



KALYANI STEELS LIMITED



## BOARD OF DIRECTORS

**Mr. B. N. Kalyani**  
Chairman

**Mr S. S. Hiremath**

**Mr. S. M. Kheny**

**Mr. B. B. Hattarki**

**Mr. A. S. Kapre**  
ICICI Nominee

**Mr. Ajeet Prasad**  
UTI Nominee

**Mr. C. G. Patankar**  
Executive Director

### AUDITORS

Dalal & Shah  
Chartered Accountants  
49-55, Bombay Samachar Marg  
Fort, Mumbai-400 023

### BANKERS

Bank of Baroda  
Union Bank of India  
Canara Bank  
HDFC Bank Limited

### REGISTRARS & TRANSFER AGENTS

MCS Limited  
116, Akshay Complex  
Off Dhole Patil Road  
Near Ganesh Mandir  
Pune-411001

### REGISTERED OFFICE

Mundhwa, Pune-411 036.  
Phone : 91-020-6870806, 6870435  
Fax : 91-020-6871808  
E-mail : ksl@pune.kalyanisteels.com

### WORKS

Hospet Road, Ginigera  
Tal. & Dist. Koppal  
Karnataka-583 228

Report  Junction.com

**CONTENTS**
*Management Discussion and Analysis*
*Corporate Governance*
*Shareholder Information*
*Directors' Report*
*Auditors' Report*
*Balance Sheet*
*Profit & Loss A/c*
*Schedules forming part of the  
Balance Sheet & Profit & Loss A/c*
*Notes forming part of the Accounts*
*Balance Sheet Abstract & Company's  
General Business Profile*
*Cash Flow Statement*
*Statement pursuant to Section 212 of the  
Companies Act, 1956 related  
to Subsidiary Companies*
*Consolidated Financial Statements*
*Accounts of the Subsidiary Companies :*
*Chakrapani Investments & Trades Limited*
*Surajmukhi Investment & Finance Limited*
*Gladiolla Investments Limited*

Report  Junction.com

**29TH ANNUAL GENERAL MEETING**
**Day : Monday**
**Date : 29th July, 2002**
**Time : 10.30 a.m. (IST)**
**Place : Training Centre,  
Bharat Forge Limited,  
Mundhwa,  
Pune 411 036.**



KALYANI

## 29th Annual Report 2001-2002

### MANAGEMENT DISCUSSION AND ANALYSIS

The Board takes pleasure in presenting your Company's Twenty Ninth Annual Report for the year 2001-2002 along with the compliance report on Corporate Governance. This chapter on Management Discussion and Analysis forms a part of the compliance report on Corporate Governance.

#### Industry Structure and Development :

The Indian Steel Industry ranks eighth in the world and accounts for 3.2 per cent of the world steel production. During the year 2001-2002, domestic steel production witnessed a growth of 2.6 percent to 30.05 million tonnes from 29.27 million tonnes in the previous year. There was hardly any growth in demand and due to over capacity the prices were under continuous pressure.

The international steel industry also was under pressure and due to imposition of heavy tariffs by U.S.A. and Europe most of the large producers were looking for alternate markets which in turn put additional pressure on prices.

As far as industry segments to which the Company supplies its products, the domestic forging industry and the seamless tube manufacturing industry, both are undergoing severe slowdown. However, there are signs of a recovery particularly in the forging industry on account of increased demand for forged products from international market. If this trend persists and gains momentum, the demand for forging quality steel will increase, resulting in better prospects for the Company in the current year.

#### Performance :

In spite of the recessionary market conditions, the performance of the Company for the year 2001-2002 was significantly better than the previous year. At a time when most of the companies were going through severe crises, the Company has shown :

- A 56.61% growth in turnover – Rs.2485.805 million in 2001-2002 as compared to Rs.1587.172 million in the previous year.
- A 165.23% growth in Profits after taxation – Rs.37.197 million in 2001-2002 as compared to Rs.14.024 million in the previous year.

The Company sold 100,913 tonnes in domestic market aggregating to Rs.1,922.424 million during the year. This comprised 62,349 tonnes of 'As Cast Blooms' aggregating to Rs.1,092.673 million and 38,564 tonnes of 'Rolled Products' aggregating to Rs.829.751 million. These increases were achieved by further widening customer base and increasing market reach. Thrust was also given to widening product range and these efforts have yielded good results.

#### Exports :

On the export front the Company's products were well received in the international market. The Company has achieved exports of approx. 5,995 tonnes during the year, aggregating Rs.128.048 million. The efforts for developing exports are continuing.

#### Internal Control Systems and their adequacy :

The Company has a proper and adequate system of internal controls for safeguarding all assets of the Company and for preventing them from unauthorised use or disposition and detecting frauds or irregularities, if any.

