



Moving Ahead with Our Customers

ANNUAL REPORT
2015

KALYANI FORGE



www.kalyaniforge.co.in

Moving Ahead with Our Customers

KALYANI FORGE



KALYANI

Letter to the Shareholder

Dear Shareholder,

In my last year's message, I spoke about the journey of your company towards a dynamic and resilient organization. The seeds of transformation have shown increase in Top Line. The Company registered sales of Rs. 242.86 Crores as against Rs. 207.77 crores in the previous year. But these initiatives have costed our bottom line and we had to book loss this year. These initiatives include engaging more qualified and trained manpower to ensure better product quality and to add capability of a varied product types. These are investments and would yield results in periods to come. This is essentially building our muscles for long term growth with productivity. At the same time, we had to take some impairment on some capital projects which did not yield the results we expected. We are taking efforts to salvage those assets.

If you look at the performance of your company in the past where track record of sales have shown growth from Rs. 45 crores in the year 2000 to Rs. 279 crores in 2012. Same is the case with Fixed Assets and Reserves which have increased significantly over these years. This gives us a positive sense of overcoming this short term jerk of negative bottomline in the last year. Due to technical reasons, we have not declared any dividends this time, but keeping in line our policy of stable dividends, your board is seriously trying to declare interim dividend this year.

As inherent nature of Forging industry, the three determinants of Working Capital (namely) viz. Receivables, Payables and the Inventory block the funds leading to requirement of higher working capital, further resulting into high levels of operating credits. We have been making all out efforts to reduce this working capital gap to the extent possible, which you can see from the Balance Sheet.

This result has come at a time when the Indian Economy is plagued with several Non-Performing Assets and Banks are under tremendous pressure to get rid of such risky assets. I firmly believe Kalyani Forge, though currently of modest size, can be exemplary in how 21st century businesses should operate in India. It starts with regularly questioning our current ways.

Due to the losses incurred this year, we did not declare any dividends. We will plough our resources back into the organization to bring it back to fighting fit position financially. With the maturing of newly designed business processes, I am positive on coming out of this phase with upward growth in the coming fiscal year. During the year 2014, domestic automobile sales recorded a modest 7.2% growth. With economic recovery expected in 2015, demand for automobiles across the various categories is likely to receive required impetus. Sales growth in commercial vehicles and passenger vehicles is expected to enter the positive trajectory, driven by expected moderation in interest rate, fall in ownership cost and improvement in economic activity and consumer sentiments. As per expert estimates, auto industry is likely to grow by 11 to 12 % in 15-16. Several clients, who are among world leaders, have instilled their confidence in us to increase business and awarded orders for their new product launches.

The world today is a lot more dynamic and rapidly changing. It requires courageous leadership with a clear direction. I am proud to see many new leaders being born in our organization as we undergo this dynamic transformation. Our Employees continue to remain our major source of strength and I would like to sincerely thank each one of them for their efforts and level of commitment. I take this opportunity to express my deep gratitude to all our Stakeholders, Customers, Vendors, Bankers and Financial Institutions and members of the Board for their unstinted support and continued faith reposed in Kalyani Forge.

With best wishes

Rohini G. Kalyani
Chairperson & Managing Director





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KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

BOARD OF DIRECTORS

Mrs. Rohini G. Kalyani	(Chairperson & Managing Director)	(DIN: 00519565)
Mr. Gaurishankar. N. Kalyani	(Director)	(DIN: 00519610)
Mr. C. H. Naniwadekar	(Independent Director)	(DIN: 00031023)
Mr. Pradip P. Nadkarni	(Independent Director)	(DIN: 01670826)
Mr. A. R. Jamenis	(Independent Director)	(DIN: 00082620)
Mr. S. Ravindran	(Independent Director)	(DIN: 00229000)
Mr. Viraj G. Kalyani	(Executive Director)	(DIN: 02268846)

AUDIT COMMITTEE

Mr. C H Naniwadekar	Non- Executive Independent Director (Chairman)
Mr. A R Jamenis	Non- Executive Independent Director
Mr. Pradip Nadkarni	Non- Executive Independent Director
Mr. S Ravindran	Non- Executive Independent Director

REMUNERATION & NOMINATION COMMITTEE

Mr. A R Jamenis	Non- Executive Independent Director (Chairman)
Mr. C H Naniwadekar	Non- Executive Independent Director
Mr. Pradip Nadkarni	Non- Executive Independent Director
Mr. S Ravindran	Non- Executive Independent Director

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. G N Kalyani	Non- Executive Independent Director (Chairman)
Mr. C H Naniwadekar	Non- Executive Independent Director
Mr. Pradip Nadkarni	Non- Executive Independent Director

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Pradip Nadkarni	Non- Executive Independent Director (Chairman)
Mr. A R Jamenis	Non- Executive Independent Director
Mr. C H Naniwadekar	Non- Executive Independent Director
Mr. Viraj G Kalyani	Executive Director
Mrs. Rohini G. Kalyani	Managing Director

CHIEF EXECUTIVE OFFICER

Mr. K.V.L.N Murthy

COMPANY SECRETARY

Ms. Anushanethri .V

KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

BANKERS :

State Bank of India
Bank of Maharashtra
IDBI Bank Limited
HDFC Bank Limited
Indian Overseas Bank Limited

AUDITORS :

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

REGISTERED OFFICE :

Shangrila Gardens, 'C' Wing, 1st Floor,
Opp. Bund Garden,
Pune-411 001.
Tel. +91 2137 252335, 252755
Fax +91 2137 252344
Website: www.kalyaniforge.co.in

WORKS :

1. Hot Forging Division (HFD)
Metal Forms Division (MFD)
Koregaon Bhima, Tal. : Shirur,
District : Pune 412 216.
2. Precision Autocomp Division (PAD)
Gat No. 914/1 & 2, Sanaswadi
Tal. : Shirur, District : Pune 412 208.

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

PARTICULARS	2014 - 15	2013 - 14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
TURNOVER	2429	2078	2,624	2,793	2,396	1,813	1,858	2,174	2,101	1,726
PROFIT BEFORE INTEREST DEPRECIATION AND TAX	164	259	334	400	275	214	163	267	259	230
INTEREST	62	53	69	83	62	50	52	35	19	10
DEPRECIATION	131	135	128	119	112	105	91	83	72	57
PROFIT BEFORE TAX	(30)	72	137	198	101	59	20	148	168	163
PROVISION FOR TAX	(7)	24	49	64	34	20	12	54	58	59
PROFIT FOR THE YEAR	(23)	48	88	134	68	39	8	94	110	103
DIVIDEND %	0	25	25	25	20	18	12	22	22	22
DIVIDEND AMOUNT	0	9	9	9	7	7	4	8	8	8
GROSS BLOCK	2012	2012	1,920	1,787	1,680	1,563	1,370	1,224	1,117	859
NET BLOCK	608	784	825	814	823	814	724	668	635	449
NET WORTH	974	1028	991	913	790	734	708	716	644	543
BOOK VALUE PER SHARE (RS.)	268	282	272	251	217	202	195	197	177	149
EARNINGS PER SHARE (RS)	(6)	13	24	37	18	9	3	26	30	28
SHAREHOLDERS (NO'S)	3040	3154	3244	3,248	3,428	3,352	3,522	3,412	3,056	3,060
NO OF EMPLOYEES (NO'S)	1165	973	1,050	1,289	1,352	1,172	1,015	1,414	1,572	1,285



KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

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

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

NOTICE

NOTICE is hereby given that the Thirty-Sixth 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 5th day of September, 2015 at 10.00 a.m., to transact the following business:

ORDINARY BUSINESS:

01. To receive, consider and adopt the Balance Sheet as at 31st March, 2015 and Profit & Loss Account as on that date together with reports of Director's and Auditor's thereon;
02. To appoint a Director in place of Mrs. Rohini G. Kalyani who retires by rotation and being eligible, offers herself for re-appointment.
03. To appoint a Director in place of Mr. Gaurishankar N. Kalyani who retires by rotation and being eligible, offers himself for re-appointment.
04. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s. P. G. Bhagwat, Chartered Accountants, Pune having Firm Registration No.101118W, to hold office from as Statutory Auditors if the Company from the conclusion of this Annual General Meeting upto the conclusion of the 41st Annual General Meeting of the Company to be held in the calendar year 2020 (subject to ratification of the appointment by the Members at every Annual General Meeting to be held during their tenure) and that Board of Directors of the Company be and are hereby authorized to fix such remuneration, and plus Service Tax, out of pocket and travelling expenses as may be recommended by the Audit Committee for each year during the said period.

