

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

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2004-05</b>
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](http://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 34<sup>th</sup> 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 29<sup>th</sup> 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 31<sup>st</sup> 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 : 17<sup>th</sup> May, 2013

**Nirnoy Sur**  
Company Secretary

**Registered Office :**  
Shangrila Gardens, 'C' Wing, 1<sup>st</sup> 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 22<sup>nd</sup> day of June, 2013, to Saturday, the 29<sup>th</sup> 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 29<sup>th</sup> June, 2013 to those persons or their mandate:
  - a) Whose names appear as Beneficial Owners as at the end of the business hours on 22<sup>nd</sup> 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 29<sup>th</sup> 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 : 17<sup>th</sup> 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 17<sup>th</sup> 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 17<sup>th</sup> May, 2013 with effect from 17<sup>th</sup> 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 34<sup>th</sup> 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 17<sup>th</sup> 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 : 17<sup>th</sup> May, 2013

**Nirnoy Sur**  
Company Secretary

**Registered Office :**

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

## DIRECTORS' REPORT

**For the year ended 31<sup>st</sup> 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 31<sup>st</sup> March, 2013.

### 1. FINANCIAL RESULTS :

(Rs.Millions)

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

### 2. DIVIDEND :

Your Directors recommend dividend of Rs.2.5 per equity share of Rs.10 each (25%) for year ended 31<sup>st</sup> 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 17<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 : 17<sup>th</sup> 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 31<sup>st</sup> 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
<b>1)</b>	<b>Power And Fuel Consumption</b>		
I)	<b>Electricity</b>		
a)	Purchased Units (KWH)	<b>2,49,14,766</b>	2,86,98,913
	Total Amount (Rs)	<b>18,95,49,830.00</b>	18,20,47,732.00
	Rate/Unit (Rs)	<b>7.61</b>	6.35
B)	<b>Own Generation</b>		
I)	Through Diesel Generator	<b>2,05,220</b>	3,26,784
II)	Through Steam Generator (KWH)	-	-
II)	<b>Coal</b>		
III)	<b>Fuel Oil (LDO+Fuel Oil)</b>		
	Quantity (Ltrs)	<b>12,12,903</b>	15,14,440
	Total Amount (Rs)	<b>4,73,64,278.00</b>	5,61,38,420.00
	Average Rate /Litre (Rs.)- LDO	<b>60.00</b>	52.71
<b>2)</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
	Product : High Quality Closed Tolerance Die Forgings		
	UNIT : M.T.	<b>15,179</b>	17,382.00
	ELECTRICITY (KWH)	<b>1,641.40</b>	1,651.17
	FUEL OIL(KL/TON)	<b>0.08</b>	0.09
	COAL	<b>NIL</b>	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.



- 2) Development of new products both in the area of Forging as well as Machined components especially for Export.
- 3) Development of in-house Mechanical Testing Facility for process improvements and to satisfy the customer requirements.
- 4) Development of methods to improve safety procedures, effluent control, pollution control etc.
- 5) Research and Development is being continued to achieve optimum utilization of resources with quality output.

New products added in the year 2012-13 are as below

- a) Connecting Rods for Amul Industries Pvt.Ltd., Kirloskar Oil Engines Ltd, TATA Motors.
- b) Clutch operating lever for Force Motors Ltd.
- c) Front Suspension Arm for Piaggio Vehicle Pvt.Ltd.
- d) Bell Forgings as well as Gears for GKN Driveline.

**ii) Benefits derived as a result of above R&D :**

- a) Successful commercial scale up of forged and machined parts.
- b) Competitive quality and increased productivity in both forged and machined components.
- c) Improved process technology to achieve competitive advantage in the business.

**iii) Future Plan of Action :**

- 1) The company will continue its Research and Development efforts in the various areas indicated above.

**iv) Expenditure on R & D :**

	(Rs. in Million)
i) Recurring	3.76
ii) Total	3.76
iii) Total R & D expenditure as a Percentage of total turnover	0.14

**v) Technology Absorption, Adaptation and Innovation :**

Having completed adoption of fracture split technology, the Company is now moving towards adoption of technology for critical automotive connecting rods for the overseas markets where the accuracies required in weight involved are higher. Through In-house Research and development activities company has developed Outer race forgings for Driveline assemblies, with internal tracks by Warm and cold forging method.

**C) FOREIGN EXCHANGE USED AND EARNED :**

	(Rs in Million)
Used	96.52
Earned	559.46

For and on behalf of the Board of Director

Place : Pune  
Date : 17<sup>th</sup> May, 2013

**Rohini G. Kalyani**  
Vice Chairperson & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### A) Economic Scenario and Industry Structure :

Indian forging industry has emerged as a major contributor to the manufacturing sector of the Indian Economy. The industry was previously more labour intensive. It is closely estimated that the industry provide employment (direct and indirect) to about 200,000 people. More than around 65% of the companies in the forging industry are smaller in size employ less than 200 people. Now with the increasing globalization, the industry is becoming more capital intensive. The total investment in the large and medium sectors is estimated to be around US \$ 700 million. The small scale units too are increasing their capital investment to keep pace with the increasing demand especially in the global markets as also to broaden the areas of demand for forgings. Many of them are now suppliers to Original Equipment Manufacturers (OEMs) in the automobile sector also, which speaks volumes about efforts at technology and quality up gradation.

While the automotive industry is the main customer for forgings, Kalyani Forge is in continuous efforts in upgrading technologies and diversifying product range have enabled it to expand our base of customers to foreign markets. Your Company is increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in low-cost countries. As a result, Indian forging industry has been making significant contributions to country's growing exports.

### B) Opportunities & Threats :

During the year 2012-13 Kalyani Forge Ltd had systematically identified and implemented cost reduction measures. All those components which were contributing very low for profitability where the value addition per kg of input/finish weight are lower are identified and requested the customers to increase the price and where ever we could not get the required price, we requested them to find an alternative for those components.

User industries are also reluctant to increase prices across the board. The industry is not fully compensated for increase in conversion cost on account of steep increases in power, fuel etc.

The future however looks encouraging for the forging industry in terms of the expected surge in global demand. As a result of liberalisation, more MNCs have entered the domestic automobile market. This has opened up more business opportunities for the Kalyani Forge Limited.

In addition, increasing cost of other inputs like petroleum products, power implementation of stringent environment pollution norms etc., are challenges that the KFL has to face.

### C) Outlook :

The fortunes of your Company are on a rise - it has consistently recorded a notable increase in production, capacity utilisation and exports. Among the various segments of the forging business, it is the auto-mobile-related segment that is being talked about the most these days. The KFL's fortunes are closely linked to that of the automotive industry, which at the moment, is doing well in the country. The other significant driver for this sector is outsourcing and it is an indication that the industry's potential is being recognized world over. Global automotive giants are looking at India as a competent supply base and are shopping for their components. Moreover, your Company has been making their mark globally. What is also remarkable is that these companies have even been acquiring companies abroad. In addition to the big players, the industry offers enough opportunities to small and medium size enterprises as well - they form a large part of this industry.

KFL has therefore a tremendously bright future. India is definitely emerging as a globally competitive supply base and if companies upgrade their technology levels and modernise themselves, we think there is no limit to that can be achieved in terms of growth.

### D) New Business Development :

Traditionally, Automotive Industries grow with launch of new vehicles periodically and Tier I Companies growth is critically dependent on the ability to develop and launch new products on time to the OEMs. Over the last 3 decades, Kalyani Forge has developed and sustained this capability. Organizationally, Kalyani Forge has recently aligned itself to ensure that enhanced focus is given to both business development and new product launches. We are specializing in the forging and machining of Connecting rods. At the same

time, we want to build a company that is more sustainable, agile and fast. So we are enhancing our operating systems and we have identified four medium term strategies: establish lean systems, develop organizational learning, increase stakeholder delight, and grow organically and rapidly.

**E) Risks and Concerns :**

One of the key risks we are facing is related to retention of talent, both at working level and at managerial level. Being a Technology Company, hiring and retaining top-notch talent is a key to continued success of our Organization.

The other major concern continues to be rise in prices of commodities, notably in the case of iron and steel. The competitive nature of the market for most of the company's products continues to limit the opportunity for increasing prices to fully compensate for the rise in input costs.

Apart from the risk associated with the volatility in raw material prices KFL is also exposed to other general risks related to volatility in Foreign Exchange rates, change in taxation structures, increase in interest rates, natural/man made disasters, and political risks.

**F) Internal Controls and Adequacy :**

We believe that KFL has adequately robust internal control systems in place. These are supported by an active internal audit function that conducts an internal check on a regular basis and also reviews business processes and accounting methodologies to improve the control system. KFL also believe to strengthen internal control system in view of increasing complexities in the business environment.

**G) Financial and Operational Performance :**

During the year **2012-13** the Company produced forging of **15180 MT**. More significantly, the utilization of assets in Machine Shop improved leading to supply of value added forgings to customers. In spite of slowdown in forging industry Sale of machined components increased to 109 crores in year 2012-13 as against 104 crores in year 2011-12.

In terms of cost control, several initiatives like raw material yield improvement, power consumption, oil consumption, stores and die steel consumption were deployed leading to overall control in cost of manufacturing.

**H) Manpower Development in HR and Industrial relations :**

Nurturing and developing human resource has been a major source of creating competitive advantage at Kalyani Forge. Over the years Company has maintained consistency in its efforts in training and developing its human resource with a view to face the competition.

Industrial relations continued to remain peaceful throughout the year and there was a satisfactory of co-operation between the management and the workers in working towards the overall objectives of the Company.

**I) Cautionary Statements :**

Statements in the management discussions and analysis section describing company's projections, estimations, expectation and predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from the expressed or implied. Important factors that would make a difference to the company's operations include demand supply conditions, raw material prices, changes in government regulations, tax regimes, competition, economic developments within and outside the country, etc.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner and provide the guidelines as to how the company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term.

### 2. BOARD OF DIRECTORS :

a. As on 31<sup>st</sup> March 2013, the strength of the Board of Directors was Eight Directors, comprising of seven non executive Directors. Five out of eight Directors were independent Directors. The Company is in compliance with the clause 49 of the listing Agreement pertaining to compositions of Board.

#### b. NUMBER OF BOARD MEETINGS

During the year under review, four Board meetings held on 25<sup>th</sup> May, 2012, 31<sup>st</sup> July, 2012, 25<sup>th</sup> October, 2012, 30<sup>th</sup> January, 2013.

#### c. DIRECTORS ATTENDANCE RECORD AND DIRECTORSHIPS HELD

The information on composition and category of the Board of directors as on 31<sup>st</sup> March 2013, attendance of each Director at Board Meetings held during the financial year 2012-13 and the Annual General Meeting held on 21<sup>st</sup> July, 2012, Directorship and committee positions in other public limited companies of which the Director is a member/Chairman is as follows :

Name	Category	Number of Board Meetings held during the year 2011-12		Whether attended last AGM	No. of Directorship in other Public Ltd. Companies	* Committee positions held in other Public Limited Companies	
		Held	Attended			Member	Chairman
Dr. N.A.Kalyani	Promoter and Chairman, Non Executive	4	—	No	—	—	—
Mrs. R.G.Kalyani	Vice Chairperson & Managing Director Executive Director	4	4	Yes	—	—	—
Mr. G. N. Kalyani	Non Executive & Non Independent Director	4	4	Yes	—	—	—
Mr. U.R.Lahoti	Non Executive & Independent Director	4	—	No	6	2	—
Mr. C.H. Naniwadekar	Non Executive & Independent Director	4	4	Yes	1	—	—
Mr. Pradip Nadkarni	Non Executive & Independent Director	4	4	Yes	—	—	—

Name	Category	Number of Board Meetings held during the year 2011-12		Whether attended last AGM	No. of Directorship in other Public Ltd. Companies	* Committee positions held in other Public Limited Companies	
		Held	Attended			Member	Chairman
Mr. A.R.Jamenis	Non Executive & Independent Director	4	4	Yes	1	2	—
Mr. S Ravindran	Non Executive & Independent Director	4	1	Yes	—	—	—

- \* None of the Directors on the Board is a member on more than ten committees and Chairman of more than five committees across all the Companies in which they are Directors. Only two Committees i.e. the Audit Committee and Investors Grievance Committee are considered for this purpose.

**d. Code of Conduct**

The Board of Kalyani Forge Limited has laid down a Code of Conduct for all Board Members and Senior Management personnel of the Company. The Code of Conduct is available on the website of the Company, [www.kalyaniforge.co.in](http://www.kalyaniforge.co.in). All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct and the Managing Director has confirmed the same.

**e. Particulars of Appointment / Re-appointment of Non-Executive and Executive Directors**

**Mr. C H Naniwadekar**

Born on 29<sup>th</sup> October, 1956, Mr. Chandrasekhar H. Naniwadekar is a Practicing Chartered Accountant, and has been in practice for the last 20 years. After passing his Chartered Accountancy examination, he started his career as Manager in Finance Department with Cummins Diesel Sales and Services (I) Limited, and soon became Chief of Finance of the Company. In 1987, he started his own independent consultancy firm. He has vast experience in the fields of Audit, Finance and Company Law. He is an expert on Taxation Matters. Besides being a Director on the Board of Kalyani Forge Limited since 06.10.2006, he is also advisor to reputed groups and companies, and Director of various companies.

He does not hold any equity share in the Company.

