>th</sup> July, 2019 to Monday, 29<sup>th</sup> July, 2019 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend, to be declared.
- 02) Explanatory Statement, pursuant to Section 102 (1) of the Companies Act, 2013 in respect of the business under Item No. 06 above, is annexed hereto.
- 03) **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. A PERSON SHALL NOT ACT AS PROXY FOR MORE THAN FIFTY (50) MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A PERSON HOLDING MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
- 04) 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.  
  
A proxy shall not have a right to speak at the Annual General meeting. However, in case a member has not voted through the remote e-voting facility, the proxy may be entitled to vote through Ballot at the 40<sup>th</sup> Annual General Meeting of the Company.  
  
In case of joint holders, the signature of any one holder on proxy form will be sufficient, but names of all the joint holders should be stated.
- 05) Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty four hours before the time fixed for the commencement of the Annual General Meeting. However, a prior notice of not less than 2 (two) days in writing of the intentions to inspect the proxies lodged shall be required to be provided to the Company.
- 06) Members are requested to note the following:
  - a) Members holding shares in physical form are requested to address all their correspondence including change of 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 and Members holding shares in dematerialized form should approach their respective Depository Participants for the same.
  - b) Quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares held in physical form in all correspondence with the Company.
- 07) Members/ Proxies are requested to bring copy of Annual Report and attendance slip duly filled in and hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for identification.
- 08) 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.
- 09) Members holding equity shares in multiple folios in the identical order of names are requested to consolidate their holding into one folio.
- 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) Equity Shareholders who have not dematerialized are advised to dematerialize their shareholding, to avoid inconvenience in future and to reap benefits of de-materialization.
- 12) Pursuant to section 101 and 136 of the Companies Act, 2013 read with Rule 18 (1) of the Companies (Management and Administration) Rules, 2014, the Notice calling AGM along with the Annual Report for the

financial year ended 31<sup>st</sup> March, 2019 would be sent by electronic mode on the e-mail addresses as obtained from the depository/ Registrar and share Transfer Agent, unless the members have requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies would be sent by the permitted mode.

Members are requested to support this green initiative by registering/updating their e-mail addresses with the depository participant (in case of share held in dematerialized form) or with Link Intime India Private Limited (in case of shares held in physical form).

Even after registering for e-communication, Members are entitled to receive such communication in printed form, upon making a request for the same. For any communication, the members may also send request to the Company's investor email ID companysecretary@kforge.com.

Members may also note that the notice of the AGM and the Annual Report for the financial Year ended 31<sup>st</sup> March, 2019 will also be hosted on the Company's website [www.kalyaniforge.co.in](http://www.kalyaniforge.co.in).

- 13) The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.
- 14) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during office hours on all working days except Sunday between 11.00 a.m. to 4.00 p.m. up to the date of declaration of the result of the 40<sup>th</sup> Annual General Meeting of the Company.
- 15) Information required under Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 with respect to the Director retiring by rotation and being eligible seeking re-appointment is as under:

● **Item No. 3 – Re appointment of Mr. Gaurishankar N. Kalyani**

Name of the Director*	Mr. Gaurishankar N. Kalyani
Director Identification Number	00519610
Date of Joining the Board	26 <sup>th</sup> April, 2006
Profile of the Director	Mr. G. N. Kalyani born on August 31, 1954 is a Non-Executive Director of the Company. He is a Commerce Graduate (Hons.) besides being Director of the Company; he is also a Director of Private Limited Companies in the group. He is son of late Dr. Neelkanth A. Kalyani industrialist and founder of the Company and husband of Mrs. Rohini G. Kalyani, Chairperson & Managing Director of the Company.
Board Membership of other Public Limited companies as on March 31, 2019	Nil
Chairman/Member of the Committees of Director of the Company as on March 31, 2019	Stakeholders Relationship Committee
Chairman/Member of the Committees of Director of other Companies in which he is a Director as on March 31, 2019	Nil
Shareholding in KFL as on March 31, 2019	Equity Shares

\*Alternate directorship, directorships in Private Limited Companies, Foreign Companies and Section 8 Companies and their Committee memberships are excluded from this declaration. Membership and Chairmanship of Committees of only public Companies have been included in the aforesaid table.