RESOLVED FURTHER THAT the Board or Committee thereof be and is hereby authorised to take such steps as may be necessary to give effect to the said resolution."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment and remuneration of Mrs. Rohini G Kalyani, DIN: 00519565, as the Chairperson and Managing Director of the Company for a period of five years with effect from January 29, 2015, upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft Agreement, specifically sanctioned with authority to the Board of Directors (which term shall be deemed to include any duly authorized committee thereof for the time being exercising the power conferred on the Board by this Resolution) to alter and vary the terms and conditions of the said Appointment and/ or Agreement in such manner as it may deem fit and as may be agreed to between the Board of Directors and Mrs. Rohini G Kalyani and for this purpose the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary.

RESOLVED FURTHER THAT the Board or Committee thereof be and is hereby authorised to take such steps as may be necessary to give effect to the said resolution."

06. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT consequent to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the new set of the Articles of Association of the Company in the form and manner as per the draft Articles of Association placed before the meeting and annexed to this Notice as Annexure A, be and is hereby approved and adopted and the same shall be in substitution for, and to the entire exclusion of the existing set of Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be required to give effect to this resolution.”

07. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 or any statutory modification or re-enactment thereof, Mr. Rahul A Chincholkar, Cost Accountant, appointed as Cost Auditor by the Board of Directors of the Company to conduct an audit of the Cost Records of the Company for the financial year commencing from 01.04.2015, be paid a remuneration of Rs. 1,00,000 (Rupees One Lac Only) (excluding service tax, as applicable) in addition to reimbursement of out of pocket expenses and conveyance as recommended by the audit committee and approved by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary for the purpose of giving effect to this resolution”.

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

Place : Pune
Date : May 30, 2015

Anushanethri V
Company Secretary

Registered Office :

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

**NOTES :**

1. Explanatory Statements, pursuant to Section 102 (1) of the Companies Act, 2013 in respect of the business under Item No. 4 to 9 above, are annexed hereto and relevant details as required under clause 49 of the listing agreements entered with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors as per item no. 2, 3 and 5 of the Notice are also annexed.
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. A PERSON SHALL NOT ACT AS PROXY FOR MORE THAN FIFTY (50) MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A PERSON HOLDING MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
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. Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty four hours before the time fixed for the commencement of the Annual General Meeting. However a prior notice of not less than 3 (three) days in writing of the intentions to inspect the proxies lodged shall be required to be provided to the Company.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from August 29, 2015 to September 5, 2015 (both days inclusive).
6. Transfer of Unclaimed / Unpaid amounts to the Investor Education and Protection Fund (IEPF): Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed / unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the IEPF or the Company for the amounts so transferred prior to March 31, 2015.
7. Members are requested to note the following:
 - a) Members holding shares in physical form are requested to address all their correspondence including change of address to the Company's Registrar and Share Transfer Agents, Link Intime India Pvt. Ltd, Block No.202, Second Floor, Akshay Complex, off Dhole Patil Road, Near Ganesh Mandir, Pune – 411001 and Members holding shares in dematerialized form should approach their respective Depository Participants for the same.
 - b) Quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares held in physical form in all correspondence with the Company.
8. Members/ Proxies are requested to bring copy of Annual Report and attendance slip duly filled in and hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for identification.
9. 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.
10. Members holding equity shares in multiple folios in the identical order of names are requested to consolidate their holding into one folio.
11. Equity Shareholders who have not dematerialized are advised to dematerialize their shareholding, to avoid inconvenience in future and to reap benefits of de-materialization.
12. **Sending the annual report by E-mail to 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.

13. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.
14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. to 4.00 p.m. up to the date of declaration of the result of the 36th Annual General Meeting of the Company.
15. The Company is pleased to provide e-voting facility to all its shareholders pursuant to provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2015 to cast their votes electronically on the resolutions mentioned in the notice of 36th Annual General Meeting of the Company dated May 30, 2015 (the AGM Notice). The Company has appointed CS Raghavendra J. Joshi, Partner of M/s. Apte Joshi & Associates, Company Secretaries, Pune as Scrutinizer for conducting e-voting process in fair and transparent manner. The e-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them at the end of business hours on August 25, 2015. The instructions for e-voting are enclosed separately.

Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot User Details / Password" option available on www.evotingindia.com.

The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, there after unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kalyaniforge.co.in and on the website of CDSL www.evotingindia.com immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.

16. Information required under Clause 49 IV G of the Listing Agreement (relating to Corporate Governance) with respect to the Director retiring by rotation and being eligible seeking re-appointment is as under:
 - Item No. 2 & 5 – re-appointment of Mrs. Rohini G. Kalyani & re-appointment of Mrs. Rohini G. Kalyani as Managing Director

Name of the Director	Mrs. Rohini G. Kalyani
Director Identification Number	00519565
Date of Joining the Board	January 29, 2000
Profile of the Director	Mr. Rohini G. Kalyani, born on 17.07.1964 is the Chairperson & Managing Director of the Company. Mrs. Rohini Gaurishankar Kalyani is a Science Graduate with Diploma in Finance Management. Besides being the Director of the Company, she is also a Director of host of Private Limited Companies in the group. She is wife of Mr. Gaurishankar N. Kalyani, Director of the Company.



Board Membership of other Public Limited companies as on March 31, 2015	Nil
Chairman/Member of the Committees of Director of the Company	Nil
Chairman/Member of the Committees of Director of other Companies in which she is a Director	Nil
Shareholding in KFL as on March 31, 2015	32,036 Equity Shares

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

Except Mr. Gaurishankar Kalyani, Director, Mr. Viraj G. Kalyani, Executive Director and Mrs. Rohini G Kalyani, Chairperson & Managing Director herself together with his relatives, no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in her re-appointment as a Director (Managing Director) of the Company.

● Item No. 3 – Reappointment of Mr. Gaurishankar N. Kalyani

Name of the Director	Shri. Gaurishankar N. Kalyani
Director Identification Number	00519610
Date of Joining the Board	April 26, 2003
Profile of the Director	Mr. Gaurishankar N. Kalyani, born on 31.08.1954 is a Non-Executive Director of the Company. Mr. G.N. Kalyani is a Commerce Graduate (Hons.). Besides being the Director of the Company, he is also a Director of host of Private Limited Companies in the group. He is son of late Dr. Neelkanth A. Kalyani, Industrialist and founder of the Company and husband of Mrs. Rohini G. Kalyani, Chairperson & Managing Director of the Company.
Board Membership of other Public Limited companies as on March 31, 2015	Nil
Chairman/Member of the Committees of Director of the Company	1 – Chairman of Stakeholders Relationship Committee
Chairman/Member of the Committees of Director of other Companies in which he is a Director	Nil
Shareholding in KFL as on March 31, 2015	47,020 Equity Shares

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

Except Mrs. Rohini G Kalyani, Chairperson & Managing Director, Mr. Viraj G. Kalyani, Executive Director and Mr. Gaurishankar Kalyani himself together with his relatives, no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in his re-appointment as a Director of the Company.

17. The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on the business hours of September 02, 2015 and ends on end of the business hours of September 04, 2015 and business hours at 5.00 pm. During this period shareholders'

of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 29, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (as printed on ballot paper / attendance slip / notice) in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the existing password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
18. In terms of Clause 35B of the Listing Agreement, those members, who do not have access to e-voting facility, may send their assent or dissent in writing on the Postal Ballot Form attached with this AGM Notice in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer at the address Mr. Raghavendra Joshi / Mr. Harshal R. Joshi, Scrutinizer, Link Intime India Pvt. Ltd., Unit : Kalyani Forge Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai – 400 078 on or before Monday, August 24, 2015. Any Postal Ballot Form received after this date will be treated as if the reply from the member has not been received.