The internal control is supplemented by an extensive review by management auditors. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

#### Human Resources :

People play a central role and human capital forms the critical part of an organisation's portfolio of privileged assets. Company continued its commitment to acquiring, developing and enhancing its human potential. Company's strategy of empowering people at all levels to take decisions and encouraging free flow of information and ideas has helped strengthening of its human capital.

#### Opportunities, Threats and Future Outlook :

Recessionary conditions in the domestic and global economies appear to have toughed. If economic conditions improve, as widely expected, the demand for our company's products from various customer segments will consequently increase. We see this as an opportunity and are prepared to respond to increased demand for our products from our customers. However, if economic condition do not improve to the extent that is expected, we may have to adjust to lower production and sales volumes. Our Company is structured to do this and is already implementing severe cost reduction and efficiency improvement measures that will help us in strengthening the situation, if it were to arise.

#### Cautionary Statement

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry – global or domestic or both, significant changes in political and economic environment in India, applicable statutes, litigations, labour relations and interest costs.

## CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has prescribed a set of standards on Corporate Governance for the Listed Companies. The SEBI Code has been incorporated in the Listing Agreements with the Pune and Mumbai Stock Exchanges, with whom Equity Shares of the Company are listed. Accordingly, the Company has included a detailed compliance report on Corporate Governance in its annual report. This chapter of the report plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitute such a compliance report on Corporate Governance during 2001-2002.

### 1. BOARD LEVEL ISSUES

#### COMPOSITION OF THE BOARD :

The Board of Directors of the Company comprises the Chairman, who is Promoter Non-Executive Director, one executive director, two nominee directors and three non-executive directors who are independent. Details are given in Table 1.

#### NUMBER OF BOARD MEETINGS :

During the year, four Board Meetings were held. These were held on 28th May, 2001, 30th July, 2001, 24th October, 2001 and 23rd January, 2002. All the meetings were held such that the gap between two consecutive meetings was not more than three months.

#### DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS :

Table 1: The composition of the Board, the category of Directors, their attendance record and the number of directorships

Name of Director	Category	Number of meetings held	Number of meetings attended	Whether attended last AGM	Number of Directorships of public limited companies	Materially significant pecuniary or business relationship with the Company
B.N. Kalyani Chairman	Promoter Non-executive	4	4	Yes	15	None
S.S. Hiremath	Non-executive	4	3	Yes	2	None
S.M. Kheny	Non-executive	4	4	Yes	15	None
B.B. Hattarki	Non-executive	4	4	Yes	10	None
A.S. Kapre ICICI Nominee	Non-executive Nominee	4	3	No	2	None
Ajeet Prasad UTI Nominee	Non-executive Nominee	4	3	No	8	None
C.G. Patankar	Executive	4	4	Yes	11	N.A.

Notes :

- None of the Directors is a member of more than ten Board level Committees of public limited companies in which they are Directors or a Chairman of more than five such Committees, as included for the purposes of Corporate Governance laid down by SEBI and Listing Agreement.
- Mr. B. B. Hattarki is Non-executive Director w.e.f. 29th June, 2001.
- Mr. C. G. Patankar has been appointed as Executive Director for the period of five years w.e.f. 27th July, 1999.



KALYANI

## 29th Annual Report 2001-2002

### INFORMATION PLACED BEFORE THE BOARD :

SEBI has specified the minimal set of information that ought to be supplied to the Board. Among others, this includes :

- Annual operating plans and budgets, capital budgets, updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of the meetings of audit committee and other committees of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level.
- Materially important show cause, demand, prosecution and penalty notices.
- Any material effluent or pollution problems, fatal or serious accidents, dangerous occurrences.
- Any material significant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions.
- Sale of material nature of investments, subsidiaries, assets which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend and delay in share transfer.

The Board of the Company is presented with the detailed notes in respect of the information covering matters listed above, as and when applicable.

### DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY :

There has been no materially relevant pecuniary transactions or relationship between the Company and its non-executive and / or independent Directors for the year 2001-2002.

### REMUNERATION OF DIRECTORS :

Table 2 : The details of the remuneration package of Directors and relationship, if any.

Name of the Director	Relationship with other directors	Sitting fees* (Rs.)	Salaries and perquisites (Rs.)	Total (Rs.)
B.N.Kalyani	None	34,000	Nil	34,000
S.S. Hiremath	None	6,000	Nil	6,000
S.M. Kheny	None	20,000	Nil	20,000
B.B. Hattarki	None	34,000	346,508**	380,508
A.S. Kapre	None	14,000	Nil	14,000
Ajeet Prasad	None	14,000	Nil	14,000
C.G. Patankar	None	Nil	2,569,660***	2,569,660

\* Sitting fees include payment for board level committee meetings.

\*\* From 1st April, 2001 to 28th June, 2001.