**Mr. Umesh R Lahoti**

Born on 11<sup>th</sup> February, 1965, Mr. Umesh R. Lahoti is a Commerce Graduate. He is the Managing Director of Lahoti Overseas Limited since its inception. He is in-charge of the day-to-day operations and overall management of the Company. He is having vast experience of around 15 years in the field of yarn exports. He is also active in the area of Securities trading. Besides being a Director in Kalyani Forge Limited since 26.03.1996, he is also a member on the Board of Lahoti Overseas Ltd., Hind Commerce Ltd., G. Varadan Ltd., Lahoti terra Knitfab Ltd., Kirti Stockbrokers Pvt. Ltd and Lahoti Spintex . Ltd. He is also a Director on the Board of Madhya Pradesh Stock Exchange and a member of their Audit Committee.

He does not hold any equity share in the Company.

**Mr. Viraj G Kalyani**

Born on 12<sup>th</sup> April, 1990, Viraj G Kalyani Graduated 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 is recognized for his professionalism, commitment to excellence and his contribution to the Kalyani Group Companies.

He holds 31635 equity shares in the Company.

### 3. AUDIT COMMITTEE :

The Audit Committee of the Company has been constituted in line with the provisions of clause 49 of the Listing Agreement read with section 292A of the Companies Act 1956.

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

The Audit Committee comprise of four members all of which are Non-Executive Independent Directors.

Mr. C.H. Naniwadekar is the Chairman of the Audit Committee.

Mr.Nirnoy Sur, Company Secretary is the Secretary to the committee.

Terms of reference to Audit Committee cover the matters specified under clause 49 of the Listing Agreement with the Stock Exchanges.

Composition and attendance at Audit Committee meeting:

During the year under review five Audit Committee meetings were held on 25<sup>th</sup> May, 2012, 09<sup>th</sup> June, 2012, 31<sup>st</sup> July, 2012 and 25<sup>th</sup> October, 2012, 30<sup>th</sup> January, 2013.

The composition of the Audit Committee as on 31<sup>st</sup> March, 2013 and attendance of members in the meetings held during the financial year 2012-13 are as under:

Name of the Member	Category	No. of meetings attended
Mr.C.H.Naniwadekar (Chairman)	Non Executive & Independent Director	5
Mr. Pradip Nadkarni	Non Executive & Independent Director	5
Mr. A. R. Jamenis	Non Executive & Independent Director	5
Mr. S. Ravindran	Non Executive & Independent Director	1

### 4. REMUNERATION COMMITTEE :

The purpose of the Remuneration Committee of the Board is to discharge the Board's responsibilities relating to compensation of the Company's Executive Directors. The committee has overall responsibility for approving and evaluating the Executive Directors compensation plans, policies and programmes.

The Committee consists of four Non-Executive Independent Directors.

Mr. A.R. Jamenis is the Chairman of the Remuneration Committee.



## a) \*Composition of Remuneration Committee:

Name of the Member	Category
Mr. A R Jamenis (Chairman)	Non Executive & Independent Director
Mr. Pradip Nadkarni	Non Executive & Independent Director
Mr. C.H. Naniwadekar	Non Executive & Independent Director
Mr. S. Ravindran	Non Executive & Independent Director

\*Composition of Remuneration Committee was reconstituted w.e.f. 25<sup>th</sup> May, 2012

b) **Meetings of Remuneration Committee**

During the year under review one meeting of remuneration committee held on 31<sup>st</sup> July, 2012.

**Remuneration Policy**

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

c) **Remuneration to Directors**

The Company pays remuneration by way of salary, perquisites, allowances and commission to its Vice Chairperson and Managing Director. The Commission to the Vice Chairperson and Managing Director is decided by the Remuneration Committee, in their meeting held on 22<sup>nd</sup> January, 2010 and approved by the Members at their meeting held on 17<sup>th</sup> July, 2010.

The details of remuneration paid to Directors of the Company during the financial year 2012-2013 as under :

(Amount in Rupees)

Name of the Director	Sitting fees including fees for Committee Meetings	Salaries & Perks	Commission	Total Amount
Dr. N. A. Kalyani	-	-	-	-
Mrs. R.G. Kalyani	-	23,06,556	50,00,000	73,06,556
Mr. G. N. Kalyani	28,000	-	1,20,000	1,48,000
Mr. U. R. Lahoti	-	-	-	-
Mr. C. H. Naniwadekar	54,000	-	1,20,000	1,74,000
Mr. Pradip Nadkarni	54,000	-	1,20,000	1,74,000
Mr. A. R. Jamenis	46,000	-	1,20,000	1,66,000
Mr. S. Ravindran	11,000	-	30,000	41,000

The remuneration to the Vice Chairperson and Managing Director is within the ceiling prescribed under the provision of the Companies Act, 1956.

All Non-Executive Directors of the Company receive sitting fees for each meeting of Board and Committee thereof attended by them. The net profits of the Company, not exceeding 1% are distributable as commission, amongst the Non-Executive Directors considering the special services and efforts rendered by them and attendance to the Board Meeting. Other than sitting fees and commission on the net profits of the Company, no other remuneration is paid to the Non-Executive Directors during the financial year.

Your Company presently does not have performance linked incentives for its Directors. No severance fee is payable.

## 5. Share Transfer cum Shareholders'/ Investors' Grievance Committee :

Share Transfer cum Shareholders'/ Investors' Grievance Committee was constituted looks into redressal of Shareholders and Investors' Complaint and matters - non-receipt of annual report, non-receipt of dividend and to look into matters that can facilitate better services and relations.

The committee consists of three Non-Executive Independent Directors.

Mr. G.N. Kalyani is the Chairman of the committee.

### a) Composition and attendance at the Share Transfer cum Shareholders'/ Investors' Grievance Committee:

Name of the Director	Category
Mr. G.N. Kalyani (Chairman)	Executive Director
Mr. Pradip Nadkarni	Non Executive & Independent Director
Mr. C.H.Naniwadekar	Non Executive & Independent Director

\*Composition of Share Transfer cum Shareholders'/ Investors' Grievance Committee was reconstituted w.e.f. 26<sup>th</sup> May, 2010

### b) Meetings of Share Transfer cum Shareholders'/ Investors' Grievance Committee

During the financial year 2012-13, there were 7 meetings held on 16<sup>th</sup> April, 2012, 30<sup>th</sup> June, 2012, 13<sup>th</sup> July, 2012, 16<sup>th</sup> August, 2012, December 03, 2012, December 31, 2012, February 11, 2013.

The Company has received 12 Complaints during the year and all of them were resolved. There were no pending share transfer and complaints as on 31<sup>st</sup> March, 2013.

## 6. DETAILS OF THE ANNUAL GENERAL MEETINGS :

The details of previous three annual general meetings of the Company are as follows :

Financial Year	Date and Time	Venue	Special Resolutions passed
2009-10	17 <sup>th</sup> July, 2010 at 11.00 a.m.	Poona Club Ltd., Camp Pune-411 001	-
2010-11	23 <sup>rd</sup> July, 2011 at 11.00 a.m.	Poona Club Ltd., Camp Pune-411 001	1
2011-12	21 <sup>st</sup> July, 2011 at 11.00 a.m.	Poona Club Ltd., Camp Pune-411 001	-

During the financial year under review, no resolutions have been passed by postal ballot.



## 7. DISCLOSURES :

### a) Materially Significant Related Party Transactions

All related party transactions form part of the notes to the Balance Sheet. Saving those, there were no materially significant related party transactions with Company's promoters, directors or its management, their subsidiaries or relatives, etc. that had a potential conflict with the interest of the Company. The register of contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

### b) Accounting Treatment

No treatment different from that prescribed in an Accounting Standards has been followed by the Company.

### c) Statutory Compliance, Strictures and Penalties

The Company has complied with rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India and any other statutory authority relating to capital market.

No penalties and/or strictures have been imposed on the Company by any Stock Exchange or SEBI or any statutory authority during the last three years.

## 8. Secretarial Audit :

- a) Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by Apte Joshi & Associates, Company Secretaries-in-Practice for due compliance of share transfer formalities by the Company.
- b) Apte Joshi & Associates, Company Secretaries-in-Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ("Depositories") and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with Depositories).

### Cost Audit :

The Central Government has approved the appointment of the S.C, Jog as cost auditor for conducting Cost Audit for the financial year 2011-12 and 2012-13.

The Cost Audit Report for the financial year ended 31<sup>st</sup> March, 2012 was submitted to the Board by the cost auditor on 25<sup>th</sup> October, 2012.

## 9. Means of Communication :

Quarterly and Half-yearly results are published in one of the renowned English and Marathi dailies, published from Pune. The results are also prominently updated in Company's website, [www.kalyaniforge.co.in](http://www.kalyaniforge.co.in). There is hardly any official news required to be released on website or even in Press.

**10. GENERAL SHAREHOLDER INFORMATION :****a) AGM Information and Financial Year**

Day, Date and Time of AGM	: Saturday, 29 <sup>th</sup> June, 2013 at 11.00 a.m.
Venue	: Poona Club Ltd., Camp Pune-411 001
Financial Year	: 1st April 2012 to 31st March 2013
Date of Book Closure	: 22 <sup>nd</sup> June 2013 to 29 <sup>th</sup> June, 2013 (both days inclusive)
Dividend Payment Date	: On and after 29 <sup>th</sup> June, 2013

**b) Listing on Stock Exchanges and Scrip Code**

The Company's shares have been listed on the following exchanges:

- i. National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051  
NSE Code : KALYANIFRG
- ii. Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001  
Scrip Code BSE Code : 513509

Annual listing fees and custodian fees have been paid for the financial year 2013-14.

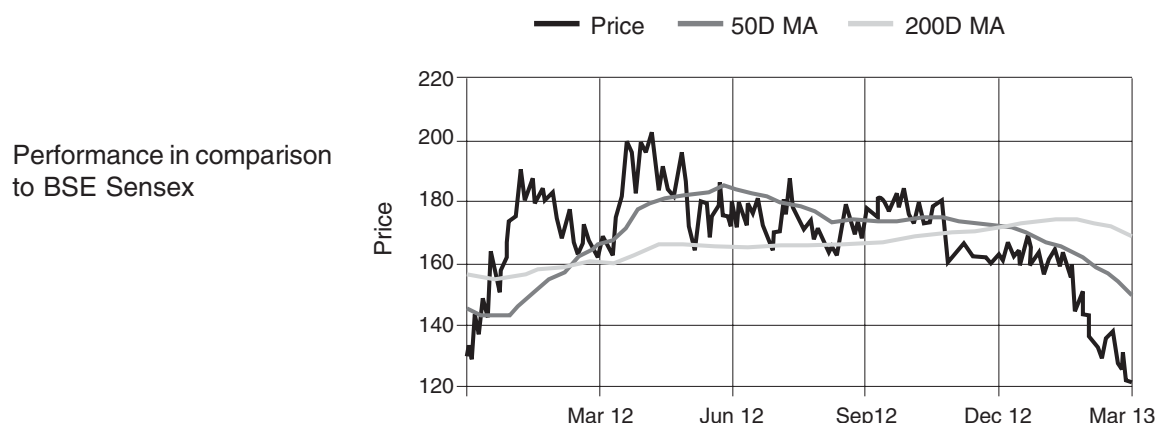
**c) Market Price Data**

The monthly high and low quotations and volume of shares traded on BSE and NSE from 1<sup>st</sup> April, 2012 upto 31<sup>st</sup> March, 2013 is as follows:

Month	BSE		NSE	
	High(Rs)	Low(Rs)	High(Rs)	Low(Rs)
Apr-2012	202.40	162.00	208.00	169.00
May-2012	207.00	168.15	210.00	175.80
Jun-2012	187.35	162.10	192.45	166.25
Jul-2012	189.65	159.10	186.45	160.10
Aug-2012	188.00	164.25	183.00	165.25
Sep-2012	180.00	162.45	179.55	162.10
Oct-2012	191.50	171.00	190.05	169.10
Nov-2012	181.00	155.00	185.00	159.00
Dec-2012	170.00	157.30	180.55	155.00
Jan-2013	170.00	155.10	167.90	155.75
Feb-2013	165.00	135.05	164.95	142.55
Mar-2013	138.70	120.20	144.40	125.40



**d) Performance in comparison to the Board-based Indices**



**e) Registrar & Share Transfer Agent and Share Transfer System**

Link Intime India Private Limited is the Registrar & Share Transfer Agent (RTA) of the Company in respect of the equity capital in demat and physical mode. They process share transfer and transmission on fortnightly basis. Their address is as follows:

Link Intime India Pvt. Ltd,  
Block No.202, Second Floor,  
Akshay Complex  
Off.Dhole Patil Road,  
Near Ganesh Mandir,  
Pune – 411 001.  
Tel. /Fax – 020 26160084  
E-mail:[pune@linkintime.co.in](mailto:pune@linkintime.co.in)

**f) Share Transfer System :**

Transfer in physical form has to be lodged with Registrar and Share Transfer Agents. All shares received for transfer were registered and dispatched within thirty days of receipts, if the documents were correct and valid in all respects. The time taken to process dematerialization of shares is ten days upon receipt of documents from Depository Participant.