Important Note :

As Kalyani Forge Limited, being a listed company and having more than 1000 shareholders, is compulsorily required to provide e-voting facility to members in terms of Section 108 of the Act read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, voting by show of hands will not be available to the members at the 36th AGM in view of the further provisions of Section 107 read with Section 114 of the Act.

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

Place : Pune
 Date : May 30, 2015

Anushanethri V
 Company Secretary

Annexure to Notice

As required by Section 102 (1) of the Companies Act, 2013, (herein after referred to as "the Act") the following Explanatory Statements set out all material facts relating to the business mentioned under item Nos. 04 to 07 of the accompanying Notice dated 30th May, 2015 .

Item No. 04

Section 139 of the Companies Act, 2013 and the Rules made there under provide that a company can appoint a firm as auditor for maximum two (2) terms of five (5) consecutive years. M/s. P.G. Bhagwat, Chartered Accountants have already completed term of five years. The signing Partner shall change from the year commencing from FY 2015-16 and thus can be appointed for a further period of (5) five more year.

In this regard, the Company has received a certificate from them, to the effect that their reappointment, if made, will be in accordance with section 139 (1) of the Companies Act, 2013.

The Board recommends the appointment of M/s. P.G. Bhagwat, Chartered Accountants as Statutory Auditors of the Company for the financial year 2015-16 to FY 2019 -20.

None of the Directors is interested in the above resolution.

Item No. 05

Mrs. Rohini Gaurishankar Kalyani born on 17.07.1964. She is a Science Graduate with Diploma in Finance Management. She took over the reins of Kalyani Forge Limited in the year 2000, with an Annual Turnover of Rs. 45 cr. With efficient, foresighted and Inspiring Management attributes, she took this company to the turnover of over Rs. 200 cr. in 2006-2007. She too has clear plans to make this company a world class auto components manufacturing unit. During her regime Export of the Company has gone multi-fold. She is Managing Director of the Company and is in whole-time Directorship since 2000.

She holds 32,236 equity shares in the Company.

The Board considers it desirable that the Company should continue to avail itself of the services of Mrs.Rohini G Kalyani as Managing Director and accordingly recommends the Resolutions at item No. 5 for approval by the members.

The Board of Directors at their meeting held on 28th January, 2015 accepted the recommendation of the remuneration committee, the remuneration payable to Mrs. Rohini G. Kalyani for her services as Managing Director as detailed below, subject to the limits stipulated under the Companies Act, 2013.

SALARY

Rs. 1, 13,400 (Rupees One Lakh Thirteen Thousand Four Hundred only) per month.

COMMISSION

Commission not exceeding 5% of the net profits of the company in a particular year, computed according to Section 198 of the Companies Act, 2013, which put together with salary and perquisites shall be subject to the overall ceiling laid down in section 197 and schedule V of the Companies Act, 2013.

PERQUISITES

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

PERQUISITES

(1) Residential Accommodation:

(A): The expenditure by the company on hiring furnished accommodation for the Executive Director will be subject to ceiling of 40% of the salary.

(B): The Company will provide rent-free furnished accommodation.



(C): In case no accommodation is provided by the company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing (A).

Explanation:

The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the Salary of the Managing Director.

(2) Medical reimbursement:

Expenses incurred for the Managing Director and the family subject to a ceiling of 15 days Salary in a year or three month's Salary over a period of three years.

(3) Annual leave travel concession:

For the Managing Director and her family once in a year incurred in accordance with the rules of the company, subject to the limit of one month salary.

Explanation:

For the purpose of Category 'A' "family" means the spouse, the dependent children and dependent parents of the Managing Director.

(4) Club fees:

Fees of clubs up to Rs. 25,000 per annum, subject to a maximum of two clubs which will not include 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.

CATEGORY 'C'

Provision of a 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 Managing Director.

MINIMUM REMUNERATION

If in any financial year during the currency of the tenure of the Managing Director, the Company has either loss or inadequate profit to pay the substantive remuneration as mentioned above, the Company shall pay Managing Director minimum remuneration as permissible under Schedule V to the Companies Act, 2013

Chairperson of Board Committees	:	Nil
Membership of Board Committee	:	Nil
Equity Shareholding	:	She holds 32,036 equity shares in the Company.

She is the Wife of Gaurishankar N. Kalyani, Non-Executive Director and mother of Mr. Viraj G Kalyani Executive Director and they are indirectly interested in the resolution.

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

Item no. 06

The Companies Act, 2013 and the Rules made thereunder (the 'Act') has been enacted to replace the existing Companies Act, 1956. The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ('MCA') had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections [barring those provisions which require sanction / confirmation of the National Company Law Tribunal ('Tribunal') and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247)].

The substantive sections of the Act dealing with the operations and management of companies have been notified.

The existing Articles of Association of the Company based on the Companies Act, 1956 and some regulations in the existing Articles of Association may not, therefore, be in conformity with the Act.

With the coming into force of the Act, the existing Articles of Association require alteration or deletions in several regulations in the Articles of Association. Hence, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles of Association to align the provisions of the Articles of Association with the provisions of the Act.

The proposed new set of Articles of Association of the Company is attached as **Annexure A** to this Notice of the Annual General Meeting for perusal by the Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out in Item No. 06 of the Notice, except to the extent of their shareholding in the Company.

The Board recommends the Special Resolution set out at Item No. 06 of the Notice for approval by the Members

Item No. 07

The Board at its meeting held on 30.05.2015, on the recommendations of the Audit Committee, has appointed Mr. Rahul A Chincholkar, Cost Accountant as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year commencing from 01.04.2015 on a remuneration of Rs.1,00,000 (Rupees One Lac only) (excluding service tax, as applicable) plus reimbursement of out of pocket expenses and conveyance.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration as mentioned above, payable to the cost auditor is required to be ratified by the shareholders of the Company. The Board recommends the aforesaid resolution for approval of the members.

None of the Directors of the Company, the key managerial personnel of the Company or their relatives are concerned or interested in the aforesaid ordinary resolution.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Scenario and Industry Structure:

For the first time since 1999, India will outgrow China and its BRIC peers with a GDP growth of 7.2% calendar year 2014. Overall, global growth is forecast at 3.5% in 2015 and 3.8% in 2016, broadly the same as last year.

India's growth is likely to improve from 7.2% in 2014 to 7.5% both in 2015 and 2016 (up 1.2% and 1% from the January WEO forecast). However, IMF has suggested an important structural reform agenda for India to reap productivity gains. This includes removing infrastructure bottlenecks as well as reforms to education, labour, and product markets for raising labour force participation and productivity.

Even as the government is pushing forward with the subsidy reforms, the IMF said lower oil prices offer an opportunity to decrease energy subsidies and replace them with better-targeted programmes. Given the short-term political costs associated with many of these reforms, the challenge (for countries, including India) will be to choose carefully among them, said Olivier Blanchard, IMF Economic Counselor and Director of Research.

He further said the growth is stronger in advanced economies (US, Europe and Japan) and lower in emerging economies (China, Brazil and Russia). IMF said though macro risks (recession and deflation in euro area) have decreased, risks stemming from factors related to financial (sharp dollar appreciation) and geopolitical (events in Ukraine, the Middle East, and West Africa) developments have increased and could generate regional and global spillovers. However, the euro and yen depreciations helping the euro area and Japan respectively and the US having some policy room to offset the adverse effects of the dollar appreciation, are, on net, good news for the world economy, it observed.

Industry Structure:

Started in the form of a joint venture model in the 1980s, the Indian auto industry has witnessed remarkable growth over the last three decades. The initial 'cautious' phase involved the setting up of businesses mainly by Indian players with minority investments/ technology tie-ups with global players. There was a brief 'optimistic' phase when several global players increased their stakes in Indian auto businesses. This is followed by the 'aggressive' phase, wherein several Indian and global players have decided to set up/expand auto businesses independently without partners—a phase which is witnessing participation from auto players across the globe.

Representing aspirations of a billion-plus Indians, the Indian auto industry currently generates revenues of \$70 billion and accounts for 22 percent of India's manufacturing GDP.

