

KALYANI FORGE



ANNUAL REPORT 2022

Reconfiguring
for Growth



Corporate Information

BANKERS:

State Bank of India

HDFC Bank

AUDITORS:

M/s. K. S. Aiyar & Co.

Chartered Accountants, Mumbai.

COMPANY SECRETARY

Mr. Rohan Deshpande

REGISTERED OFFICE:

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Pune-411 001.

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WORKS:

Hot Forging Division (HFD)

Koregaon Bhima,

Tal. - Shirur,

Pune - 412 216.

Metal Forms Division (MFD)

Koregaon Bhima,

Tal. - Shirur,

Pune - 412 216.

Precision Autocomp Division (PAD)

Gat No. 914/1 & 2,

Sanaswadi Tal. - Shirur,

Pune - 412 208.

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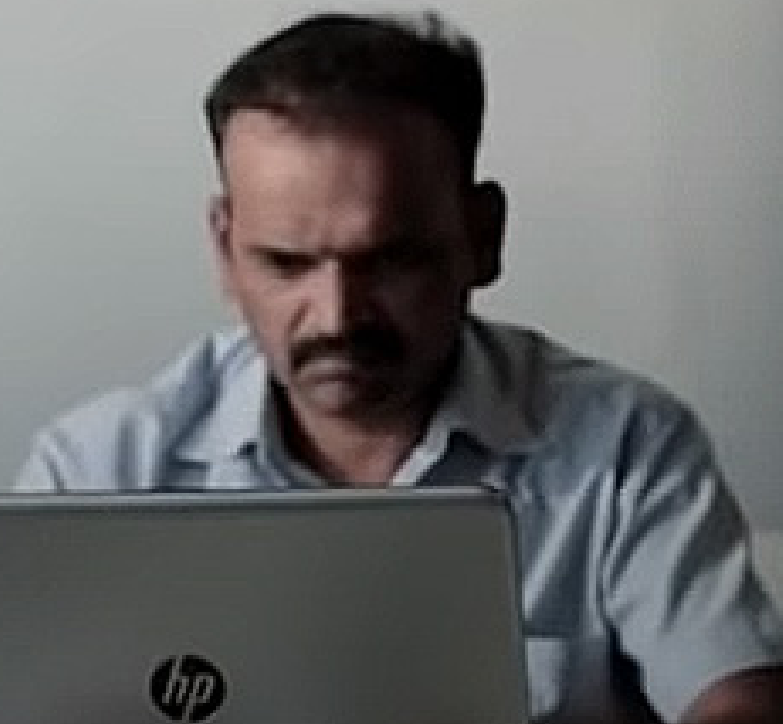
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KALYANI



CORPORATE OVERVIEW

Reconfiguring for Growth

The journey of true growth is seldom linear. It is a culmination of experiences, innovation and expertise coming together with a volatile economy to create a non-linear yet inspiring growth journey. Kalyani Forge Limited, a value-based company, continues to witness the power of reinventive growth.

The non-linear nature of our growth journey is seen in each decade. The 2000's were a decade of strong growth and investments in machining and becoming a full-service auto component manufacturer. The 2010' were about expanding into warm and cold forging technologies becoming the only company in India having all hot, warm and cold forging expertise under one roof. The start of the 2020's was a once in a century type of challenge and hence we had to keep our strategies on the back-burner and focus on managing operational challenges and costs to ensure organizational longevity. Now the time has come to rev up the engines again for this decade.

Our mantra here is 'Reconfiguring For Growth'. It starts with bringing back the set of growth strategies which were initially formulated in 2015, refreshing them with latest trend lines and market developments and implementing within every aspect, team and function at Kalyani Forge.

Reviving.

Long Term Growth Strategies

Reimagining.

Market Segments and Product Categories for focused new business development.

Recalibrating.

Adjusting to new realities of the automotive industry

We are going through a cathartic transformation in a bid to prepare ourselves for the bold future we envision for Kalyani Forge Limited. Every department, every innovation and every employee work cohesively under the lens of this transformation and growth. The unified vision is to go above and beyond the norms of this challenging industry and encourage ourselves to experience transformative change.

Message from the Executive Chairperson



Dear Shareholders,

I am pleased to present to you Kalyani Forge Limited Annual Report for FY 2021-22.