**g) Shareholding pattern as on 31<sup>st</sup> March, 2013 :**

Category	Number of Shares	Percentage (%)
Promoter and Promoter Group	2130646	58.57
Non Resident Indians	3594	0.10
Bodies Corporate	814786	22.40
Resident Indians	687257	18.89
Financial Institutions/Banks/Trust	600	0.01
Clearing Member	1117	0.03

**Non Executive Directors Shareholding**

Name	Number of Shares	Percentage (%)
G. N. Kalyani	47020	1.29
Pradip Nadkarni	300	0.01

**h) Distribution of Shareholding as on 31<sup>st</sup> March, 2013**

Shareholding Class(Rs.)	No. of Shareholders	Total Holding in Rupees	Percentage of Total Holders (%)	Percentage of Total Capital (%)
Up to 5000	3122	3086000	96.2392	8.4827
5001-10000	48	341730	1.4797	0.9393
10001-20000	23	330540	0.7090	0.9086
20001-30000	4	92010	0.1233	0.2529
30001-40000	6	220910	0.1850	0.6072
40001-50000	4	172940	0.1233	0.4754
50001-100000	4	235420	0.1233	0.6471
100001& above	33	31900450	1.0173	87.6868
<b>Total</b>	<b>3244</b>	<b>36380000</b>	<b>100.00</b>	<b>100.00</b>

**i) Dematerialization of shares and liquidity :**

Company's equity shares are being dealt with in dematerialized form and the ISIN is INE314G0104.

As on 31<sup>st</sup> March, 2013, 27,69,913 (76.13%) Number of Shares in demat form.

**j) Outstanding GDR/Warrants or convertible bonds, conservation dates and likely impact on liquidity :**

The Company has not issued any GDRs/ ADRs/ Warrants or other instruments, which are pending for conversion.

**k) Plant Location :**

Hot Forging Division (HFD) and Metal Forms Division (MFD)  
Koregaon Bhima,  
Tal: Sirur, Dist. Pune.  
Pin - 412 207.

Precision Autocomp Division,  
Gat No. 914/1 & 2, Sanaswadi,  
Tal : Sirur, Dist: Pune,  
Pin - 412 208

**l) Financial Calendar of the Company relating to future immediate reporting :**

The Financial year covers the period from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014.

Financial Reporting for :

Quarter ending 30th June, 2013	Upto 15th August, 2013
Half Year ending 30th September, 2013	Upto 15th November, 2013
Quarter ending 31st December, 2013	Upto 15th February, 2014
Year ending 31st March, 2013	Upto 30th May, 2014
Annual General Meeting for the year ended March 31, 2013.	June/July, 2014

**m) Unclaimed Dividend-**

- All unclaimed/unpaid dividend amounts for the financial year 2004-05 have been transferred to Investor Education & Protection Fund and no claims will lie against the Company or the Fund in respect of the unclaimed amounts so transferred.
- The unclaimed dividend declared in respect of the financial year 2005-06 declared on 12<sup>th</sup> September, 2006 can be claimed by the shareholder by 11<sup>th</sup> September, 2013.

**n) Address for Correspondence****Registered Office :-**

Kalyani Forge Limited  
Shangrila Gardens, 'C' Wing, 1<sup>st</sup> Floor,  
Opp. Bund Garden, Pune – 411 001

**Factory:-**

Kalyani Forge Limited  
Koregaon Bhima, Tal: Sirur  
Dist.- Pune, Pin – 412 216  
Phone : 02137-252335, 252755, 252757  
Fax : 02137-252344, 252756

For effective and efficient Investor Grievance Management, the Company has dedicated E-mail Id [investors@kforge.com](mailto:investors@kforge.com),

All communications related to Non-receipt of Annual Report, Dividend Warrants, Share Certificates after transfer, etc. may be sent to both the above-mentioned e-mail address, as well as to the e-mail address of our Registrar and Share Transfer Agents, M/s. Link Intime India Pvt. Ltd, Pune, i.e., [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

The Management Discussion & Analysis is annexed to the Directors Report, forming part of the Annual Report.

**VC&MD & CFO CERTIFICATION**

To,  
The Board of Directors,

As required by sub clause V of the Clause 49 of the Listing Agreement entered with the stock exchanges, this is to certify that:

We have reviewed Financial Statements and Cash Flow Statement for and up to the Year/Quarter ended 31<sup>st</sup> March, 2013 and that to the best of our knowledge and belief:

These statements do not contain any material untrue statement of fact or omit to state any material fact or contain any statement that might be misleading;

These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

We have indicated to the auditor and the Audit Committee-

Significant changes in internal controls during the period;

Significant changes in accounting policies during the period and that the same have been disclosed; and

That there are no significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**For Kalyani Forge Limited,**

**Rohini G. Kalyani,**  
Vice Chairperson & Managing Director

Place : Pune  
Date : 17<sup>th</sup> May, 2013

**Avinash Khare**  
Chief Finance Officer



**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS  
OF CORPORATE GOVERNANCE**

To,

THE MEMBERS OF  
KALYANI FORGE LTD.

We have examined the compliance of conditions of Corporate Governance by Kalyani Forge Limited, for the year ended March 31<sup>st</sup>, 2013 as stipulated in Clause 49 of the Listing Agreements of the said company with the recognised stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of listing agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an opinion on the financial statements of the company.

In our opinion and to best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For M/S P. G. BHAGWAT**  
Chartered Accountants  
Firm Registration Number 101118W

**Nachiket Deo**  
Partner  
Membership Number 117695

Pune  
Date : 17<sup>th</sup> May, 2013

As provided under clause 49 of the listing agreement entered with the stock exchanges, the board members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the financial year ended 31<sup>st</sup> March 2013.

For Kalyani Forge Limited

Place : Pune  
Date : 17<sup>th</sup> May, 2013

**Rohini G. Kalyani**  
Vice Chairperson & Managing Director

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KALYANI FORGE LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Kalyani Forge Limited, ("the Company") which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which the cess is to be paid, no cess is due and payable by the Company.

**For M/S P. G. BHAGWAT**  
Chartered Accountants  
Firm Registration Number 101118W

Pune  
Date : 17<sup>th</sup> May, 2013

Nachiket Deo  
Partner  
Membership Number 117695

### ANNEXURE

Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements of even date

- (i) (a) The company has maintained proper records showing full particulars of fixed assets including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals with regard to size of the company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no significant material discrepancies between the book records and such physical verification have been noticed.
- (c) According to the information & explanation given to us, the company has not disposed off major part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory (excluding stock with third parties) at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion the Company is maintaining proper records of inventory. As informed to us, the discrepancies noticed on verification between physical stock and book records were not material.
- (iii) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained as per section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b) (c) and (d) are not applicable to the company
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained as per section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (f) and (g) are not applicable to the company
- (iv) **In our opinion and according to the information and explanations given to us and the results of the internal audits, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of the inventory, fixed assets and for the sale of the goods and services. However the same are required to be strengthened in view of increasing complexities in the operating environment.**

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5 lakhs in respect of any party during the year have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) As informed to us the company has not accepted any deposit from public. Accordingly, the provision of clause 4 (vi) is not applicable to the company.
- (vii) On the basis of Internal Audit Reports broadly reviewed by us, we are of the opinion that the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to information and explanation given to us, the particulars of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess as at 31<sup>st</sup> March, 2013 which have not been deposited on account of a dispute, are as follows :-

Name of the statute	Nature of dispute due	Amount under dispute not deposited (Rs.)	Period to which the amount related	Forum where the dispute pending
Excise	Cenvat Credit on Rejection Received from customer	9,10,322	From 2000-01 to 2011-12	High Court, Mumbai, Deputy Commissioner of Central Excise, Pune and CESTAT, Mumbai.
	Cenvat Credit on outward transportation	11,28,985	From 2004-05 to 2007-08	Additional Commissioner, Pune.
	Interest on supplementary Invoices	4,25,113	From 2001-02 to 2004-05	High Court, Mumbai
Income Tax	Disallowance of Expenditure on expansion / upgradation of projects	6,95,976	AY 1992-93	High Court, Mumbai
	Disallowance under Sec 80(IB)	16,82,843	AY 2004-05	ITAT, Pune

- (x) The Company has no accumulated losses as at 31<sup>st</sup> March 2013. The company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank as at the balance sheet date.
- (xii) According to information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the



- provision of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company has maintained proper records of transactions and contracts relating to dealing in shares, securities, debentures and other investments during the year and timely entries have been made therein. All the investments are held by the company in its own name except to the extent of the exemption granted u/s 49 of the Act.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to the information and explanation given to us, on overall basis the term loans have been applied for the purpose for which they were raised.
- (xvii) In our opinion and according to information and explanation given to us, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanation given to us, the company has not made any preferential allotment of any shares to parties and companies covered under Section 301 of the Companies Act, 1956.
- (xix) According to information and explanation given to us, the company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable the company.
- (xx) According to information and explanation given to us, the company has not made any public issue to raise money during the year. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable the company.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by management.

**For M/S P. G. BHAGWAT**  
Chartered Accountants  
Firm Registration Number 101118W

Pune  
Date : 17<sup>th</sup> May, 2013

Nachiket Deo  
Partner  
Membership Number 117695

**Balance Sheet as at 31st March, 2013**

Particulars	Note No.	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	1	3,63,90,000	3,63,90,000
(b) Reserves and surplus	2	95,43,14,616	87,66,79,016
		<u>99,07,04,616</u>	<u>91,30,69,016</u>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	3	31,89,33,142	23,26,93,966
(b) Deferred tax liabilities (net)	4	5,03,71,481	5,38,92,073
		<u>36,93,04,623</u>	<u>28,65,86,039</u>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	5	27,97,24,689	40,75,13,542
(b) Trade payables	6	31,10,27,616	33,22,65,063
(c) Other current liabilities	7	19,98,09,080	19,70,50,915
(d) Short-term provisions	8	3,80,11,543	3,20,01,336
		<u>82,85,72,928</u>	<u>96,88,30,856</u>
<b>TOTAL</b>		<u><b>2,18,85,82,167</b></u>	<u><b>2,16,84,85,911</b></u>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
Tangible assets	9	82,45,82,179	81,42,73,897
Intangible assets	10	59,61,613	10,07,511
Capital work-in-progress		7,17,20,078	5,36,76,092
(b) Non-current investments	11	50,000	50,000
(c) Long-term loans and advances	12	14,71,13,894	6,88,07,375
(d) Other non-current assets	13	4,41,32,435	3,15,98,376
		<u>1,09,35,60,199</u>	<u>96,94,13,251</u>
<b>2. Current assets</b>			
(a) Inventories	14	32,70,57,559	32,95,06,423
(b) Trade receivables	15	59,78,37,266	62,55,80,898
(c) Cash and bank balances	16	5,90,42,889	10,28,23,440
(d) Short term loans and advances	17	9,33,98,489	9,38,18,250
(e) Other current assets	18	1,76,85,765	4,73,43,649
		<u>1,09,50,21,968</u>	<u>1,19,90,72,660</u>
<b>TOTAL</b>		<u><b>2,18,85,82,167</b></u>	<u><b>2,16,84,85,911</b></u>

Notes forming part of the financial statements 27

As per our attached report of even date.

For and on behalf of the Board of Directors

FOR M/S P. G. BHAGWAT  
Firm Registration Number : 101118W  
Chartered Accountants

ROHINI G. KALYANI  
Vice Chairperson & Managing Director

NACHIKET DEO  
Partner  
Membership Number : 117695  
Pune: 17th May 2013

NIRNOY SUR  
Company Secretary  
Pune: 17th May 2013

C. H. NANIWADEKAR  
Director  
Pune: 17th May 2013



## Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No.	2012-13 Rs.	2011-12 Rs.
<b>I. Revenue from operations</b>			
Sale of products (gross)		2,82,10,05,880	2,99,18,35,537
Less : Excise duty		23,99,82,276	26,68,97,990
Net Sales		2,58,10,23,604	2,72,49,37,547
Other operating income		2,16,04,209	5,57,19,755
<b>Net Revenue from operations.</b>	<b>19</b>	<b>2,60,26,27,813</b>	<b>2,78,06,57,302</b>
<b>II. Other income</b>	<b>20</b>	<b>1,60,67,001</b>	<b>1,24,07,377</b>
<b>III. Total revenue (I + II)</b>		<b>2,61,86,94,814</b>	<b>2,79,30,64,679</b>
<b>IV. Expenses :</b>			
(a) Cost of materials consumed	21	1,31,01,99,555	1,41,33,06,014
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(1,66,60,359)	(46,97,179)
(c) Employee benefits expenses	23	23,69,34,167	24,42,43,422
(d) Finance costs	24	7,35,95,640	9,43,51,796
(e) Depreciation and amortization expenses	25	12,81,13,902	11,88,67,341
(f) Other expenses	26	74,92,56,206	72,85,05,688
<b>Total Expenses ( a to f)</b>		<b>2,48,14,39,111</b>	<b>2,59,45,77,082</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>13,72,55,703</b>	<b>19,84,87,597</b>
<b>VI. Exceptional items</b>		-	-
<b>VII. Profit before tax (V-VI)</b>		<b>13,72,55,703</b>	<b>19,84,87,597</b>
<b>VIII. Tax expense :</b>			
(a) Current tax			
(i) For the year		5,25,00,000	6,93,00,000
(ii) For earlier year		-	(17,78,730)
(b) Deferred tax		(35,20,592)	(31,67,684)
		<b>4,89,79,408</b>	<b>6,43,53,586</b>
<b>IX. Profit (loss) for the period (VII-VIII)</b>		<b>8,82,76,295</b>	<b>13,41,34,011</b>
<b>XII. Earnings per equity share :</b>			
(a) Basic		24.27	36.87
(b) Diluted		24.27	36.87

Notes forming part of the financial statements 27

As per our attached report of even date.