With increasing competition, market shares are expected to realign in the coming years.

India's low vehicular penetration makes it one of the most attractive auto markets in the world – 15 cars per thousand persons – while this number for the US, Brazil and China is 800, 200 and 60 respectively. This is a major factor contributing to increasing investments and capacity expansion in India by almost all leading Indian and global auto players. Key sub-sectors of auto industry i.e. auto-component sector and auto-finance sectors are also witnessing healthy growth and attracting global interest.

Further, most of the large Indian auto players are pursuing global aspirations by expanding geographic coverage and making strategic investments outside India. Established Indian auto component players and global auto component players setting up joint venture in new segments which are expected to see localisation in medium term and also with the objective of setting-up global export hubs. This also allow Indian auto-component players to expand product portfolio/customer portfolio.

Established Indian auto component players acquiring other auto component players in overseas markets in order to access advanced technology.

With the low level of current penetration, the Indian auto industry provides a huge market potential; competitive manufacturing costs can possibly make India an emerging export hub. In order to maintain cost competitiveness, there is a greater need for providing this sector a facilitative climate – this could be achieved by prudent fiscal policy and most importantly, certainty, labour reform and general ease of doing business. Auto sector is one of the key sectors for the success of 'Make in India' campaign and if we do things right, this sector alone can be a major contributor to India's growth story and help India become a world leader.

Opportunities & Threats:

Kalyani Forge is undergoing a strategic repositioning to meet the needs of discerning clients. Over the past few years we have successfully pursued a number of new multinational clients who are leaders in their segments or industries. The company sees enormous potential in regaining the market share in tier-1 businesses which supply directly to OEMs, particularly in fully finished, ready-to-assemble components. The strategic moves involve changes across the board in our internal activities which can yield rich rewards. Some examples include customer relationship management, employee engagement, logistics, information management, business and competitive intelligence, production process enhancement and many more. Our Annual Operating Plans have incorporated these opportunities and identified multiple projects spearheaded by a large group of team leaders to deploy game-changing methodologies.

The company has a lot of potential in gaining new clients in the growing passenger vehicle space, not only for engine components (which are currently a majority of the business) but also the transmission and driveline components and aggregates. Additionally there are new, untapped markets in North America, Europe and East Asia which can grow through the new customers we have won over the last year in these regions.

Ambitious targets can be a double edged sword. They can get the organization moving fast, but they come with the risk of failure or unmet expectations. Kalyani Forge is aiming at a fast moving target, where new customer expectations will warrant a significant leap in technical and technological know-how, creativity and operational efficiencies. This will require a gigantic step forward in our talent attraction retention and development activities. Our organization needs to reorient rapidly towards customers and employees. Everyone at Kalyani Forge is put to test, to take on new challenges, learn from failures and build resilience. We are building our change management capabilities to stay on top of our game.

Outlook:

In the year 2014, domestic automobile sales recorded a modest 7.2% growth. This came on the back of growth in the two-wheeler segment, even as sales of passenger vehicles and commercial vehicles continued to remain weak for the second consecutive year. Weak consumer spending due to elevated inflation and interest rates had an adverse impact on demand for these vehicles.

With economic recovery expected in 2015, demand for automobiles across the various categories is likely to receive required impetus. While sales growth in commercial vehicles and passenger vehicles is expected to enter the positive trajectory, growth would accelerate in the two-wheeler and three-wheeler segments, driven by expected moderation in interest rate, fall in ownership cost and improvement in economic activity and consumer sentiments.

Growth in exports of automobiles surged to 14.9% (y-o-y) in 2014-15, as compared to the 5.5% growth in 2013-14. Indian automobile companies are expected to continue their thrust on the overseas markets especially emerging markets in an attempt to offset the muted demand in the domestic market.

In 2014-15, domestic sales of commercial vehicles declined by 2.83% - the consequent second year. The continued moderation in industrial activity, weakened infrastructure spending, constrained financing and high interest rate have adversely impacted vehicle sales in 2014-15 light commercial vehicles (-11.57%).

Going forward, the expected recovery in economic activity in 2015-16, pick up in infrastructure and mining activities, lower fuel price and overall inflation along with expected softening of interest rates are expected to result in the pent up demand getting converted into actual sales, particularly of medium & heavy duty vehicles has already started showing improvement since Q3 2014 and we expect the momentum to gather pace from Q1 2015.

The year 2014-15 can be considered as one of the slowest for the domestic passenger vehicles industry in recent years, with domestic sales of cars (incl. vans) increasing marginally, by 4.9% and those of multi-utility vehicles increasing by 5.3%.

However, prospects for the industry look better in 2015-16. Expectations of healthy economic growth in the year ahead, declining fuel prices and moderation in inflation is expected to encourage households to spend on discretionary products such as cars and UVs.



After the lacklustre performance of the two-wheeler market in 2013-14, sales accelerated across all the three segments (viz. motorcycles, scooters and mopeds) in 2014-15. Sales of motorcycles, which drive overall volumes, rose by 2.5% in 2014-15 as compared 2013-14. The growth is attributed to strong replacement demand and new product launches by OEMs. Fall in cost of ownership due to decline in fuel prices and expected reduction in interest rate augurs well for boosting sales of motorcycles in 2015.

Scooter sales in 2014-15 have been the highest in the last five years and moreover, their contribution in overall two-wheeler volumes has been on an upward trend during this period. This trend is expected to continue into 2015-16 on account of the lower penetration and on the back of new product launches and the recent fall in ownership cost.

With fortunes of the Indian auto components industry directly linked to those of the OEM industry, prospects of the industry for 2015-16 looks better, as accelerated vehicle demand would translate into increased revenues for the components industry. At the same time, auto component manufacturers are expected to increase their thrust on venturing into non-auto sectors as a means to reduce their over-dependence on the vehicle market. Further, with foreign OEMs sourcing vehicles as also auto parts from India, with several of them making India their sourcing hubs, overall growth prospects of the components industry looks better.

Prices of key commodities (steel, rubber, etc) have witnessed significant deceleration in recent months. Although an improvement in overall demand environment is likely to firm up, we do not anticipate a sharp rise in prices of commodity going forward. This, along with higher sales volumes and improvement in product mix (due to increased consumer spending on higher end cars/UVs/bikes and pick-up in demand from infrastructure sectors for M&HCVs) are expected to take some pressure off profit margins of auto companies. The industry has witnessed high discount levels in recent quarters due to the poor demand. With the gradual recovery in demand, the discounts are likely to be withdrawn or cut back. Also, OEMs would initiate price hikes to cash in on the revival expected in demand during the course of the coming year. All these factors, coupled with the increased thrust on exports point towards betterment of profit margins in the year ahead.

New Business Development:

The company has identified 4 business verticals for business growth viz; Engine and Turbocharger, Driveline, Transmission and Chassis and Industrial. The company proposes to deliver value added solutions to the customers by supplying semi-finished or ready to assemble parts. With the entry of the multi-national companies in the auto component market it is now becoming imminent for KFL to expand its footprint globally. Export business is identified as priority and door step supplies are being considered. The company has traditionally been doing business in the automotive sector. Going forward the plans are to de-risk by foraying into the non-auto sector and the aftermarket. Companies strategy for the new business development is to identify new programs of existing and new customers for early engagement as well as horizontally deploy the existing products to new markets or customers. The company is strengthening the new business development team with key result areas. It is the need of the hour that the engineering needs to be in tune with latest practices and technologies to remain competitive at the global level.

Risks and Concerns:

The forging industry, which is a major supplier to the auto companies and a critical industry that generates employment, has been continuously plagued with incessantly rising industrial fuel and steel prices resulting in rising input costs and shrinking margins. While tapping the growth opportunities, the major risks and areas of concern for the forging industry are increasing input costs such as rising raw material prices and high price of power, inadequate supply of power, unavailability of skilled and unskilled labour, lack of infrastructure among companies in Small & Very Small scale etc.

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

In addition to this retention of talent, both at working level and at managerial level is a major concern. Being a Technology Company, hiring and retaining top-notch talent is a key to continued success of our Organization. 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.