\*\*\* Includes Performance Bonus Rs.320,000/- as determined by the Board of Directors.

The Company has a Remuneration Committee consisting of three Directors Mr. Ajeet Prasad, UTI Nominee as Chairman, Mr.A.S. Kapre, ICICI Nominee and Mr.S.M. Kheny. The First meeting of the Committee was held on 23rd January, 2002, which was attended by all the members of the Committee, in which the Committee revised the remuneration payable to Mr. C. G. Patankar Executive Director, w.e.f. 1st April, 2001 to 31st March, 2004 details of which are set out at resolution at Item No. 6 of the Notice of the ensuing Annual General Meeting.

None of the employees are related to any of the Directors of the Company.

#### AUDIT COMMITTEE :

The Audit Committee of the Company was constituted on 23rd January 2001. During the year 2001-2002, the Committee met on 28th May 2001, 30th July 2001, 24th October 2001 and 23rd January 2002. As per the terms of reference prescribed by the Board, the Committee performs such duties and tasks as are assigned to it by the Board. The Committee has access to all records of the Company. The Committee reviews the reports of the management and statutory auditors, internal control systems etc. and also addresses the requirements of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges. Particulars relating to the constitution of and attendance at the Audit Committee meetings held during the year are given below :

Name of Director	Number of Meetings held	Number of Meetings attended
Ajeet Prasad, UTI Nominee	4	3
B.N. Kalyani	4	3
A.S. Kapre, ICICI Nominee	4	3
S.M. Kheny	4	4

## 2. MANAGEMENT

#### MANAGEMENT DISCUSSION AND ANALYSIS :

This Annual Report has a detailed chapter on Management Discussion and Analysis.

#### DISCLOSURES BY MANAGEMENT TO THE BOARD :

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors do not participate in the discussions nor they vote on such matters.

## 3. SHAREHOLDERS

#### DISCLOSURES REGARDING APPOINTMENT OR REAPPOINTMENT OF DIRECTORS :

Mr.B.N. Kalyani and Mr.B.B. Hattarki, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Their details are given below :

Mr.B.N. Kalyani is Chairman and Managing Director of Bharat Forge Limited and Executive Chairman of Kalyani Carpenter Special Steels Limited. Born on 7th January, 1949. Mr. Kalyani is a Mechanical Engineer from the Birla Institute of Technology, Pilani. He is also M.S. from the Massachusetts Institute of Technology, U.S.A. Mr.Kalyani also serves on the Board of Kalyani Brakes, Automotive Axles, Ugar Sugar Works, Kalyani Ferrous Industries, Kalyani Sharp India, Hikal, The Indian Seamless Metal Tubes, Nandi Infrastructure Corridor Enterprises, Kalyani Lemmerz, Kalyani Carpenter Metal Centres, Meritor HVS (India) and BF Utilities.





KALYANI

## 29th Annual Report 2001-2002

Mr.B.B. Hattarki is a Wholtime Director of Kalyani Ferrous Industries Limited. Mr.Hattarki is a Metallurgy and Mechanical Engineer. Born on 10th October, 1941. He serves on the Board of Kalyani International, Chakrapani Investments and Trades, Surajmukhi Investment and Finance, Gladiolla Investments, Precision Seals Mfg., Hospet Steels, Kalyani Mukand and BF Utilities.

### COMMUNICATION TO SHAREHOLDERS :

Quarterly, half yearly, annual results and information relating to convening of Annual General Meetings is published in leading newspapers and is also notified to the Stock Exchanges as required under the Listing Agreements.

Notice relating to Annual General Meeting and Abstract u/s 302 of the Companies Act, 1956 relating to variation in terms of remuneration of the Executive Director are sent to the members at their registered addresses. Letters and Transfer Deeds received from shareholders are acted upon and replied promptly.

### INVESTOR GRIEVANCES :

The Shareholders / Investors Grievance Committee was constituted on 24th October, 2001 for redressing shareholders / investors complaints. The Committee consists of three Directors viz. Mr.B.B. Hattarki, Mr.S.M. Kheny and Mr.C.G. Patankar, Executive Director. During the year 14 complaints were received from the shareholders, which were redressed. The status of complaints is also reported to the Board of Directors, as an agenda item. Mrs.D.R. Puranik, Company Secretary, is the Compliance Officer.

### SHARE TRANSFER :

There is Share Transfer Committee of the Board which meets twice a month to look after share transfers, transmissions, consolidation, sub-division and issue of duplicate certificates and requests for dematerialisation of Company's shares.

### DETAILS OF NON-COMPLIANCE :

There have been no instances of non-compliance on any matter relating to the capital market during the period under report.