For and on behalf of the Board of Directors

FOR M/S P. G. BHAGWAT  
Firm Registration Number : 101118W  
Chartered Accountants

ROHINI G. KALYANI  
Vice Chairperson & Managing Director

NACHIKET DEO  
Partner  
Membership Number : 117695  
Pune: 17th May 2013

NIRNOY SUR  
Company Secretary  
Pune: 17th May 2013

C. H. NANIWADEKAR  
Director  
Pune: 17th May 2013



**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2012-13**

Particulars	Rs.	2012-13 Rs.	2011-12 Rs.
<b>A CASH FROM OPERATING ACTIVITIES</b>			
Profit before Tax		13,72,55,703	19,84,87,597
Add: Depreciation	12,81,13,902		11,88,67,341
Loss on assets sold, discarded, scrapped	95,246		5,14,212
Provision for doubtful debts	42,48,078		13,91,402
Interest & finance charges	7,35,95,640		9,43,51,796
Wealth Tax (Included in Rates & Taxes)	35,700		45,600
		<b>20,60,88,566</b>	<b>21,51,70,351</b>
		<b>34,33,44,269</b>	<b>41,36,57,948</b>
Less: Dividend	-		6,000
Surplus on sale of assets during the year	8,39,777		1,12,975
Provision no longer required	12,00,000		10,95,913
		<b>20,39,777</b>	<b>12,14,888</b>
<b>Operating profit before working capital changes</b>		<b>34,13,04,492</b>	<b>41,24,43,060</b>
(Increase)/Decrease in Current & Non-Current Assets :			
Inventories	24,48,864		(1,40,70,772)
Sundry Debtors	2,32,20,554		(57,32,439)
Other Current Assets and Loans & Advances	1,66,18,121		7,18,96,481
Increase/(Decrease) in Current & Non-Current Liabilities	(2,16,73,004)		(6,79,56,535)
		<b>2,06,14,535</b>	<b>(1,58,63,265)</b>
<b>Net cash generated from operations</b>		<b>36,19,19,027</b>	<b>39,65,79,795</b>
Less: Income tax Paid		<b>6,00,30,725</b>	<b>6,21,97,140</b>
<b>NET CASH FLOW FROM OPEARTING ACTIVITIES</b>		<b>30,18,88,302</b>	<b>33,43,82,655</b>
<b>B. CASH FROM INVESTING ACTIVITIES</b>			
Addition to Fixed Assets	(23,64,55,145)		(15,15,66,782)
Sale Proceeds of Assets	10,99,786		22,83,580
Dividend received	-		6,000
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(23,53,55,359)</b>	<b>(14,92,77,202)</b>
<b>C. CASH FROM FINANCING ACTIVITIES</b>			
Availment /(Repayment) in Cash Credit & PCFC from Banks	(12,77,88,853)		4,44,97,827
Availment /(Repayment) in Other Secured Loans	10,84,82,440		(5,05,92,120)
Availment /(Repayment) in Unsecured Loans	(1,01,11,058)		(85,80,700)
Interest & Finance Charges paid	(7,22,87,580)		(9,30,85,248)
Dividend paid	(1,05,34,462)		(84,81,304)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>(11,22,39,514)</b>	<b>(11,62,41,545)</b>
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents</b>		<b>(4,57,06,570)</b>	<b>6,88,63,908</b>
Opening Balances of Cash and Cash equivalents		<b>8,43,77,001</b>	<b>1,55,13,093</b>
<b>Closing Balances of Cash and Cash equivalents</b>		<b>3,86,70,430</b>	<b>8,43,77,001</b>

As per our attached report of even date.

For and on behalf of the Board of Directors

FOR M/S P. G. BHAGWAT  
Firm Registration Number : 101118W  
Chartered Accountants

ROHINI G. KALYANI  
Vice Chairperson & Managing Director

NACHIKET DEO  
Partner  
Membership Number : 117695  
Pune: 17th May 2013

NIRNOY SUR  
Company Secretary  
Pune: 17th May 2013

C. H. NANIWADEKAR  
Director  
Pune: 17th May 2013





Note nos. 1 to 27 annexed to and forming part of the Financial Statements for the year ended 31st March, 2013

**PARTICULARS**

**As at 31st  
March 2013  
Rs.**

**As at 31st  
March 2012  
Rs.**

**NOTE 1 : SHARE CAPITAL****Authorised share capital**

75,00,000 (75,00,000) Equity shares of Rs 10/- each	<b>7,50,00,000</b>	7,50,00,000
50,00,000 (50,00,000) Cumulative Redeemable Preference Shares of Rs 10/- each	<b>5,00,00,000</b>	5,00,00,000
25,00,000 (25,00,000) Unclassified Shares of Rs 10/- each	<b>2,50,00,000</b>	2,50,00,000
	<b>15,00,00,000</b>	15,00,00,000

**Issued share capital**

36,40,000 (36,40,000) Equity shares of Rs.10/- each	<b>3,64,00,000</b>	3,64,00,000
---	--------------------	-------------

**Subscribed & fully paid Up Share Capital**

36,38,000 (36,38,000) Equity shares of Rs. 10/- each fully Paid up	3,63,80,000	3,63,80,000
--	-------------	-------------

**Forfeited Equity Shares**

Forfeited Equity Shares (Amount Paid Up)		
2,000 (2,000) Equity Shares	10,000	10,000

**Total** **3,63,90,000** **3,63,90,000**

**1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the Reporting period**

Particulars	31st March, 2013		31st March, 2012	
	No. of Shares	In Rs.	No. of Shares	In Rs.
At the beginning of the period	<b>36,38,000</b>	<b>3,63,80,000</b>	36,38,000	3,63,80,000
Issued / Reduction if any during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>36,38,000</b>	<b>3,63,80,000</b>	36,38,000	3,63,80,000

**2 Terms/Rights attached to the equity shares**

The Company has only one class of equity shares having par value of Rs. 10/- each. Each equity holder is entitled to one vote per share and have a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

The Board of Directors has recommended a dividend of 25% (Rs. 2.50/- per share) for the financial year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**3 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates**

NIL

**4 Number of Shares held by each shareholder holding more than 5% Shares in the company**

Sr. No.	Name of Shareholder	31st March, 2013		31st March, 2012	
		No. of Shares	% of Holding	No. of Shares	% of Holding
1.	Kalyani Consultants Pvt. Ltd.	377280	10.37	377280	10.37
2.	Bhalchandra Investments Ltd.	349000	9.59	349000	9.59
3.	Vakratund Investment Pvt. Ltd.	342342	9.41	342342	9.41
4.	Pax Investment Pvt. Ltd.	340074	9.35	340074	9.35
5.	Squirrel Financers and Investors Pvt. Ltd.	186480	5.13	186480	5.13

**5 Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

NIL

**PARTICULARS**

<b>As at 31st March 2013 Rs.</b>	<b>As at 31st March 2012 Rs.</b>
--	--

**NOTE 2 : RESERVES AND SURPLUS**

<b>Capital reserve as per last year</b>	<b>25,00,000</b>	25,00,000
<b>Capital Redemption Reserve as per last year</b>	<b>10,00,000</b>	10,00,000
<b>Securities Premium as per last year</b>	<b>6,91,62,500</b>	6,91,62,500
<b>General reserve</b>		
Opening balance	<b>7,91,31,659</b>	6,57,17,659
Add: Set aside this year	<b>88,28,000</b>	1,34,14,000
Closing balance	<b>8,79,59,659</b>	7,91,31,659
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	<b>72,48,84,857</b>	61,47,35,286
Add: Profit for the year	<b>8,82,76,295</b>	13,41,34,011
Balance available for appropriation	<b>81,31,61,152</b>	74,88,69,297
<b>Less: Appropriations</b>		
Transferred to general reserve	<b>88,28,000</b>	1,34,14,000
Proposed dividend	<b>90,95,000</b>	90,95,000
Tax on proposed dividend	<b>15,45,695</b>	14,75,440
	<b>79,36,92,457</b>	72,48,84,857
<b>Total</b>	<b>95,43,14,616</b>	87,66,79,016

**NOTE 3 : LONG - TERM BORROWINGS****Secured : Term Loan From Banks**

State Bank of India	<b>15,08,04,000</b>	11,70,66,505
Indian Overseas Bank	<b>9,77,54,112</b>	3,51,41,373
	<b>24,85,58,112</b>	15,22,07,878

**Unsecured : Other Long Term Borrowing**

Sales Tax Deferral Liability under Package Scheme of Incentives 1988 and 1993.	<b>7,03,75,030</b>	8,04,86,088
<b>Total</b>	<b>31,89,33,142</b>	23,26,93,966

**Terms of Repayment**

1. Term Loan of Rs.12,00,00,000 is availed from State Bank of India, IFB, Pune at the rate of interest of 4.50% above base rate. Balance outstanding as on 31 March 2013 is Rs. 8,25,00,000/- (P.Y. Rs.11,25,00,000/-). Out of these, amount treated as current maturities of long term debts as on 31 March 2013 is Rs.3,00,00,000/- (P.Y.Rs.3,00,00,000/-) This loan is to be repaid in five years starting from November 2011.
2. Term Loan of Rs. 15,00,20,860/- is availed from State Bank of India, IFB, Pune out of the total sanction limit at the rate of interest of 3% above base rate. Balance outstanding as on 31 March 2013 is Rs.13,27,68,000/- (P.Y. Rs. 7,17,66,505/-). Out of these, amount treated as current maturities of long term debts as on 31 March 2013 is Rs. 3,44,64,000/- (P.Y. Rs.3,72,00,000/-). This loan is to be repaid in five years starting from October 2012.
3. Term Loan of Rs. 11,17,18,988/- is availed from Indian Overseas Bank, Karve Road, Branch, Pune out of the total sanction limit at the rate of interest of 2.25% above base rate. Balance outstanding as on 31 March 2013 is Rs. 11,17,18,988/- (P.Y.Rs.3,51,41,373/-). Out of this, amount treated as current maturities of long term debts as on 31st March 2013 is Rs. 1,39,64,875/- (P.Y. NIL). This loan is to be repaid in five years starting from October 2013.

**PARTICULARS**

	<b>As at 31st March 2013 Rs.</b>	<b>As at 31st March 2012 Rs.</b>
--	--	--

4. Sales Tax Deferral Liability under package scheme of incentive 1988 and 1993 as on 31st March 2013 is of Rs.7,98,59,061/- (P.Y.Rs.8,90,66,788/-). Out of these, amount treated as current maturities of long term debts as on 31st March 2013 is Rs. 94,84,031/- (P.Y. Rs. 85,80,700/-). This liability for 1988 Scheme is to be repaid within three years and for 1993 Scheme is to be repaid within 7 years.

**Nature of security**

1. For the above Rupee Term Loans, the company has created the first pari passu charge together (both the banks) by way of hypothecation on assets to be acquired out of bank finance as primary security and first pari passu charge by way of hypothecation on the existing fixed assets including land and building situated at Sanaswadi and Koregaon Bhima, Pune as a collateral security.

**Note 4 : Deferred tax liabilities (net)**

Deferred tax liability	<b>6,22,09,869</b>	6,29,00,945
Less: Deferred tax asset	<b>1,18,38,388</b>	90,08,872
<b>Total</b>	<b>5,03,71,481</b>	<b>5,38,92,073</b>

As required by Accounting Standard (AS 22) "Taxes on Income" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, the Company has recognised deferred taxes, which result from timing differences between book profits and tax profits for the period, the details of which are as under.

(i) <b>Deferred Tax Liabilities</b>		
<b>Depreciation &amp; Amortisation</b>	<b>6,22,09,869</b>	6,29,00,945
(ii) <b>Deferred Tax Assets</b>		
a Privilege Leave and Gratuity Provision	<b>59,94,627</b>	35,60,377
b Provision for Doubtful debts & advances	<b>36,70,310</b>	21,24,862
c VRS Compensation	<b>21,73,451</b>	33,23,633
d Others	-	-
<b>Total (a+b+c+d) [ii]</b>	<b>1,18,38,388</b>	90,08,872
<b>Deferred Tax Liability (Net) [i-ii]</b>	<b>5,03,71,481</b>	<b>5,38,92,073</b>

**NOTE 5 : SHORT-TERM BORROWINGS****Loans payable on demand : Secured**

Cash credit from Bank	<b>19,92,05,482</b>	32,45,13,851
Short Term Loan-IDBI	<b>4,80,00,000</b>	-
Packing credit foreign currency loan	<b>3,25,19,207</b>	8,29,99,691
<b>Total</b>	<b>27,97,24,689</b>	<b>40,75,13,542</b>

1. Company's fund and non fund based working capital facilities of Rs. 76,40,00,000 are secured by first charge by way of hypothecation on pari passu basis with existing working capital lenders (State Bank of India, IFB, Pune (Lead Bank), Bank of Maharashtra, Pune and IDBI Bank, Pune) over the company's entire current assets including stocks, WIP, receivables and finished goods and also the second charge on the whole of the fixed assets of the Company on pari passu basis with consortium working capital lenders.
2. Short term loan of Rs.4,80,00,000/- is availed from IDBI Pune for 90 days of the total sanctioned limit at the rate of interest of 2.25% above base rate. Balance outstanding as on 31<sup>st</sup> March 2013 is Rs. 4,80,00,000/- (P.Y. Nil)
3. The packing credit foreign currency loan is availed from Bank of Maharashtra and State Bank of India, Pune at the rate of Interest of 3.5%(the Margin) over fixed USD London Inter-bank Offer Rate i.e. LIBOR.