Internal Controls and Adequacy:

The Company has focused on controls through robust systems and processes. Some major initiatives include the increased use of ERP system (SAP) data, revised and updated master data management to bring in better standardization and accuracy of information flow throughout all functions and activities. An increased number of workflows have been routed through the ERP including approvals and reduced manual intervention in data entry. This has increased the level of control on material flow, inventory management and cash flow.

The KOSPO (Kalyani Operating System Promotion Office) team has continued to build out the entire Quality System architecture as well as the implementation of a renewed Maintenance Operating System.

Financial and Operational Performance:

The Company has built back its growth from the previous year while also creating a much stronger balance sheet. The losses incurred during this year were also a result of certain impairments which were taken based on thorough analysis of options and keeping in mind the long term interests of building better cash position to fund future expansion.

The company has started building cash reserves which eliminate liquidity risks to a large extent. Nonetheless, the management recognizes the need for increased and structured cost-control measures through better understanding of costing activities, process and system improvements particularly based on enhanced quality and engineering.

Kalyani Forge has over the past couple of years undertaken a transformation, a significant one in several decades. Such opportunities come rarely and we feel the time is ripe.

Manpower Development in HR and Industrial relations:

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 were in order throughout the year and there was satisfactory co-operation between the management and the workers in working towards the overall objectives of the Company barring nominal instances of labour unrest.

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.



DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, we present the 36th Annual Report together with the Audited Statement of Accounts of **Kalyani Forge Limited** ("the Company") for the year ended March 31, 2015.

Financial Performance:

The summarized standalone results of your Company are given in the table below.

Rs. in Lacs

Particulars	Financial Year ended	
	31/03/2015	31/03/2014
Total income from operations (net)	24,080	20,542
Profit/(loss) before Interest, Depreciation & Tax (EBITDA)	1,388	2,316
Finance Charges	624	526
Depreciation	1,311	1,349
Tax Expenses	(72)	238
Net Profit/(Loss) After Tax	(226)	478

*previous year figures have been regrouped/rearranged wherever necessary.

Summary of Operations

During the year, the net revenue from operations of your Company increased to Rs. 240.80 Crores from Rs. 205.42 Crores. For FY 2015, your Company's loss stood at Rs. 2.26 crore.

The year 2014-2015 was a very difficult year for the forging industry in general. Your Company too faced problems due to which we incurred losses during the year, as a result of certain impairments like increase in cost in various operational setups, stabilisation of the SAP software, increase in man- power cost due to which the Company is unable to earn profits costs which were taken based on thorough analysis of options and keeping in mind the long term interests of building a better cash position to fund future expansion your Company has initiated the increased use of ERP system to bring in better standardization and accuracy of information flow throughout all functions and activities also building cash reserves which eliminate liquidity risks to a large extent.

Change in the nature of business, if any

There is no change in the nature of the business of the Company done during the year.

Reserves

In view of the deficit in the Statement of Profit and Loss no amounts are transferred to the reserves.

Dividend

Your Company has suffered a loss during the year; therefore, your Directors do not recommend any dividend for the financial year ended March 31, 2015.

In spite of all odds, your Directors are hopeful and positive that the Company will come back to its financial position to bring in the profits like before in the years to come and with India's open market economy; the market

potential continues to grow for the auto component sector. And going further, newer generation automobiles will require better quality for gings. Global automotive giants are looking at India as a competent supply base and are shopping for their components here.

Capital/ Finance

During the year, the Company has not issued/allotted Equity or preference Shares.

As on 31st March, 2015, the issued, subscribed and paid up share capital of your Company stood at Rs. 36,380,000/-, comprising 36, 38,000 Equity shares of Rs.10/- each.

Fixed Deposits

Your Company has not accepted any deposits from public. Therefore, details relating to deposits, covered under Chapter V of the Companies Act, 2013 are not applicable to the Company.

Extract of Annual Return

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is Annexed as **Annexure 1**.

Transfer of Amounts to Investor Education and Protection Fund

Your Company has transferred funds lying unpaid or unclaimed for a period of seven years to Investor Education and Protection Fund (IEPF).

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the Company, as on the date of last AGM (i.e. September 18, 2014), with the Ministry of Corporate Affairs.

Details of Board meetings

During the year, 4 number of Board meetings were held, details of which are given below:

Date of the meeting	No. of Directors attended the meeting
May 19, 2014	7
August 14, 2014	6
November 10, 2014	5
January 28, 2015	7

Committees of Board

The composition of the Committees of the Board of Directors has been detailed in the Corporate Governance annexure to this report

Declaration by independent directors

Mr. Pradeep Nadkarni, Mr. Ashok Jamenis, Mr. C H Naniwadekar and Mr. S Ravindran are independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in section 149 of the Act and the Rules made thereunder about their status as IDs of the Company.

Directors and Key Managerial Personnel

Mrs. Rohini G Kalyani and Mr. Gaurishankar N Kalyani, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.



During the year, Mr. S Ravindran, Mr. Ashok R Jamenis, Mr. Pradip P Nadkarni, Mr. Umesh R Lahoti and Mr. C H Naniwadekar have been appointed as an Independent Directors for term of 5 years. Further, Mr. Umesh R Lahoti, ceases to be Director in terms of Section 167 of Companies Act, 2013 w.e.f May 29, 2015.

Also, Mr. Niteen Adhi and Mr. Amogh Barve have resigned as Chief Financial Officer and Company Secretary respectively. Ms. Anushanethri V has been appointed as Company Secretary of the Company with effect from January 28, 2015.

Formal Annual Evaluation

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors.

The Company commenced with the review of the best practices prevalent in the industry and evaluation of Board members. On the basis of review and the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

The detailed programme for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of business, AOP, business model of the Company, etc. was undertaken by the Company.

Company's policy on appointment and remuneration

The policies relating to selection of Directors and determining Directors independence and Remuneration Policy for Directors, Key Managerial Personnel and other employees is attached herewith marked as **Annexure 2**

Highlights on Company's policy on Sexual Harassment

As per "SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013", the highlights of the policy adopted by the company is attached herewith marked as **Annexure 3**

Holding and Subsidiaries

During the period under review the Company does not have any holding or Subsidiary company.

Statutory Auditors, their Report and Notes to Financial Statements

In the last AGM held on September 18, 2014, M/s. P. G. Bhagwat, Chartered Accountants have been appointed Statutory Auditors of the Company for a period of 5 years. Ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

Further, the report of the Statutory Auditors alongwith notes to Schedules is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

Internal financial controls

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company.

Cost Audit

As per the Cost Audit Orders, Cost Audit is applicable to the Company's Forging business of the Company for the FY 2014-15.

In view of the same and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. R. A Chincholkar & Co,

Cost Accountants have been appointed as Cost Auditors to conduct the audit of cost records of your company for the financial year 2015-16. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing AGM.

Your Company submits its Cost Audit Report with the Ministry of Corporate Affairs within the stipulated time period.

Secretarial audit

In terms of Section 204 of the Act and Rules made thereunder, M/sApte Joshi & Associates, Practicing Company Secretary have been appointed Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as Annexure 4 to this report. The report is self-explanatory and do not call for any further comments.

Human Resources

Your Company treats its “human resources” as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

Related party transactions

There are no related party transactions during the financial year 2014-15.

Risk Management Policy

In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Policy and the Audit Committee of the Board reviews the same periodically. The detailed Risk Management Policy is available on Company’s website.

Highlights of the same are enclosed in **Annexure 5**

Management Discussion and Analysis

Management Discussion and Analysis comprising an overview of the financial results, operations / performance and the future prospects of the Company form part of this Annual Report.

Corporate Social Responsibility (CSR)

The Company has adopted the CSR policy pursuant to Sec 135 of the Companies Act, 2013. The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure 6**

Highlights of Corporate Social Responsibility Policy

The Company proposes to undertake CSR projects and programmes in respect of the activities stated below with a preference to implement these projects and programmes in the areas in which it operates:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Promoting gender equality, empowering women, setting-up homes and hostels for women and orphans; setting-up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.



- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
- Protection of national heritage, art and culture including restoration of buildings and sites historical importance and works of art; setting-up public libraries, promotion and development of traditional arts and handicrafts.
- Measures for the benefit of armed forces veterans, war widows and their dependents.
- Training to promote rural sports, nationally recognised sports, Paralympics Sports and Olympic Sports.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- Rural development Projects.

Particulars of Employees

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement of particulars of employees is annexed as **Annexure 7**.

Details of establishment of vigil mechanism for directors and employees

The details of establishment of vigil mechanism for directors and employees to report genuine concerns to be disclosed.

Highlights of Whistle Blower Policy are enclosed in **Annexure 8**.

Corporate Governance Certificate

The Compliance certificate from the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing agreement shall be annexed with the report.

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo

The Company, in its continuous endeavor to conserve energy, has adopted various innovative measures to reduce waste and to achieve optimum utilization of energy resulting into good earning of Power Factor incentive from MSEB and in turn resulting into reduction of power cost.

(a) Conservation of energy

(i)	the steps taken or impact on conservation of energy	The Company, in its continuous endeavor to conserve energy, has adopted various innovative measures to reduce waste and to achieve optimum utilization of energy resulting into good earning of Power Factor incentive from MSEB and in turn resulting into reduction of power cost.
(ii)	the steps taken by the company for utilizing alternate sources of energy	
(iii)	the capital investment on energy conservation equipments	-

(b) Technology absorption

(i)	the efforts made towards technology absorption	-
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	<ul style="list-style-type: none"> ● Productivity improvement in both forged and machined components together with competitive quality. ● Process technology improvements to achieve competitive advantage in the business. ● Successful commercial scale up of forged and machined parts. ● Capability building for attracting new customers.
(iii)	<p>in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-</p> <p>(a) the details of technology imported</p> <p>(b) the year of import;</p> <p>(c) whether the technology been fully absorbed</p> <p>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof</p>	-
(iv)	the expenditure incurred on Research and Development	-

Total energy consumption and energy consumption per unit of production as per Form – A of the Annexure to the Rules is as given below:

Sr. No.	Description	2014-15	2013-14	2012-13
1)	POWER AND FUEL CONSUMPTION			
I)	Electricity			
	a) Purchased Units (KWH)	2,37,49,492	2,13,90,241	2,49,14,766
	Total Amount (In. Rs)	17,95,34,612	15,33,15,307	18,95,49,830
	Rate/Unit (Rs)	7.55	7.17	7.61
	b) Own Generation			
	i) Through Diesel Generator	3,66,249	1,00,409	2,05,220
	ii) Through Steam Generator (KWH)	0	0	0
II)	Coal	0	0	0
III)	Fuel Oil (FO + CBFS)			
	Quantity (Ltrs.)	12,31,990	9,71,605	12,12,903



Sr. No.	Description	2014-15	2013-14	2012-13
	Total Amount (In Rs.)	4,96,74,557	4,39,14,158	4,73,64,278
	Average Rate /Litre (Rs.)- FO+CBFS	40.32	45.2	39.05
2)	CONSUMPTION PER UNIT OF PRODUCTION			
	Product : high quality closed tolerance die forgings			
	Unit : M.T.	15,159	13,433	15,179
	Electricity (KWH)	1,567	1,599.83	1,641.4
	Fuel Oil (KL/TON)	0.08	0.07	0.08
	Coal	NIL	NIL	NIL

(c) Research & Development (R&D)

I) Specific Areas of Research & Development

- Development of new products both in the area of Forging as well as Machined components for Domestic & Export.
- Introduced Hydraulic Die Clamping bolster on 630TP to improve Quality & Productivity.
- Ongoing Research and Development activities for Yield Improvement.
- During the year 2014-15, your Company made significant achievements in the area of Product Development. The Company developed variety of products as per the specific requirements of the Customers such as Rocker Levers, Crank Shafts, Stub Axles, Front Suspension Arm, Flanges, Double Yokes & Yoke shafts, Bracket Fan, Lobe etc.

II) Future Plan of Action:

- Research & Development in Single Minute exchange of Dies project.
- Focused development of variety of Cold Forging Components.
- Planning to commence activities in bigger size Forgings.

(d) Foreign exchange earnings and Outgo

During the year, the total foreign exchange used was Rs. 3,97,89,292 and the total foreign exchange earned was Rs. 27,58,13,600.

(e) Technology Absorption, Adaptation and Innovation:

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. With the help of fracture split technology, the Company is now moving towards adoption of technology for critical automotive connecting rods for the overseas markets.

Directors' Responsibility Statement

Pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the statement of profit and loss account of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors place on record their appreciation for employees at all levels, who have contributed to the growth and performance of your Company.

Your Directors also thank the clients, vendors, bankers, shareholders and advisers of the Company for their continued support. Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

For and on behalf of the Board

Kalyani Forge Limited

Place : Pune
Date : 30th May, 2015

Rohini G. Kalyani
Chairperson & Managing Director



Annexure 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2015 of
KALYANI FORGE LIMITED

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of
the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	:	L28910MH1979PLC020959
ii) Registration Date	:	29/01/1979
iii) Name of the Company	:	KALYANI FORGE LIMITED
iv) Category / Sub-Category of the Company	:	Company limited by shares
v) Address of the Registered Office and contact details	:	Shangrila Gardens C Wings 1st Floor, Opp Bund Garden, Pune 411001
vi) Whether listed company	:	Yes
vii) Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	:	Link Intime India Pvt. Ltd 202 Akshay Complex, Off. Dhole Patil Road, Pune - 411001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the company
1.	Single Business Segments	25910	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
1.	N.A.	N.A.	N.A.	N.A.	N.A.
2.	N.A.	N.A.	N.A.	N.A.	N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	March 31, 2015			March 31, 2014		
	Total number of Shares	Number of Shares held in dematerialized form	Total Shareholding as a percentage of total number of shares	Total number of Shares	Number of Shares held in dematerialized form	Total Shareholding as a percentage of total number of shares
Promoter And Promoter Group						
Indian						
Individuals / Hindu Undivided Family	142526	142526	3.92	142526	142526	3.92
Bodies Corporate	1988120	1988120	54.65	1988120	1988120	54.65
Foreign	0	0	0	0	0	0.00
Public Shareholding						
Institutions	0	0	0	0	0	0.00
Bodies Corporate	840654	269754	23.11	8,28,592	2,57,092	22.78
Individual Shareholders Holding Nominal Share Capital Upto Rs. 1 Lakh.	378104	270717	10.39	3,92,568	2,80,681	10.79

Category of Shareholder	March 31, 2015			March 31, 2014		
	Total number of Shares	Number of Shares held in dematerialized form	Total Shareholding as a percentage of total number of shares	Total number of Shares	Number of Shares held in dematerialized form	Total Shareholding as a percentage of total number of shares
Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 1 Lakh	279125	97125	7.67	2,79,125	97,125	7.67
Clearing Member	6196	6196	0.17	3,087	3,087	0.08
Non Resident Indians (Repat)	1521	1521	0.04	2,319	2,319	0.06
Non Resident Indians (Non Repat)	1654	1654	0.05	1,563	1,563	0.04
Trusts	100	0	0	100	0	0
Total (A)+(B)	3638000	2777613	100	3638000	2777613	100