The FY 2021-22 has gone by with several challenges right from Covid-19 second wave affecting the first and second quarter of the year, increase in geopolitical tension between Ukraine and Russia which eventually lead to increase in prices of raw materials and constraints in global supply chains. Despite the challenging global situation, we remained focused about our market opportunities and providing the best to our customers.

Performance

The year 2021-22 was very challenging for your company too. The Company continues to forge ahead on long-term strategic growth path. And I am happy to state that we stood up to the challenge with grit and determination. The relentless commitment and dedication of every member of the Company helped it to overcome many challenges during the year. This has made it possible to present you the financial results for the year 2021-22 with robust set of numbers and ratios. The Company has always made efforts to increase value to its shareholders and reward them whenever possible and with this positive note your board has recommended a dividend of Rs. 3.00 (30%) on a face value of Rs. 10 each. In the last year we had declared dividend of Rs. 1.50 per share.

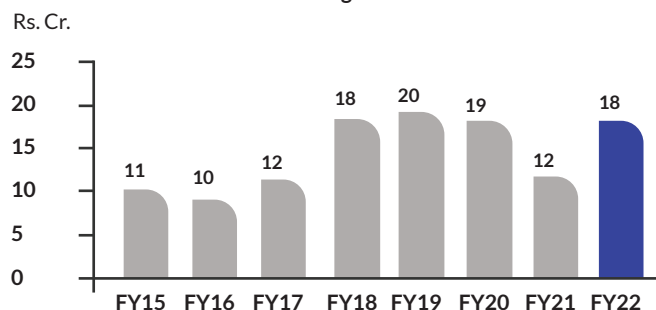
We have achieved a Total Revenue of Rs. 247.82 Crores, EBITDA of Rs. 19.10 Crores and Profit After Tax of Rs. 3.13 Crores.

We had a good year with the sign of growth in our top line. Your Company has surpassed the difficult phase of COVID and geopolitical unrest. We are hopeful that the global market will recover with the positive swings. During the year we demonstrated strong cost discipline, continued to maintain high customer centricity, and sustained operational efficiencies, leading to a better financial performance as compared to previous year.

Reviving Growth Strategy

We utilized this year to consolidate our position in automotive forgings and machined components and gear up for vehicle electrification with our OEM customers. Along with this we have made strides in the Industrials segment and since 2018 we have achieved doubled the level of Industrial sales compared to the preceding years.

Industrial Segment Sales



We have revived our strategies for growth which were formulated in 2015 and continued till the pre-pandemic period.

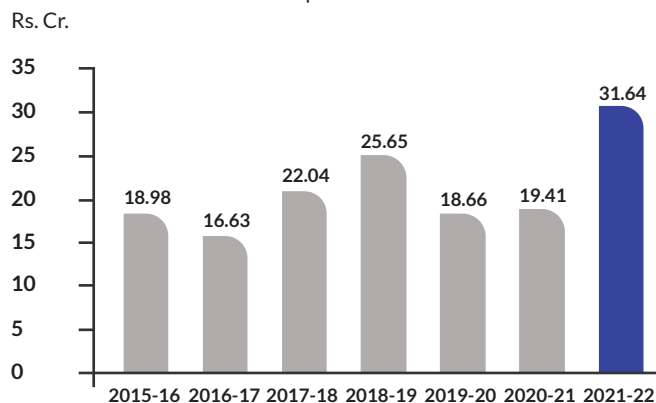
Our organic growth strategy consists of 4 levers:

- Customer Acquisition
- Global Expansion
- Complex Products Diversification
- Segment Leadership

New Orders

During the year Company has seen continued growth in existing customers and inflows of new customer orders. We utilized the time to develop new products for existing and new customers. We generated new orders in Auto, Commercial Vehicles and Industrial, based in India, USA, and Europe.

Export Sales



New Manufacturing Processes

As part of complex products diversification, we have successfully established new value-added manufacturing processes for driveline and transmission products. These include induction hardening, keyway broaching and spline broaching for leading customers located in Europe. This will enable us to expand our driveline market for higher performance cars.