**PARTICULARS**

As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
---------------------------------	---------------------------------

**NOTE 6 : TRADE PAYABLES**

Acceptances	<b>1,91,83,394</b>	4,40,73,513
Other Trade payables	<b>29,18,44,222</b>	28,81,91,550
<b>Total</b>	<b>31,10,27,616</b>	33,22,65,063

**NOTE 7 : OTHER CURRENT LIABILITIES**

Current maturities of long-term debts (Refer note 3)	<b>8,79,12,906</b>	7,57,80,700
Interest accrued and due on borrowings	<b>38,75,104</b>	25,67,044
Unclaimed dividends	<b>6,12,743</b>	5,76,765
Advances from customers	<b>63,22,055</b>	65,97,056
Amounts due for capital purchases	<b>1,37,21,601</b>	90,39,825
Sales Bill Discounted	-	1,98,67,752
Other payables		
Statutory dues including provident fund and tax deducted at Source	<b>53,31,304</b>	50,12,968
Employee benefits payable	<b>2,43,17,535</b>	3,45,77,899
Other liabilities	<b>5,77,15,833</b>	4,30,30,906
<b>Total</b>	<b>19,98,09,080</b>	19,70,50,915

**NOTE 8 : SHORT-TERM PROVISIONS****Provision for employee benefits**

Provision for gratuity (Refer note 27.7)	<b>97,82,242</b>	59,74,596
Provision for leave encashment (Refer note 27.7)	<b>1,20,64,087</b>	70,64,212
	<b>2,18,46,329</b>	1,30,38,808

**Others**

Tax provision (Net of tax paid in advance)	<b>55,24,519</b>	83,92,088
Proposed dividend	<b>90,95,000</b>	90,95,000
Tax on proposed dividend	<b>15,45,695</b>	14,75,440
	<b>1,61,65,214</b>	1,89,62,528
<b>Total</b>	<b>3,80,11,543</b>	3,20,01,336

**NOTE : 9 - TANGIBLE ASSETS**

Fixed Assets	Land Freehold	Buildings	Roads	Borewell	Plant & Machinery	Electrical Installation	Factory Equipment	Laboratory Equipments	Furniture & Fixture	Office Equipment	Data Processing Equipment	Vehicles	Power Line (3 <sup>rd</sup> )	Total
Gross Block														
As At 31 March 2011	2,13,04,497	18,95,30,447	1,18,19,829	1,27,295	1,23,10,86,726	8,94,32,962	6,94,91,057	1,30,70,590	93,46,576	50,97,479	2,09,34,046	1,34,30,055	52,39,365	1,67,99,10,924
Additions	1,90,517	17,70,216	-	-	9,81,26,124	73,30,251	25,10,199	1,00,368	11,54,634	2,79,800	7,73,051	4,98,624	-	11,27,33,784
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	1,90,517	-	-	-	54,27,217	-	-	-	-	-	40,891	-	-	56,58,625
<b>As At 31 March 2012</b>	<b>2,13,04,497</b>	<b>19,13,00,663</b>	<b>1,18,19,829</b>	<b>1,27,295</b>	<b>1,32,37,85,633</b>	<b>9,67,63,213</b>	<b>7,20,01,256</b>	<b>1,31,70,958</b>	<b>1,05,01,210</b>	<b>53,77,279</b>	<b>2,16,66,206</b>	<b>1,39,28,679</b>	<b>52,39,365</b>	<b>1,78,69,86,083</b>
Gross Block														
As At 31 March 2012	2,13,04,497	19,13,00,663	1,18,19,829	1,27,295	1,32,37,85,633	9,67,63,213	7,20,01,256	1,31,70,958	1,05,01,210	53,77,279	2,16,66,206	1,39,28,679	52,39,365	1,78,69,86,083
Additions	-	1,09,89,465	6,29,370	-	11,50,13,328	15,70,000	63,58,258	9,32,466	1,48,262	5,67,954	23,80,040	-	-	13,85,89,142
Inter Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	47,91,857	2,18,677	1,37,852	-	-	1,02,215	-	4,84,055	-	57,34,656
<b>As At 31 March 2013</b>	<b>2,13,04,497</b>	<b>20,22,90,128</b>	<b>1,24,49,199</b>	<b>1,27,295</b>	<b>1,43,40,07,104</b>	<b>9,81,14,536</b>	<b>7,82,21,662</b>	<b>1,41,03,424</b>	<b>1,06,49,472</b>	<b>58,43,018</b>	<b>2,40,46,246</b>	<b>1,34,44,624</b>	<b>52,39,365</b>	<b>1,91,98,40,569</b>
Depreciation														
Upto 31 March 2011	-	4,95,09,091	10,98,871	41,289	68,41,78,807	4,93,50,007	3,50,55,919	57,51,040	59,05,321	19,91,140	1,62,63,423	41,19,433	35,91,801	85,68,56,142
For The Year	-	63,58,427	1,92,663	2,075	9,28,30,458	78,62,109	58,91,556	13,45,355	6,61,571	2,20,952	16,58,531	12,93,219	5,12,937	11,88,29,852
Inter Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	29,69,769	-	-	-	-	-	4,039	-	-	29,73,808
<b>As At 31 March 2012</b>	<b>-</b>	<b>5,58,67,518</b>	<b>12,91,534</b>	<b>43,364</b>	<b>77,40,39,496</b>	<b>5,72,12,116</b>	<b>4,09,47,475</b>	<b>70,96,395</b>	<b>65,66,892</b>	<b>22,12,092</b>	<b>1,79,17,915</b>	<b>54,12,652</b>	<b>41,04,738</b>	<b>97,27,12,186</b>
Depreciation														
Upto 31 March 2012	-	5,58,67,518	12,91,534	43,364	77,40,39,496	5,72,12,116	4,09,47,475	70,96,395	65,66,892	22,12,092	1,79,17,915	54,12,652	41,04,738	97,27,12,186
For The YEAR 2012-2013	-	66,64,733	2,02,725	2,027	10,10,60,213	82,67,619	62,76,401	13,92,443	4,65,626	2,56,034	16,00,372	12,74,845	4,62,566	12,79,25,604
Inter Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	47,91,854	2,18,677	1,06,809	-	-	81,166	-	1,80,894	-	53,79,400
<b>As At 31 March 2013</b>	<b>-</b>	<b>6,25,32,251</b>	<b>14,94,259</b>	<b>45,391</b>	<b>87,03,07,855</b>	<b>6,52,61,058</b>	<b>4,71,17,067</b>	<b>84,88,838</b>	<b>70,32,518</b>	<b>23,86,960</b>	<b>1,95,18,287</b>	<b>65,06,603</b>	<b>45,67,304</b>	<b>1,09,52,58,390</b>

**Net Block**

As At 31 March 2012	2,13,04,497	13,54,33,145	1,05,28,295	83,931	54,97,46,137	3,95,51,097	3,10,53,781	60,74,563	39,34,318	31,65,187	37,48,291	85,16,027	11,34,627	81,42,73,897
As At 31 March 2013	2,13,04,497	13,97,57,877	1,09,54,940	81,904	56,36,99,249	3,28,53,478	3,11,04,595	56,14,586	36,16,954	34,56,058	45,27,959	69,38,021	6,72,061	82,45,82,179

**Notes :**

- Gross block is at Cost.
- For Depreciation and amortisation refer accounting policy (Note 27 1.3).
- \* Cost incurred by the company. Ownership vests with Maharashtra State Electricity Distribution Company Ltd.

**NOTE 10 : INTANGIBLE ASSETS****Fixed Assets****Licences  
Assets****Total**

Gross Block

As At 31 March 2011

Additions

**10,45,000**

10,45,000

Recoupment / Adjustment

-

-

Deductions

-

-

**As At 31 March 2012****10,45,000**

10,45,000

Gross Block

As At 31 March 2012

**10,45,000**

10,45,000

Additions

**51,42,401**

51,42,401

Inter Transfers

-

-

Recoupment / Adjustment

-

-

Deductions

-

-

**As At 31 March 2013****61,87,401**

61,87,401

Depreciation

Upto 31 March 2011

For The Year

**37,489**

37,489

Inter Transfers

-

-

Recoupment / Adjustment

-

-

Deductions

-

-

**As At 31 March 2012****37,489**

37,489

Depreciation

Upto 31 March 2012

**37,489**

37,489

For The YEAR 2012-2013

**1,88,299**

1,88,299

Inter Transfers

-

Recoupment / Adjustment

-

Deductions

-

**As At 31 March 2013****2,25,788**

2,25,788

Net Block

As At 31 March 2012

**10,07,511**

10,07,511

As At 31 March 2013

**59,61,613**

59,61,613

Note:

1. Intangible assets are amortised on straight line method.
2. Useful life of each category is as follows:  
Computer software - 74 Months

**PARTICULARS****Face Value  
Per Unit****As at 31st  
March 2013****As at 31st  
March 2012****Rs.****Nos.****Rs.****Nos.****Rs.****NOTE 11 : NON-CURRENT INVESTMENTS**

NON TRADE - Unquoted

The Shamrao Vithal Co-operative Bank Ltd

25

**2,000 50,000****2,000 50,000****Total****50,000****50,000****PARTICULARS****As at 31st  
March 2013  
Rs.****As at 31st  
March 2012  
Rs.****NOTE 12 : LONG-TERM LOANS AND ADVANCES****Capital advances**

Secured, considered good

**- 12,37,000**

Unsecured, considered Good

**12,83,45,754 5,24,29,136****12,83,45,754 5,36,66,136****Loans to employees**

Secured, considered good

**- -**

Unsecured, considered Good

**10,30,461 20,31,016****10,30,461 20,31,016****Out of the above**

Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member

**- -****Tax paid in advance (net of provision)****1,77,37,679****1,31,10,223****Total****14,71,13,894****6,88,07,375**

## PARTICULARS

As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
---------------------------------	---------------------------------

## NOTE 13 : OTHER NON-CURRENT ASSETS

## Long-term trade receivables

Doubtful	1,07,98,206	65,50,128
Less : Provision	1,07,98,206	65,50,128
	-	-

## Others

Other bank balances	13,40,520	11,193
(Deposits with maturity of more than 12 months)		
Claims/Refund receivable	4,23,74,742	3,11,70,010
Deposits	4,17,173	4,17,173
<b>Total</b>	<b>4,41,32,435</b>	<b>3,15,98,376</b>

## NOTE 14 : INVENTORIES

(Note No. 27 : 1.4)

Raw materials	9,66,38,173	12,79,27,608
Work-in-progress (Note No. 27.16)	12,25,68,921	11,30,44,405
Finished goods (Note No. 27.16)	1,82,83,381	1,63,57,166
Stores, spares, etc.	3,05,72,440	2,45,34,759
Loose tools	1,60,08,321	1,60,36,727
Scrap at estimated realisable value	1,74,62,865	1,17,51,511
Die Room Inventory :		
Dies at cost	1,57,58,955	1,09,38,389
Die Blocks, Die Steel and Dies under fabrication	78,74,868	70,26,222
Stock of shares, units of mutual funds	18,89,636	18,89,636
<b>Total</b>	<b>32,70,57,559</b>	<b>32,95,06,423</b>

Note : Inventories as valued and certified by  
Vice Chairperson and Managing Director.

## NOTE 15 : TRADE RECEIVABLES

Outstanding for a period exceeding six months  
from the date they are due for payment

Unsecured, considered good	1,71,95,126	47,99,878
----------------------------	-------------	-----------

## Other receivables

Unsecured, considered good	58,06,42,140	62,07,81,020
<b>Total</b>	<b>59,78,37,266</b>	<b>62,55,80,898</b>



**PARTICULARS**

<b>As at 31st March 2013 Rs.</b>	<b>As at 31st March 2012 Rs.</b>
--	--

**NOTE 16 : CASH AND BANK BALANCES****Cash and cash equivalents****Cash on hand**

<b>2,72,175</b>	<b>59,844</b>
-----------------	---------------

**Balance with Bank**

Current accounts and cash credit

<b>3,77,85,515</b>	<b>8,37,40,396</b>
--------------------	--------------------

Unpaid dividend accounts

<b>6,12,740</b>	<b>5,76,761</b>
-----------------	-----------------

<b>3,83,98,255</b>	<b>8,43,17,157</b>
--------------------	--------------------

**Other bank balances**

Deposits with original maturity of more than three months but less than 12 months

In Margin Money Deposit pledged as security with Banks

<b>2,03,72,459</b>	<b>1,84,46,439</b>
--------------------	--------------------

<b>2,03,72,459</b>	<b>1,84,46,439</b>
--------------------	--------------------

**Total**

<b>5,90,42,889</b>	<b>10,28,23,440</b>
--------------------	---------------------

**NOTE 17 : SHORT-TERM LOANS AND ADVANCES****Loans and advance to suppliers**

Unsecured, considered Good

<b>2,56,27,334</b>	<b>1,85,43,025</b>
--------------------	--------------------

**Loans and advance to employees**

Unsecured, considered good

<b>29,77,449</b>	<b>28,68,028</b>
------------------	------------------

Balance with collectorate of central excise and customs

<b>3,97,17,385</b>	<b>62,38,513</b>
--------------------	------------------

VAT/ Excise Receivable

<b>1,10,16,108</b>	<b>4,67,10,743</b>
--------------------	--------------------

Tax paid in advance (net)

<b>-</b>	<b>-</b>
----------	----------

**Other loans & advances**

Prepaid Expenses

<b>31,26,915</b>	<b>89,05,646</b>
------------------	------------------

Others Advances

<b>1,09,33,297</b>	<b>1,05,52,295</b>
--------------------	--------------------

**Total**

<b>9,33,98,489</b>	<b>9,38,18,250</b>
--------------------	--------------------

**NOTE 18 : OTHER CURRENT ASSETS**

Export incentive receivable

<b>1,53,65,157</b>	<b>4,45,83,640</b>
--------------------	--------------------

Interest receivable

<b>11,96,236</b>	<b>12,52,377</b>
------------------	------------------

Deposits

<b>7,19,040</b>	<b>11,02,300</b>
-----------------	------------------

Other receivables

<b>4,05,332</b>	<b>4,05,332</b>
-----------------	-----------------

**Total**

<b>1,76,85,765</b>	<b>4,73,43,649</b>
--------------------	--------------------

## PARTICULARS

2012-13

2011-12

Rs.