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change In share holding During the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	
1.	Kalyani Consultants Pvt.Ltd.	377,280	10.37	NIL	377280	10.3705	NIL	NIL
2.	Vakratund Investment Pvt. Ltd.	342,342	9.41	NIL	342342	9.4102	NIL	NIL
3.	Pax Investments Pvt Ltd	340,074	9.35	NIL	340074	9.3478	NIL	NIL
4.	Squirrel Financers And Investors Pvt Ltd	186,480	5.13	NIL	186480	5.1259	NIL	NIL
5.	Bellona Investment Pvt Ltd	173,124	4.76	NIL	173124	4.7588	NIL	NIL
6.	Kalyani Exports & Investments Pvt.Ltd.	95,600	2.63	NIL	95600	2.6278	NIL	NIL
7.	Attila Investment Pvt Ltd	94,500	2.60	NIL	94500	2.5976	NIL	NIL
8.	Monte Carlo Investment Private Limited	94,500	2.60	NIL	94500	2.5976	NIL	NIL
9.	Vikat Investment Pvt Ltd	65,520	1.80	NIL	65520	1.801	NIL	NIL
10.	Dukhaharta Investment Pvt Ltd	64,260	1.77	NIL	64260	1.7664	NIL	NIL
11.	Sukhakarta Investment Pvt Ltd	64,260	1.77	NIL	64260	1.7664	NIL	NIL
12.	Gaurishankar Neelkanth Kalyani	47,020	1.29	NIL	47020	1.2925	NIL	NIL
13.	Agasti Investment & Trading Private Limited	35,280	0.97	NIL	35280	0.9698	NIL	NIL
14.	Rohini Gaurishankar Kalyani	32,236	0.89	NIL	32236	0.8861	NIL	NIL
15.	Sheetal Gaurishankar Kalyani	31,635	0.87	NIL	31635	0.8696	NIL	NIL
16.	Viraj Gaurishankar Kalyani	31,635	0.87	NIL	31635	0.8696	NIL	NIL
17.	Rajgad Trading Company Pvt.Ltd.	28,200	0.78	NIL	28200	0.7752	NIL	NIL
18.	Aboli Investment Pvt Ltd	26,500	0.73	NIL	26500	0.7284	NIL	NIL
19.	Jannhavi Investment Private Limited	200	0.01	NIL	200	0.0055	NIL	NIL



(iii) Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in Promoters' Shareholding. Please refer above table.

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	NIL	NIL	NIL	NIL
2.	Date wise Increase/ Decrease in Promoters, Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	NIL	NIL	NIL	NIL
3.	At the end of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year			Cumulative Shareholding during the year		
		As on quarter in case of any changes	No. of Shares held	Shares as % of Total No. of Shares	As on March 31, 2015	No. of Shares held	Shares as % of Total No. of Shares
1	BHALCHANDRA INVESTMENT LIMITED	March 31, 2014	3,49,000	9.5932	March 31, 2015	3,49,000	9.5932
2	JALKUMBHI INVESTMENTS AND FINANCE LTD	March 31, 2014	1,81,500	4.989	March 31, 2015	1,81,500	4.989
3	AMRIT STEELS PRIVATE LIMITED	March 31, 2014 June 30, 2014 September 30, 2014 December 31, 2014	1,30,655 1,46,633 1,50,178 1,51,003	3.6 4.03 4.13 4.15	March 31, 2015	1,51,003	4.15
4	VIJAY KUMAR AGARWAL	March 31, 2014 June 30, 2014 September 30, 2014 December 31, 2014	84,462 84,462 84,462 84,462	2.3217 2.3217 2.3217 2.3217	March 31, 2015	87,247	2.4
5	DELHI IRON & STEEL CO (P) LTD	March 31, 2014	72,807	1.3	March 31, 2015	72,807	1.3
6	JALKAMAL INVESTMENT AND FINANCE LTD	March 31, 2014	39,100	1.0076	March 31, 2015	39,100	1.0076
7	TRISHNA FINVEST PRIVATE LIMITED	March 31, 2014	10,438	0.1903	March 31, 2015	10,438	0.2869
8	GIRDHAR FISCAL SERVICES PVT LTD	March 31, 2014 June 30, 2014 September 30, 2014 December 31, 2014	6923 6923 6923 6396	0.1625 0.1625 0.1625 0.1758	March 31, 2015	6396	0.1758
9	VSL SECURITIES PRIVATE LIMITED	March 31, 2014 June 30, 2014 September 30, 2014 December 31, 2014	5912 5790 1878 1878	0.1625 0.1592 0.0516 0.0516	March 31, 2015	1878	0.0516
10	PARKASH FINANCE PRIVATE LIMITED	March 31, 2014	5067	0.1393	March 31, 2015	5067	0.1393

(v) Shareholding of Directors and Key Managerial Personnel:

Mr. Pradip Nadkarni

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	360	0.00%	360	0.00%
	Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	360	0.00%	360	0.00%

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	52,72,72,164	7,03,75,030	NIL	59,76,47,194
ii) Interest due but not paid	30,75,667	NIL	NIL	30,75,667
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	53,03,47,831	7,03,75,030	NIL	60,07,22,861
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	11,94,19,987	1,10,30,065	NIL	13,04,50,053
Net Change	11,94,19,987	1,10,30,065	NIL	13,04,50,053
Indebtedness at the end of the financial year				
i) Principal Amount	40,78,52,176	5,93,44,965	NIL	46,71,97,141
ii) Interest due but not paid	29,40,178	NIL	NIL	29,40,178
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	41,07,92,354	5,93,44,965	NIL	47,01,37,319



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Rohini G. Kalyani	Viraj G. Kalyani	
1.	Gross salary	22,38,516	22,38,516	44,77,032
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	
	(c) Profits in lieu of salary under	NIL	NIL	
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission- as % of profit- others, specify...	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	Total (A)	22,38,516	22,38,516	44,77,032
Due to losses the above is calculated based on effective capital				

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors*				Total Amount
		Mr. C H Naniwadekar	Mr. A R Jamenis	Mr. S Ravindran	Mr. P. Nadkarni	
1.	Independent Directors					
	• Fee for attending board / committee meetings					
	• Commission					
	• Others, please specify					
	Total (1)	55,000	51,000	25,000	45,000	1,76,000
		Mr. G N Kalyani				
2.	Other Non-Executive Directors					
	• Fee for attending board / committee meetings					
	• Commission					
	• Others, please specify					
	Total (2)	25,000				25,000
	Total (B)=(1+2)	80,000	51,000	25,000	45,000	2,01,000

* Mr. U R Lahoti since being absent for the meetings for a period of 1 year was not paid any sitting fees.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD**All CEO, CS & CFO during FY 2014-15**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		COO	Company Secretary	CFO	
1	Gross salary	33,83,064	8,13,318	14,45,316	56,41,698
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			(Left on 4 th Feb 2015)	
(b)	Value of perquisites u/s17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	33,83,064	8,13,318	14,45,316	56,41,698

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY						
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS						
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT						
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil



Annexure 2

BOARD NOMINATION AND REMUNERATION COMMITTEE CHARTER

(Based on external and internal best practices)

1. Objectives of the Nomination and Remuneration Committee

- 1.1 The Nominations and Remuneration Committee (the “Committee”) of the Board of Directors (the “Board”) of Kalyani Forge Limited (the “Company”) shall discharge the Board’s responsibilities to shareholders, the investment community and other stakeholders with respect to (i) preparations relating to the election of members of the Board of Directors (ii) handling matters within its scope of responsibility that relate to the conditions of employment and remuneration of senior management; (iii) setting the performance standards, budgets and targets for the Executive team of the Company; (iv) setting the compensation and performance bonuses of the Company’s executive officers; (v) overseeing the Company’s Human Resources and People strategy; (vi) Identifying independent Directors to be inducted to the Board from time to time; (vii) to recommend nomination for Chairmanship & memberships of various committees viz. Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, etc functioning under the Board of Directors of Kalyani Forge Limited; and (viii) performing such other duties and responsibilities as may be consistent with the provisions of this charter.
- 1.2 The Committee will report periodically to the Board on its activities.

2. Composition

- 2.1 The Committee shall comprise of three or more non-executive directors out of which not less than one half shall be independent directors as members. The Chairman of the Committee shall be an independent director and the Chairperson of the Company may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.
- 2.2 The Chairman of the Committee shall be an independent director, elected from amongst the members of the Committee.

3. Meetings and quorum

- 3.1 The Committee shall meet at least four times in a year and not more than four months shall elapse between any two meetings.
- 3.2 The Committee may invite such of the executives, as it considers appropriate to be present at the meetings of the committee.
- 3.3 The Head of Human Resources for the Company shall act as the secretary to the Committee.
- 3.4 The quorum for the Committee meetings shall be two-thirds of the members of the Committee. However, at least one independent member must be present.
- 3.5 The Chairperson of the committee could be present at the Annual General Meeting to answer the shareholders queries, However it would be up to the Chairman to decide who should answer the queries.