Electric Vehicles

The Government of India has undertaken multiple initiatives to promote the manufacturing and adoption of electric vehicles in the country. With the considerable expansion in the public EV charging infrastructure, the electric vehicles have started penetrating the Indian markets. The motive behind the promoting the electric vehicles is for sustaining the resources and have clean and green environment

Your company has already started participating in the development programs of EVs with leading car OEMs in India. We hope to start serial production in the coming financial year. We will be further participating in the green initiative of Government of India by investing in R&D towards manufacturing parts for electric vehicles.

I have confidence in our team members and their ability to deliver innovative and best in-class products and solutions to our customers. Looking ahead, we will focus on building a long-term sustainable business where every customer, partner, supplier, and employee can benefit in the shared value of our business success.

I thank our employees and all stakeholders, customers, suppliers, bankers, financial institutions, and consultants for their support throughout the year.

I am confident in our growth and improved performance over the medium to long term. I also take this opportunity to thank all the stakeholders for continuing to believe in our vision and work.

Warm regards,



Rohini G. Kalyani
Executive Chairperson



Forging Industry - the Backbone of India's Manufacturing Economy

The forging industry has been considered the most fundamental DNA of any manufacturing industry. It has been critical in supporting the growth of sectors that drive global economies forward. Forging finds its application in various crucial industries such as automotive, machinery, electricity, transportation, construction, mining, engineering and more. Some of the most elemental growth in sustainable technological development has happened within the automotive sector within the manufacturing set-up.

However, the repercussions of the Covid-19 pandemic have been quite significant for every economy, including the forging industry. This steadily growing industry witnessed a massive setback due to a halt in manufacturing and global purchasing power witnessed across the globe. The onset of the pandemic has magnified the global economic slowdown, and each wave continues to challenge how industries learn and adapt to this tumultuous economic environment. The forging industry is no stranger to this setback.

However, at Kalyani Forge Limited, the company understands the nuances of how the future looks. We have imbibed an innovation-based, technology-dependent approach toward redefining our future going forward. This belief is going to form the base of our new future. We are continually adopting international practices, investing in new-age research and acquiring skills that will take the Indian forging industry to the next level of the global map. With supportive government initiatives like Make in India and skill India, Kalyani Forge Limited has been able to harness the power of technology and local resources for business transformation.

As per data published on the Engineering Review Online Asset, September 2021, "India has an annual output of about three million MT and the forging industry has around 400 forging units, of which 83 per cent can broadly be categorised as tiny and small enterprises, and nine per cent

are medium-sized, the remaining being large scale. Domestic SMEs usually contribute **30** per cent of the forging production while medium and large-scale units contribute the remaining **70** per cent. The total forging production of the country is worth Rs. **45000-50000** crore, and the forging industry provides direct employment to more than **300,000** people along with an additional **60,000** contractual labourers."

Kalyani Forge Limited continues to be a part of this thriving economy by contributing to its growth trajectory. With the company's unmatched management, technical experts, and a research-based approach, the company continues to charter new ground every day.



About Kalyani Forge Limited

Kalyani Forge Limited is a leading player that has dominated the forging industry with its innovation and tech-based approach.

Kalyani Forge is an evolving engineering and forging company, known for expertise in high-precision metal forming. Over 40 years in the making, it stands strong on the foundation of rich manufacturing legacy, depth of knowledge and vast experience of the industry. It provides technological solutions in the form of high quality products/services for a niche clientele and is also a trusted supplier to several allied industries in the global market.

At Kalyani Forge, manufacturing and engineering are tools for problem-solving and delivering breakthrough solutions to enhance consumer experience. Customer focus, innovation and keen attention to the automotive and industrial ecosystems are integral to this progression.

Metal forging has diverse applications, often used for high performance, strength and reliability, where tension, stress, load and human safety are critical considerations. It is also employed in a wide range of demanding environments, including highly corrosive, extreme temperatures and pressures.

Our company has been critical in delivering top-notch quality products and services using our lean methodology, 'The Kalyani Operating System' or KOS.



Our Vision

Kalyani Forge will make better precision manufactured products for the world by leading the way in engineering, design and manufacturing technology.

We will be a quality, full-service provider and strategic partner of choice for our customers.

We will create a vibrant ecosystem for our people to develop their passions and achieve our challenging goals through continuous improvement.

We aim to be a world class, creative and learning organization which positively impacts society and the planet.