Rs.

## NOTE 19 : REVENUE FROM OPERATIONS

Sale of products (gross)	2,82,10,05,880	2,99,18,35,537
Less : Excise duty	23,99,82,276	26,68,97,990
Net Sales	2,58,10,23,604	2,72,49,37,547
<b>Operating income</b>		
Die development charges	78,06,000	8,00,000
Job Work Receipt	19,425	23,17,382
Export incentives	59,00,039	1,71,72,500
Gain on foreign exchange fluctuations, net	78,78,745	3,54,29,873
	2,16,04,209	5,57,19,755
<b>Total</b>	<b>2,60,26,27,813</b>	<b>2,78,06,57,302</b>

## NOTE 20 : OTHER INCOME

Interest		
On income tax refund	-	2,01,270
On others	19,44,505	19,24,613
Dividend	-	6,000
Discount received	4,21,946	13,48,397
Miscellaneous income	1,16,60,773	77,18,209
Surplus on sale of assets	8,39,777	1,12,975
Provisions no longer required written back	12,00,000	10,95,913
<b>Total</b>	<b>1,60,67,001</b>	<b>1,24,07,377</b>

## NOTE 21 : COST OF MATERIALS CONSUMED

(a) Raw materials consumed		
Opening stocks	12,79,27,608	11,95,60,102
Less : Value of obsolete and non-moving material written-down (net of realisable value)	-	-
Add : Purchases (Net)	1,26,34,06,162	1,40,53,57,542
Less: Stocks at close	9,66,38,173	12,79,27,608
<b>Net Raw Material Consumed</b>	<b>1,29,46,95,597</b>	<b>1,39,69,90,036</b>
(b) Dies consumed		
Opening stocks		
Dies	1,09,38,389	10,39,582
Die Blocks, Die Steel and Dies under fabrication	70,26,222	1,37,72,331
	1,79,64,611	1,48,11,913
Add : Purchases and processing charges	2,11,73,170	1,94,68,676
	3,91,37,781	3,42,80,589
Less: Stock at close		
Dies	1,57,58,955	1,09,38,389
Die Blocks, Die Steel and Dies under fabrication	78,74,868	70,26,222
	2,36,33,823	1,79,64,611
<b>Net Dies consumed</b>	<b>1,55,03,957</b>	<b>1,63,15,978</b>
<b>Total</b>	<b>1,31,01,99,555</b>	<b>1,41,33,06,014</b>

**PARTICULARS****2012-13****2011-12****Rs.****Rs.****NOTE 22 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(Increase)/decrease in stocks

Stocks at close:

Work-in-process

**12,25,68,921**

11,30,44,405

Finished goods

**1,82,83,381**

1,63,57,166

Scrap

**1,74,62,865**

1,17,51,511

**15,83,15,167**

14,11,53,082

Less : Opening stocks

Work-in-process

**11,30,44,405**

10,06,42,644

Finished goods

**1,63,57,166**

2,32,25,502

Scrap

**1,17,51,511**

1,23,18,862

**14,11,53,082**

13,61,87,008

**(1,71,62,085)**

(49,66,074)

Shares, Units of Mutual Funds

Stock at close

**18,89,636**

18,89,636

Less: Stock at commencement

**18,89,636**

18,89,636

**-****-**

Increase/(Decrease) in excise duty on stocks

Excise duty on opening inventories

**14,19,252**

11,50,357

Excise duty on closing inventories

**19,20,977**

14,19,252

**5,01,725**

2,68,895

**Total****(1,66,60,359)**

(46,97,179)

## PARTICULARS

2012-13

2011-12

Rs.

Rs.

## NOTE 23 : EMPLOYEE BENEFITS EXPENSE

Salaries, wages, gratuity, bonus, commission, etc	20,10,16,956	21,28,23,226
Contribution to provident and other funds	1,31,34,804	1,24,03,078
Welfare expenses	2,27,82,406	1,90,17,118
<b>Total</b>	<b>23,69,34,167</b>	<b>24,42,43,422</b>

## NOTE 24 : FINANCE COSTS

<b>Interest expense</b>	<b>6,88,06,198</b>	<b>8,27,02,306</b>
<b>Other borrowing cost</b>		
Bank charges, commission etc	47,89,442	1,16,49,490
<b>Total</b>	<b>7,35,95,640</b>	<b>9,43,51,796</b>

## NOTE 25 : DEPRECIATION AND AMORTIZATION EXPENSE

<b>Depreciation</b>		
Tangible assets	12,79,25,603	11,88,29,852
Intangible assets	1,88,299	37,489
<b>Total</b>	<b>12,81,13,902</b>	<b>11,88,67,341</b>

**PARTICULARS****2012-13****2011-12****Rs.****Rs.****NOTE 26 : OTHER EXPENSES****Manufacturing Expenses**

Stores, spares and tools consumed	<b>16,61,63,607</b>	17,87,86,958
Processing charges	<b>15,29,59,793</b>	12,21,53,933
Power and fuel	<b>24,02,39,689</b>	24,43,19,656
Repairs to building	<b>25,33,969</b>	90,11,143
Repairs to machinery	<b>6,73,25,252</b>	5,79,35,406
Octroi Duty	<b>2,07,857</b>	40,536
Freight Charges	<b>1,03,52,538</b>	99,31,330
Other manufacturing expenses	<b>27,03,700</b>	23,43,046
	<b>64,24,86,404</b>	62,45,22,008

**Selling Expenses**

Freight and forwarding	<b>3,27,85,130</b>	2,83,40,994
Royalty, technical and license fees etc.	<b>25,000</b>	25,000
Other selling expenses	<b>35,57,134</b>	62,82,169
	<b>3,63,67,264</b>	3,46,48,163

**Administration Expenses**

Rent	<b>3,70,665</b>	4,55,098
Rates and taxes	<b>24,91,076</b>	19,19,661
Insurance (Including Keyman Insurance)	<b>75,93,173</b>	66,90,854
Other repairs and maintenance	<b>18,39,108</b>	2,46,084
Travelling and conveyance	<b>55,46,149</b>	49,15,791
Vehicle Expenses (Including on hired vehicles)	<b>1,99,14,292</b>	2,09,34,754
Professional & consultancy fees	<b>66,92,680</b>	69,52,645
Auditor's remuneration	<b>10,25,000</b>	10,25,000
Directors' Fees expenses	<b>1,93,000</b>	1,56,500
Donation	<b>3,000</b>	-
Non executive directors' commission	<b>5,10,000</b>	7,60,000
Miscellaneous expenses	<b>1,98,81,071</b>	2,33,73,516
Loss on assets sold, demolished, discarded and scrapped	<b>95,246</b>	5,14,212
Provision for doubtful debts	<b>42,48,078</b>	13,91,402
	<b>7,04,02,538</b>	6,93,35,517
<b>Total</b>	<b>74,92,56,206</b>	72,85,05,688

## NOTE TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013.

### NOTE NO. 27

#### 1. Statement on Significant Accounting Policies

##### 1.1 Basis of Preparation of Financial Statements :

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the generally accepted accounting principles and comply with the Accounting Standards as per the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Revised Schedule VI notified under the Companies Act, 1956 have become applicable to the Company from accounting year commencing from 01.04.2011 for preparation and presentation of Financial Statements. Accordingly all Assets and Liabilities have been classified as Current and Non Current as per Company's Normal operating cycle and/or other criteria's set out in revised schedule VI.

##### 1.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognized prospectively in future periods.

##### 1.3 Fixed Assets and depreciation :

- A) Fixed Assets are stated at their original cost of acquisitions including incidental expenses related to acquisition and installation of the concerned assets (including cost of specific borrowings). The fixed assets manufactured by the Company are stated at manufacturing cost. Fixed Assets are shown net of accumulated depreciation, except free hold land, which is at cost.
- B) Expenditure on New Projects and Expenditure during the construction etc :-  
In case of new projects and in case of substantial modernization or expansion at the existing units of the company, expenditure incurred including interest on borrowings and financing cost of specific loan, prior to the commencement of commercial production is being capitalized to the cost of asset. Trial run expenditure is also capitalized.
- C) Intangible assets are recorded at the consideration paid for acquisition.
- D) Depreciation / Amortization on Assets (other than Freehold Land) :
  - i) The Company provides depreciation on all its assets on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956;
  - ii) Depreciation on all assets acquired upto 31st October, 1987 is being provided at the rates of depreciation prevalent at the time of acquisition of the asset, pursuant to Circular 1/1/86 CLB No. 14(50)84 CL-VI dated 21st May, 1986 issued by the Department of Company Affairs ;
  - iii) Depreciation on addition to fixed assets from 1st April, 1990 onwards is charged at the rates specified in and in accordance with, Schedule XIV of the Companies Act, 1956;
  - iv) Depreciation on additions on account of increase in rupee value due to foreign exchange fluctuations is being provided at the rates of depreciation over the balance life of the said



asset.

- v) Depreciation on assets sold, discarded and scrapped is being provided at their rates on pro-rata basis up to the date on which such assets are sold, discarded and scrapped.
- vi) Cost of Powerline is being amortised over a period of seven years when put to use.
- vii) Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its intended use .

#### 1.4 Inventories :

Stores and spares, raw materials and components are valued at cost or net realizable value whichever is lower, Cost of Inventories has been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

- i) Cost of Raw materials, Stores, Spares etc are ascertained on weighted moving average basis.
- ii) Work-in-process, Dies under fabrication and Finished Goods are valued at the lower of cost or realizable value.
- iii) Scrap and Non-moving semi-finished goods, slow-moving and obsolete items, are valued at the lower of cost or estimated realizable value.
- iv) Stock of Trial Product is valued at cost.
- v) Dies are valued at cost.
- vi) Die Block and Die Steel are valued at material cost.
- vii) Goods in transit are stated at actual cost up to the date of Balance Sheet.
- viii) Shares, Units of Mutual Funds shown as stock in trade are valued at cost or market value whichever is lower.

#### 1.5 Research & Development expenditure:

Research and Development expenditure is charged to Profit & Loss Account under the respective heads of account in the year in which it is incurred. However expenditure incurred at development phase, where it is reasonably certain that the outcome of research will be commercially exploited to yield economic benefit to the Company, is considered as an intangible asset. Fixed Assets purchased for Research and Development are treated in the same way as any other Fixed Asset.

#### 1.6 Share Issue expenses are written off over a period of ten years.

#### 1.7 Employee Benefits :

##### a) Short terms employee benefits.

All employee benefits payable within 12 months of rendering the service are classified as short term benefits. Such benefits include salary, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc and the same are recognized in the period in which the employee renders the related service.

##### b) Provident Fund -

Benefits in the form of Provident Fund and Pension Scheme whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to profit and loss account of the year.

##### c) Gratuity –

The employees' gratuity fund scheme, is Company's defined benefit plan. Payment for present liability of future payment of gratuity is being made to the approved gratuity funds under cash accumulation policy of the Life Insurance Corporation of India. The Employees' gratuity, a defined

benefit plan, is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and shortfall in the fair value of the Planned Asset is recognized as obligation.

d) **Superannuation:-**

Defined Contributions to Life Insurance Corporation of India for employees covered under Superannuation Scheme are accounted at the rate of 15% of such employees' annual salary.

e) **Privilege Leave Benefits :**

Privilege leave benefits or compensated absences are considered as long term unfunded benefit and is recognized on the basis of an actuarial valuation using the Projected Unit Credit Method determined by an appointed Actuary.

f) **Termination Benefits :-**

Termination benefits such as compensation under voluntary retirement scheme are recognized as liability in the year of termination.

### 1.8 Foreign Currency Transactions

a) Initial recognition –

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of transaction.

b) Conversion –

Current Assets and Current Liabilities, Secured Loans designated in foreign currencies are revalored at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate contracted rate.

c) Exchange Differences: -

Exchange difference arising on the settlement and conversion on foreign currency transactions are recognized as income or as expenses in the year in which they arise. Except, option of capitalizing of eligible exchange difference on foreign currency loans utilized for acquisition of assets is availed as per Ministry of Corporate Affairs Notification dated 31 March 2009, as amended vide G.S.R. 378(E) dated 11 May 2011 and extension thereof.

d) Option Contracts –

Company uses foreign exchange option contracts to hedge its exposures against movements in foreign exchange rates. Foreign exchange option contracts are not used for trading or speculation purpose.

Outstanding foreign exchange option contracts on the date of Balance Sheet are “Marked to Market”.

### 1.9 Investments:

Long Term investments are valued at cost of acquisition less diminution in the value, if determined to be of permanent nature.

### 1.10 Revenue Recognition :

- a) i) Domestic sales are accounted for when dispatched from the point of sale, consequent to property in goods being transferred.
- ii) Export sales are accounted on the basis of the dates of Bill of Lading/ Other delivering documents as per terms of contract.
- b) Benefit on account of entitlement to import goods free of duty under the “Duty Entitlement Pass Book under Duty Exemption Scheme” is accounted in the year of Export.





- c) Export incentives: Export incentives are accounted for on Export of goods if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.
- d) Dividend is accrued in the year in which it is declared, whereby right to receive is established.