### GENERAL BODY MEETINGS :

Particulars of Annual General Meetings (AGM) and Extraordinary General Meetings (EOGM) held for the last three years are given below :

Date	Time		Venue
27th July, 1999	10.30 a.m.	(AGM)	Training Centre, Bharat Forge Limited, Mundhwa, Pune - 411 036
15th February, 2000	10.30 a.m.	(EOGM)	Training Centre, Bharat Forge Limited, Mundhwa, Pune - 411 036
25th July, 2000	10.30 a.m.	(AGM)	Training Centre, Bharat Forge Limited, Mundhwa, Pune - 411 036
28th February, 2001	10.30 a.m.	(EOGM)	Training Centre, Bharat Forge Limited, Mundhwa, Pune - 411 036
30th July, 2001	10.30 a.m.	(AGM)	Training Centre, Bharat Forge Limited, Mundhwa, Pune - 411 036



## SHAREHOLDER INFORMATION

### ANNUAL GENERAL MEETING :

Date : 29th July, 2002 at 10.30 a.m.

Venue : Training Centre, Bharat Forge Limited, Mundhwa, Pune – 411 036

### FINANCIAL CALENDAR :

1st April to 31st March

### BOOK CLOSURE :

The books will be closed from 26th July, 2002 to 31st July, 2002 (both days inclusive) as annual closure for the AGM.

### LISTING :

Pune Stock Exchange Limited and The Stock Exchange, Mumbai

### STOCK CODES :

Pune Stock Exchange Limited : KALST 6091

The Stock Exchange, Mumbai : 500235

### STOCK DATA :

Following table gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at The Stock Exchange, Mumbai for the year 2001-2002.

Month	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April, 2001	9.20	7.00	31,272
May, 2001	9.95	7.15	38,294
June, 2001	8.50	5.55	230,354
July, 2001	6.65	4.15	155,711
August, 2001	5.00	3.15	130,378
September, 2001	4.85	3.35	121,210
October, 2001	5.85	3.55	53,145
November, 2001	8.15	5.70	121,685
December, 2001	7.00	4.25	63,351
January, 2002	6.90	4.20	88,744
February, 2002	10.60	5.55	220,743
March, 2002	7.80	6.50	219,120

### REGISTRAR AND TRANSFER AGENTS AND SHARE TRANSFER SYSTEM :

M/s. MCS Limited, Akshay Complex, Near Ganesh Mandir, Dhole Patil Road, Pune – 411 001 are the Registrar and Transfer Agents of the Company and carry out the share transfer work on behalf of the Company.

The Equity Shares of the Company are traded on the stock exchanges compulsorily in demat mode.

### SHAREHOLDING PATTERN OF THE COMPANY AS ON 31.03.2002 :

Category	No. of Equity shares held	Shareholding %
Promoters	11,805,261	39.28
Financial Institutions	2,233,793	7.43
Mutual Funds	3,450	0.01
Insurance Companies	1,597,937	5.32
Nationalised Banks	1,090	—
Bodies Corporate	4,647,488	15.47
Non Resident Indians	19,384	0.06
Indian Public	9,744,657	32.43
TOTAL	30,053,060	100.00



KALYANI

## 29th Annual Report 2001-2002

### PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON 31.03.2002 :

Shareholding class	No. of shareholders	No. of shares held	Shareholding %
Up to 5,000	37,140	4,294,423	14.29
5,001 to 10,000	1,645	1,268,799	4.22
10,001 to 20,000	578	856,259	2.85
20,001 to 30,000	166	413,986	1.38
30,001 to 40,000	73	260,417	0.86
40,001 to 50,000	78	366,260	1.22
50,001 to 100,000	85	625,131	2.08
100,001 and above	146	21,967,785	73.10
TOTAL	39,911	30,053,060	100.00

### DEMATERIALIZATION :

As on 31st March, 2002, dematerialised shares accounted for 29.74 per cent of the total equity.

### SITE LOCATION :

The integrated steel plant of the Company is located at Village Ginigera, District Koppal, in the State of Karnataka.

### INVESTORS' CORRESPONDENCE ADDRESS :

Secretarial Department  
Kalyani Steels Limited,  
Mundhwa, Pune - 411 036  
Phone No. 020-6870806, 6870435  
Fax No. 020- 6871808,  
E-mail : [ksl@pune.kalyanisteels.com](mailto:ksl@pune.kalyanisteels.com)

To  
The Board of Directors  
Kalyani Steels Limited  
Mundhwa, PUNE - 411 036

### Re :- REPORT ON CORPORATE GOVERNANCE

We have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended on March 31, 2002.

The objective of our examination is to give our opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India.

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the company.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for examination and the information and explanations given to us by the Company.

Based on such examination, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

We further state that such compliance is neither an assurance as to the future viability of the Company nor to the efficiency with which the management has conducted the affairs of the Company.

For and on behalf of  
DALAL & SHAH  
Chartered Accountants

Place : Mumbai  
Date : 28th May, 2002

Anish Amin  
Partner