### 1.11 Cash Flow Statement :

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

### 1.12 Borrowing Costs :

Borrowing costs are recognised in the Profit and Loss Account except interest incurred on borrowings, specifically raised for projects, are capitalized to the cost of the qualifying assets until such time that the asset is ready to be put to use for its intended purpose.

### 1.13 Taxation :

Current tax is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

### 1.14 Earnings per share :

The basic & diluted earning per share is computed by dividing the net profit or loss attributable to equity shareholder for the period by the weighted average number of equity shares outstanding during the period.

### 1.15 Impairment of Assets :

The Management assesses for any impairment of assets or cash generating units, if indicators, external or internal, suggest possibilities of reduction in net realisable value of assets or value in use of cash generating units below their carrying costs. Impairments, if any, will be recognised in the Profit and Loss Account.

### 1.16 Provisions and Contingent Liability :

Provisions are recognized when the company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates. A disclosure of contingent liability is made where there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

**NOTE TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT  
AND FOR THE YEAR ENDED 31 MARCH 2013.**

2 Contingent Liability not provided for in respect of :

	<b>As at 31st March, 2013 Rs.</b>	As at 31st March, 2012 Rs.
i. Bills discounting	<b>1,17,62,517</b>	1,29,61,060
ii. Claims against the Company, not acknowledged as debts	<b>60,30,000</b>	1,32,25,000
iii. Disputed Income Tax demand, matter under appeal	<b>1,21,70,773</b>	2,09,53,702
iv. Disputed Excise demand, matter under appeal	<b>76,28,035</b>	72,92,845
v. In respect of export obligation under EPCG	<b>92,70,959</b>	87,79,660

- 3 The Company has imported capital goods under the Export Promotion Capital Goods Scheme of the Govt. of India at concessional rate of duty against an undertaking to fulfil export obligation (in respect of non redeemed EPCG Licenses) aggregating USD 15.07 Milion (Equivalent to Rs.82,81,62,869 at 1 USD=Rs.54.95) over a period of Eight years from issue of license, while maintaining average exports as given in the respective Licenses. Non fulfilment of the balance obligations, in the due manner entails options/rights to the Government to confiscate Capital Goods imported under the said Licenses and other penalties under the above referred scheme.

- |   |  |                    |              |
|---|--|--------------------|--------------|
| 4 | Estimated Amount of contracts remaining to be executed on Capital Account and Not provided for (net of advances) | <b>5,96,33,514</b> | 11,72,18,717 |
|---|--|--------------------|--------------|

5		<b>2012-13 Rs.</b>	2011-12 Rs.
i.	Statutory audit	<b>6,50,000</b>	6,50,000
	Tax Audit	<b>1,25,000</b>	1,25,000
	In Other Capacity :		
	For certification & Others	<b>1,35,000</b>	1,35,000
	For Expenses	<b>15,000</b>	15,000
ii.	Cost Audit	<b>1,00,000</b>	1,00,000
	<b>Total</b>	<b>10,25,000</b>	10,25,000

- 6 a) Guarantees given by the Company's Bankers on behalf of the Company, against sanctioned guarantee limits aggregating Rs.3,00,00,000 (Previous year Rs.3,00,00,000) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock in trade, stores and spares etc., book debts subject to prior charge in their favour. Amount outstanding as on 31st March, 2013 is Rs. 2,40,48,390/- (Previous year Rs. 2,11,41,890).
- b) The non-fund based facilities have been sanctioned amounting to Rs. 27,40,00,000 with a charge of hypothecation on stock, book debts and other current assets on pari-passu among the consortium members and second charge over fixed assets of company. Amount outstanding as on 31st March 2013 is Rs.4,53,55,828 (Previous year - Rs.6,78,64,161).

7 Disclosure pursuant to Accounting Standard (AS 15) - Revised 2005 "Employee Benefits" prescribed by Companies (Accounting Standards) Amendment Rules, 2006

a) Details of Long Term Employees benefits determined by an appointed Actuary are as follows :

**Funded Scheme - Gratuity.**

Particulars	31st March 2013 Gratuity	31st March 2012 Gratuity
(i) Amounts to be recognised in Balance Sheet		
a. Present Value of Defined Benefit Obligations Funded	2,34,06,108	1,90,18,869
b. Fair Value of Plan Assets	1,36,23,866	1,30,44,273
c. Net Liability/(Asset) recognised in the Balance Sheet	97,82,242	59,74,596
(ii) Amount to be recognised in Statement of Profit & Loss Account		
a. Current Service Cost	17,13,323	16,86,825
b. Interest on defined benefit obligations	15,21,510	13,92,772
c. Expected return on planed assets	(11,76,570)	(11,58,226)
d. Net Actuarial Losses/(Gain) Recognised in year	17,49,383	(5,73,570)
Total, included in "Employee Benefits"	38,07,646	13,47,801
(iii) Change in Defined Benefit obligation and reconciliation thereof		
a. Present value of Defined Benefit obligation at the beginning of the year	1,90,18,869	1,74,09,644
b. Interest Cost	15,21,510	13,92,772
c. Current Service Cost	17,13,323	16,86,825
d. Actuarial Losses/ (Gains)	17,49,383	(5,73,570)
e. Benefits Paid	(5,96,977)	(8,96,802)
f. Present value of Defined Benefit obligation at the close of the year	2,34,06,108	1,90,18,869
(iv) Change in the fair value of Plan Assets and the reconciliation thereof		
a. Fair value of Plan Assets at the beginning of the Year	1,30,44,273	1,27,81,718
b. Add : Expected return on Plan Assets	11,76,570	11,58,226
c. Add/ (Less) : Actuarial Losses/ (Gains)	-	-
d. Add : Contributions by employer	-	1,131
e. Less -Benefits Paid	(5,96,977)	(8,96,802)
f. Fair value of Plan Assets at the closed of the year	1,36,23,866	1,30,44,273
(v) Broad Categories of plan assets as a percentage of total assets as at 31st March, 2013		
a. Insurer Managed Funds	100%	100%
TOTAL	100%	100%
(vi) Summary of the Actuarial Assumptions		
Discount Rate	8%	8%
Expected Rate of Return on Assets	9.25%	9.25%
Salary Escalation Rate	5%	5%
b) <b>Unfunded scheme- Compensated Absences</b>		
Present Value of Unfunded Obligations	91,45,526	70,64,212
Discount Rate	8.00%	8.50%
Salary Escalation Rate %	5%	5%

- 8 The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2013. The disclosure pursuant to the said Act is as under :

## Particulars

As at 31-03-2013 As at 31-03-2012

Principal Amount due to suppliers under MSMED Act, 2006, beyond the appointed day	<b>29,97,084</b>	27,31,547
Interest accrued and due to suppliers under MSMED Act, on the above amount	<b>2,21,041</b>	69,773
Payment made to suppliers (other than interest) beyond the appointed day, during the year	<b>3,31,17,637</b>	20,36,533
Interest paid to suppliers under MSMED Act (Other than section 16)		
Interest paid to suppliers under MSMED Act (Section 16)		
Interest due and payable to suppliers under MSMED Act, for the payments already made	<b>8,82,510</b>	55,632
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	<b>11,03,552</b>	1,25,406

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

9. CIF Value of Imports and Expenditure in Foreign Currencies

## Particulars

2012-13  
Rs.2011-12  
Rs.

(a) CIF Value of Imports		
Capital Goods	<b>6,47,06,749</b>	2,47,70,747
Spare Parts/ Lubricants	<b>255,33,463</b>	1,73,74,028
Raw Material	-	3,53,201
(b) Expenditure in Foreign Currencies		
Travelling	<b>21,73,841</b>	8,25,563
Interest	-	
-		
Export Sales Commission	<b>21,51,295</b>	6,55,838
Professional fees	<b>3,10,998</b>	55,25,026
Seminar/Training	-	30,806
Processing charges outside	<b>15,59,963</b>	16,41,566

10. Prior period items (net) **5,80,227** 54,19,207

11. Earnings in Foreign Currencies

FOB Value of Exports	<b>55,30,71,682</b>	61,26,52,327
Deemed Export	<b>11,79,20,591</b>	13,02,54,167
Insurance and freight on exports	<b>73,00,452</b>	1,87,55,842

12. Exchange Differences on account of fluctuation in Foreign Currency rates.

2012-13  
Rs.2011-12  
Rs.

a) Exchange Differences on account of fluctuations in Foreign Currency Rates		
i) On settlement / revalorisation of Current Assets & Current Liabilities	<b>78,78,745</b>	3,54,29,873

## b) Foreign Exchange Derivatives not hedged at close of the year

## i) Exposures not hedged at the close of the year

	Currency	2012-13	2011-12
Receivables	USD	<b>26,62,344</b>	23,52,693
	EURO	<b>3,31,374</b>	9,38,292
	GBP	<b>9,578</b>	9,578
	CHF	-	4,720
	JPY	-	1,04,65,995
	AUD	<b>13,43,000</b>	1,50,000
Payables	USD	-	25,019
	EURO	-	-
	JPY	<b>53,39,876</b>	-

13. Total Expenditure on Research & Development (including allocable overheads) during the year is Rs. 37,60,502/- (Previous year Rs. 65,74,000/-)

14. (a) The Company has a single Product, viz : “Forgings”. Consequently, there are no Reportable Segments of the Company as per the Accounting Standard (AS-17) “Segment Reporting” prescribed by Companies (Accounting Standards) Amendment Rules, 2006.

(b) Disclosures of transactions with Related Parties as required by Accounting Standard - 18 “Related Party Disclosures” is given below. Related parties as defined under clause 3 of the Accounting Standard have been identified on the basis of representations made by the Key Managerial Personnel, information available with the company and taken on record by the Board.

Sr. No.	Nature of relationship / Name of related party	Nature of Transaction	2012-13		2011-12	
			Transaction Value (Rs.)	Outstanding Amounts carried in the Balance Sheet (Rs.)	Transaction Value (Rs.)	Outstanding Amounts carried in the Balance Sheet (Rs.)
1	Key Managerial Personnel Mrs. R. G. Kalyani (Vice-chairperson and Managing Director)	Remuneration	23,06,556	2,38,467	24,42,636	1,59,316
		Commission	50,00,000	50,00,000	80,00,000	80,00,000
		<b>Total</b>	<b>73,06,556</b>	<b>52,38,467</b>	<b>1,04,42,636</b>	<b>81,59,316</b>
2	Relative of Key Managerial Personnel Mr. Viraj G. Kalyani (Executive Vice President)	Salary	3,92,000	77,602	-	-
		<b>Total</b>	<b>3,92,000</b>	<b>77,602</b>	<b>-</b>	<b>-</b>
3	Relative of Key Managerial Personnel Mr. G.N. Kalyani (Director)	Commission	1,20,000	1,20,000	1,60,000	1,60,000
		Siting fees	28,000	-	28,000	-
		<b>Total</b>	<b>1,48,000</b>	<b>1,20,000</b>	<b>1,88,000</b>	<b>1,60,000</b>
4	Enterprise in which Key Managerial Person is common Kalyani Consultant Pvt Ltd	Expenses Reimbursement	22,000	10,000	2,000	-
		Expenses Recovery	35,928	-	-	-
		<b>Total</b>	<b>57,928</b>	<b>10,000</b>	<b>2,000</b>	<b>-</b>

15. The Company has sent balance confirmation letters to Sundry Debtors, Creditors and Other Parties and the balances are under reconciliation in those cases where confirmations were received. Pending final reconciliation, the balances in respect of Debtors, Creditors and third parties are as per books of account only. Adjustments having an impact of revenue nature, if any, will be made in the year in which the same are confirmed/reconciled.

16. **Turnover and Stock**

Sr. No.	Class of goods	Sales Value	Closing Stock Value	Opening Stock Value	WIP Value
1	High Quality Close Tolerance Die Forgings 2011-12	1,23,17,32,269 1,41,57,66,491	24,98,419 37,42,645	37,42,645 33,55,711	9,20,10,429 8,91,66,791
2	Real Axle Tube Assemblies 2011-12	4,67,12,238 4,56,82,948	- 6,99,254	6,99,254 1,50,882	14,60,725 9,76,655
3	Finished Machined Components 2011-12	1,09,37,18,728 1,04,90,23,867	1,57,84,962 1,19,15,267	1,19,15,267 1,97,18,909	2,29,84,501 1,75,68,163
4	Sale- Manufacturing Scrap 2011-12	20,88,60,369 21,33,56,746	- -	- -	- -
5	Others 2011-12	- 11,07,495	- -	- -	61,13,265 53,32,795
	Total 2011-12	2,58,10,23,604 2,72,49,37,547	1,82,83,381 1,63,57,166	1,63,57,166 2,32,25,502	12,25,68,921 11,30,44,405

- 17 Previous Year's figures have been regrouped wherever necessary to make them comparable with those of the current year.

As per our attached report of even date.

For and on behalf of the Board of Directors

FOR M/S P. G. BHAGWAT  
Firm Registration Number : 101118W  
Chartered Accountants

ROHINI G. KALYANI  
Vice Chairperson & Managing Director

NACHIKET DEO  
Partner  
Membership Number : 117695  
Pune: 17th May 2013

NIRNOY SUR  
Company Secretary  
Pune: 17th May 2013

C. H. NANIWADEKAR  
Director  
Pune: 17th May 2013

## KALYANI FORGE LIMITED

Regd. Office: Shangrila Gardens, 'C' Wing, 1<sup>st</sup> Floor,  
Opposite Bund Garden, Bund Garden Road, Pune-411 001.

### PROXY

I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a Member/Members of KALYANI FORGE LIMITED, Pune, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
failing him \_\_\_\_\_  
of \_\_\_\_\_ to vote for me/us on  
my/our behalf, at the 34<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, the 29<sup>th</sup> June,  
2013, at 11.00 a.m., and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

No. of shares held : \_\_\_\_\_ Folio No. \_\_\_\_\_

DP. ID.\*\* \_\_\_\_\_ Client ID\*\* \_\_\_\_\_

Please Affix  
Rs.1  
Revenue  
Stamp  
here

\*\*Applicable for Members holding shares  
in Dematerialised Form

Signature(s) of Member(s)  
across the stamp

**Note :** The proxy must be deposited with the Registered Office of the Company not less than 48 hours  
before the time fixed for the meeting.

## KALYANI FORGE LIMITED

Regd. Office: Shangrila Gardens, 'C' Wing, 1<sup>st</sup> Floor,  
Opposite Bund Garden, Bund Garden Road, Pune-411 001.

### ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

L.F. No.(s)

NAME OF THE SHAREHOLDER / PROXY\* \_\_\_\_\_

ADDRESS \_\_\_\_\_

No. of shares held : \_\_\_\_\_ Folio No. \_\_\_\_\_

D.P.ID.\*\* \_\_\_\_\_ Client ID\*\* \_\_\_\_\_

I/We hereby record my / our presence at the 34<sup>th</sup> Annual General Meeting of the Company, being held on  
Saturday, the 29<sup>th</sup> June, 2013, at Poona Club Ltd., 6, Bund Garden Road,, Pune-411 001.

SIGNATURE OF THE SHAREHOLDER / PROXY \_\_\_\_\_

\*strike our whichever is not applicable;

\*\* Applicable for Members holding shares in Dematerialised Form













KALYANI FORGE

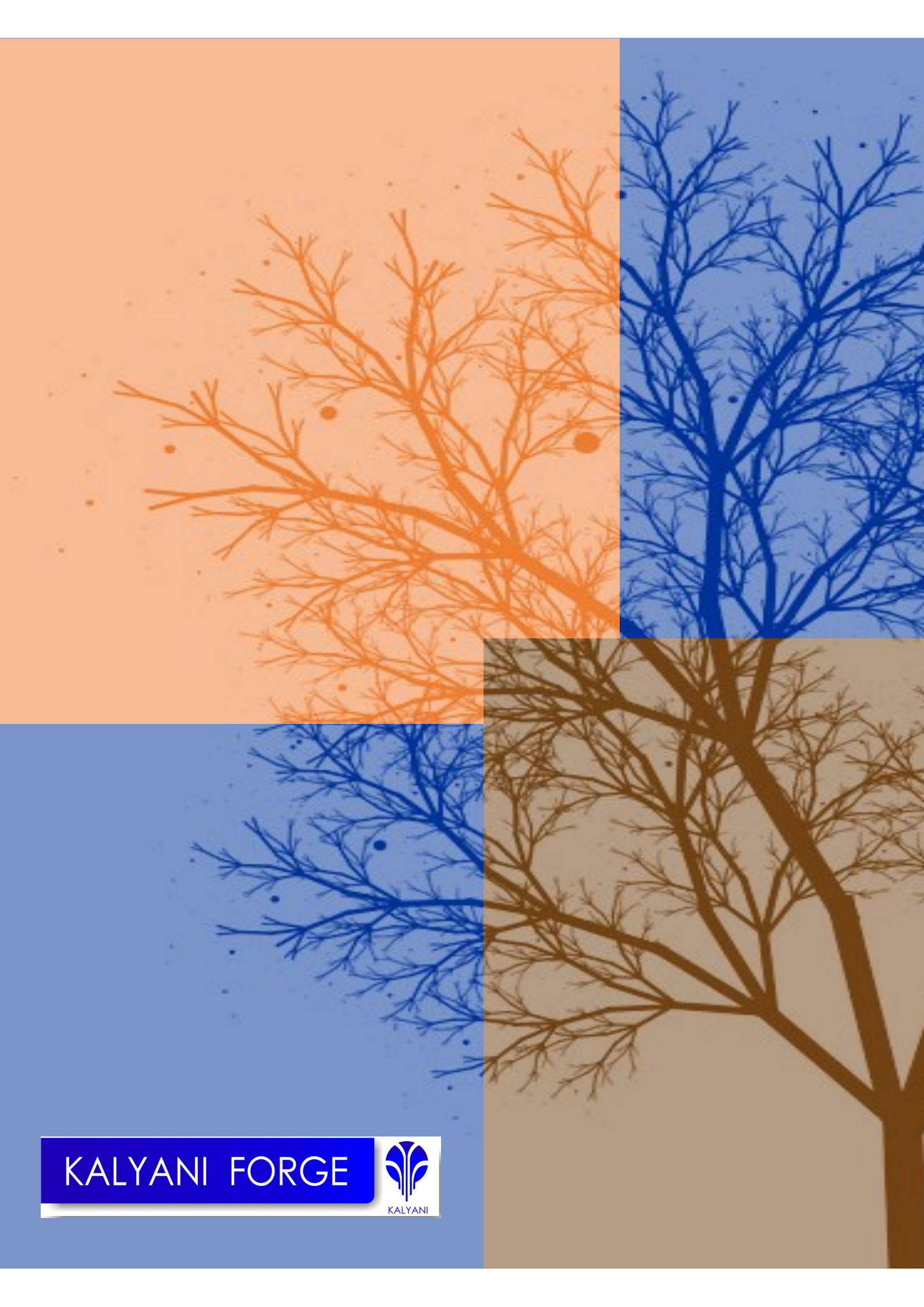


# ANNUAL REPORT 2013

*Nurturing  
Systems  
to Thrive*

[www.kalyaniforge.co.in](http://www.kalyaniforge.co.in)





KALYANI FORGE









## Message from the Vice-Chairperson and Managing Director

Dear Shareholder,

Let me first express my sincere gratitude for your continuous support.

We have had a decent year, given the slow economic climate. The manufacturing sector, mainly the auto industry, was hit by a severe slow down and we experienced a decline in monthly sales schedules which continued till March 13. Needless to say our aggressive business plan could not be achieved. We made strategic decisions of deferring the planned capex till the signs of revival were in sight and now in the current year 13-14 we have restored the modernization and capacity building process in the wake of newly added customers and product schedules.

During 2012-13, the sales were marginally reduced while the PBT was registered at Rs. 13 crores. The net worth of the company has increased by 9% from Rs. 91 crores to Rs. 100 crores.

Your company has been resilient in such difficult times in the past as we continue to take such situations to our advantage. In august last year we clocked monthly sales of Rs. 25 crores, the highest in the company's history. This year we plan on breaking that record.

Of course, this would be challenging, but we see signs of revival in the fundamentals of India's economy as well as certain key regions in the world. We are therefore boosting our efforts to satisfy and delight our customers., by proactively meeting their needs.

At the same time, we want to build a company that is more sustainable, agile and fast. So our theme for this year is enhancing our operating system and we have identified four medium term strategies: establish lean systems, develop organizational learning, increase stakeholder delight, grow organically and rapidly. These will be part of our on-going journey to becoming a world class organization and pursuing operational excellence.

At this juncture, I am delighted to introduce Mr. Viraj Kalyani as our Executive Vice President.

Viraj joined the Kalyani Forge in August 2012. He has taken the lead on several initiatives in line with the strategies mentioned above. I am sure he will bring an influx of fresh new ideas and young blood into our organization, as the future of our country is in the hands of our youth.

We firmly believe in business as a force of good in society and therefore want to play a more conscientious and positive role in the India growth story.

I'd like to express my gratitude to our employees for their tireless efforts in meeting our challenges. I thank all our employees who have worked tirelessly for your company over the year.

I thank all the stakeholders, the suppliers, the customers and the financial institutions for their continued support.

I thank you all for showing interest in the company's affairs which works as a moral boost for us.

Warm regards,

Rohini Kalyani

*Vice Chairperson and Managing Director*





# BOARD OF DIRECTORS



S. Ravindran

*Independent Director*

Shekhar Naniwadekar

*Independent Director*

Neelkanth Kalyani

*(photo inset)*

*Chairman*

Gaurishankar Kalyani

*Non-Executive Director*

Ashok Jamenis

*Independent Director*

Pradeep Nadkarni

*Independent Director*

Rohini Kalyani

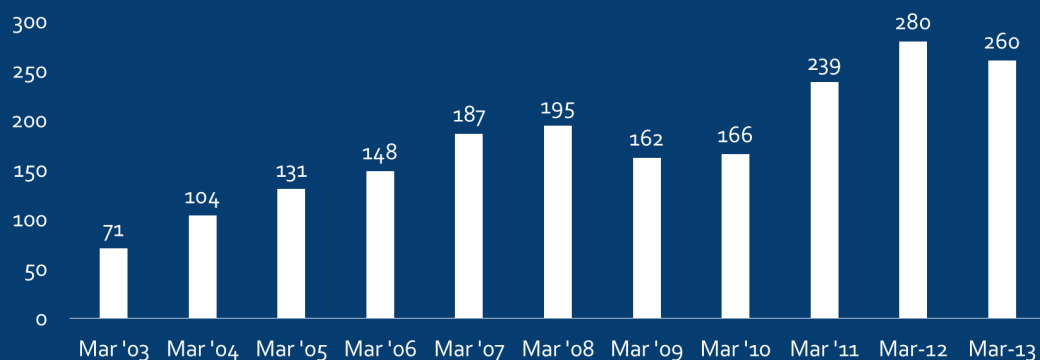
*Vice Chairperson & Managing Director*

## HISTORIC PERFORMANCE

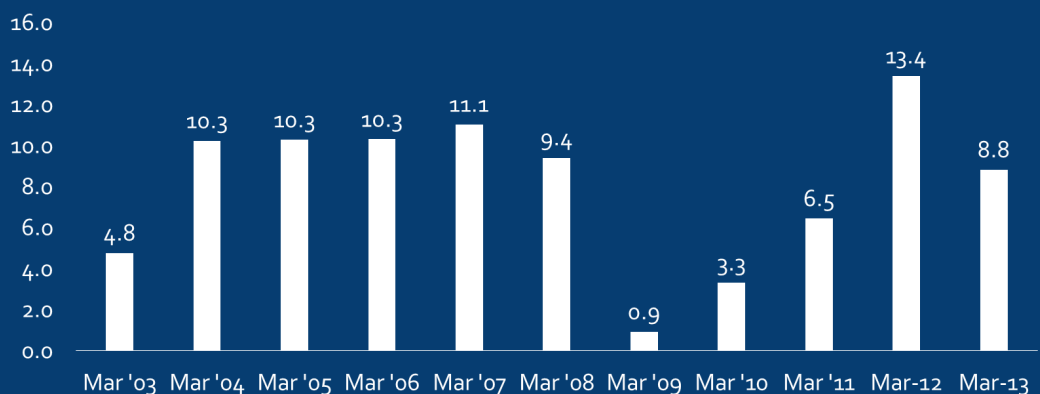
Kalyani Forge is one of India's oldest forging companies. It was established by Dr. Neelkanth Kalyani, father of the Indian Forging industry.

Since its inception, Kalyani Forge has always reported a profit. In 2013 our margins were hit due to an unfavorable product mix and lower sales. We expect this to improve going forward as we strengthen our systems.

Total Income (Rs. Cr.)



Net Profit (Rs. Cr.)





# Hanoul

## HNKJ-650TR



KALYANI FORGE LTD.  
MFD DIVISION  
ASSET CODE - JKH040781  
MOTORCAPTOR-CL01000000000000000000



left  
Our fully operational cold  
forging press. We achieved  
a 66% growth in sales from  
our cold forging line in 2013.  
This year we expect stronger  
orders for cold forged parts.



# IT INFRASTRUCTURE

We have upgraded our Enterprise Resource Planning (ERP) system to the new SAP ECC6. In the first half of the coming year we will have deeper integration of our business operations in the ERP system through

quality management, costing and asset management modules.

We are putting data in the hands of users who can take decisions locally and act in real time.

# CORPORATE SOCIAL RESPONSIBILITY

We believe in embedding corporate social responsibility in our business model rather than doing it as an extra-curricular activity. This means improving the livelihood of our employees, creating opportunities for career growth and employment and being responsible partners in the development of our city and nearby villages. This is our philosophy of business being a force of good.

For example, our employees have donated 1% of their salary toward building rain-water harvesting systems in drought hit areas of Maharashtra.

In our own premises we started a green cover expansion drive, wherein we plant additional trees in our unutilized open spaces at the start of each monsoon season.

Nonetheless, in times of need we would lend a helping hand to build enabling infrastructure for areas in need.







# Kalyani Forge Limited

KOREGAON BHIMA, -412 216, TEHSIL, SIRUR DIST. PUNE.  
☎ : (02137) 252335, 252755, 252757 FAX : (02137) 252344/252756.  
www.kalyaniforge.com



KALYANI FORGE LTD  
REGISTERED TO  
ISO/TS : 16949 : 2002  
FILE NUMBER : A10090-01

## FORM A (As per Clause 31(a) of listing agreement)

1.	Name of the Company:	Kalyani Forge Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Whether appeared first time- No. This observation is not repetitive.
5.	To be signed by • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman	As below

For and on behalf of Kalyani Forge Ltd.,

Sd/-

Rohini G Kalyani

Vice Chairperson & Managing Director

Sd/-

C. H. Naniwadekar

Chairman of Audit Committee

Sd/-

Nachiket Deo

Auditor (partner M/s P. G. Bhagwat)

Membership No: 117695

Sd/-

Avinash Khare

VP- Finance