4. Authority and Powers

The Committee shall have the powers:

- To investigate any activity within the scope of this Charter or referred to it by the Board.
- To seek any information or explanation from any employee or director of the Company.
- To ask for any records or documents of the Company.
- To engage independent consultants and other advisors and seek their advice.

5. Roles & Responsibilities

The responsibilities of the Committee shall be the following :

5.1 Relating to the Company :

- Identify the person qualified to become directors and may be appointed in senior management and recommend their appointment and removal and also carry out evaluation of every director.
- Evaluate & approve the Company's remuneration plan, annual salary increase principles and budgets, policies & programs such as succession planning, employment agreements, severance agreements, and any other benefits.
- Evaluate issues pertaining to the appointment and remuneration payable to senior executives.
- Evaluate terms & conditions relating to the Annual and Long Term Incentive Plans of the Company, including plan design, supervision and payouts.
- Consider & approve matters relating to Normal retirement plans, Voluntary Retirement & Early Separation Schemes for employees of the Company.
- Evaluate the terms and conditions for induction of independent Directors to the Board and review the processes to refresh the composition of the Board and its Committees.
- To devise a policy on Board diversity
- Such other matter as the Board may from time to time request the Committee to examine & recommend or approve.
- The Nomination and Remuneration Committee shall ensure while formulating the policy determining qualifications, positive attributes and independence of a Director that –
 - a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals; Provided that such policy shall be disclosed in the Board's report.

5.2 Relating to the Performance and Remuneration of the MD, ED's and the KMPs:

- Establish key performance metrics to measure the performance of the Managing Director and the KMPs including the use of financial, non-financial and qualitative measures.
- Evaluate executive team performance regularly to strengthen the cumulative annual assessment and to provide timely feed-back to the assessed individuals.
- Developing a view on the human resources capability in the business by periodically engaging with levels below the executive team.
- Evaluate executives for elevation to Board level positions.
- Review and recommend to the Board the remuneration & commission to the managing and executive directors.

Relating to the Performance and Remuneration of the Non-executive Directors:

- Define the principles, guidelines and process for determining the payment of commissions to non-executive directors of the Company.
- Assist the Board in fulfilling its corporate governance responsibilities relating to non-executive directors' remuneration.



5.3 Relating to the induction of independent Directors and the nomination to the Committees of the Board:

- Evaluate the terms and conditions for induction of Independent Directors to the Board and review and frame the processes to recommend the nomination on the Committees of the Board.
- Formulation of criteria for evaluation of performance of independent directors.

5.4 Other functions :

- Perform other activities related to this Charter as requested by the Board of Directors.
- Carry out additional functions as required by other regulatory requirements applicable to the Company or in the terms of reference of the Committee.

6. Reporting

6.1 The Committee will periodically report to the Board on various matters that it has considered.

6.2 The Annual Report of the Company shall disclose the composition of the Committee, brief description of the scope of the Committee Charter, names of members, Chairperson, meetings and attendance.

7. Compensation

Members of the Committee shall receive such sitting fees and / or commission, if any, for their services as Committee members as may be determined by the Board in its sole discretion.

8. Evaluation

The Committee shall conduct an annual self-evaluation of its performance and report the result to the Board of Directors. It shall confirm annually to the Board that the responsibilities outlined above have been carried out.

9. Review of Remuneration Committee Charter

The adequacy of this Charter shall be reviewed and reassessed by the Committee annually. Appropriate recommendations shall be made to the Board, (based on changes that may be brought about to the regulatory framework or otherwise) from time, to time to update the Charter.

Annexure 3

Highlights of Sexual Harassment Policy

DISCLOSURE UNDER THE "SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013".

In terms of Section 22 of the above mentioned Act, read with Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Rule, 2013, we report as follows for the year ended on March 31, 2015:

1	No. of Complaints received in the year	:	Nil
2	No. of Complaints disposed off in the year	:	Nil
3	Cases pending for more than 90 days	:	Nil
4	No. of workshops and awareness programmes conducted in the year	:	We will be arranging the workshop in the August 1 st week

Annexure 4**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Kalyani Forge Limited,
Pune

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kalyani Forge Limited (herein after called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of. **(Not notified and hence not applicable during the Audit period under review)**
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s).

We report that, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above.

We further report that, there was no actions/events in pursuance of:

- (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and



- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (f) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

We further report that, based on the information provided by the Company, its officers and authorised representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective heads/ company secretary/ CEO taken on record by the Board of Directors of the Company, in our opinion, adequate systems and process and control mechanism exist, commensurate with the size, in the company to monitor and ensure compliance with applicable general laws like labour laws, competition law and environmental laws.

We further report that, the compliance of the applicable financial laws, viz. direct tax and indirect tax laws, have been reviewed. However, since the same are subject to review by the statutory auditors, we do not express an audit opinion on the same.

We further report that:

- i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors of the Company during the period under review.
- ii) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii) All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
- iv) that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- v) during the audit period, there was no other specific event/action in pursuance of the above referred laws, rules, guidelines etc having a major bearing on the company's affairs.

For Apte Joshi & Associates
Company secretaries

R J Joshi
Partner

FCS: 4478, CP No 8774

Date: May 29, 2015
Place: Pune

Note: This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

Annexure A

To,

The Members,
Kalyani Forge Limited,
Pune.

Our report of even date is to be read with this letter.

1. Maintenance of the secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices, and process as were appropriate to obtain reasonable assurance, about the correctness of the contents of the secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that, the process and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained, a management representation about the compliance of laws, rules and regulations and happening of events.
5. The compliances of the provisions, of corporate and other applicable laws, rules regulations, standards, is the responsibility of the management. Our examination was limited to the verification of procedures.
6. The secretarial audit report is neither an assurance, as to the future viability of the company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

For Apte Joshi & Associates
Company secretaries

Date: May 29, 2015
Place: Pune

R J Joshi
Partner
FCS: 4478, CP No 8774



Annexure 5

Highlights of Risk Management Policy

With the past experience and to ensure sustainable business growth with stability, the Company proposes to promote and implement a Risk Management policy, a pro-active approach in reporting, evaluating and resolving risks associated with the business.

The specific objectives of the Risk Management Policy shall be:

1. To ensure that all the current and future material risk exposures of the company to be identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability.

The Company recognizes that risk is an integral and unavoidable component of business and further wishes to manage the risk in a proactive and effective manner. The Company further believes that the Risk cannot be eliminated, but can try to eliminate the same using the following:

1. Transfer to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
2. Reduced, by having good internal controls;
3. Avoided, by not entering into risky businesses;
4. Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
5. Shared, by following a middle path between retaining and transferring risk.
6. Ensure customer continuity by way of Quality satisfaction, Quantity requirements and meeting with other business compliances.
7. Contingency Plans, in case of discontinuation of customer.

Risk Management Framework

Activities at all levels of the organization, viz., Enterprise level; Division level; Business Unit level shall be considered in the risk management framework. Since these components are interrelated and drive the Enterprise Wide Risk Management, the company initially shall focus on three key elements, viz.,

- (1) Risk Assessment
- (2) Risk Management
- (3) Risk Monitoring

Risk Assessment

Risks are to be analysed, considering likelihood and impact, as a basis for determining how they should be managed. Risk Assessment shall consist of a detailed study of threats and vulnerability and resultant exposure to various risks.

Risk Management and Risk Monitoring

In the management of Risk the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in the following areas:

1. Economic Environment and Market conditions
2. Fluctuations in Foreign Exchange
3. Political Environment
4. Competition
5. Revenue Concentration
6. Inflation and Cost Structure
7. Technological Obsolescence
8. Financial Reporting Risks
9. Legal Risk
10. Compliance with Local Laws
11. Quality and Project Management
12. Environmental Risk Management

Risks specific to the Company and the mitigation measure to be adopted:

(a) Business dynamics & Operations Risks

Risk mitigation measures:

- The Company functions under a well-defined organization structure.
- Flow of information is well defined to avoid any conflict or communication gap between two or more Departments.
- Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads.
- Proper policies are followed in relation to maintenance of inventories of raw materials, consumables, key spares and tools to ensure their availability for planned production programmes.
- Effective steps are being taken to reduce cost of production on a continuing basis taking various changing scenarios in the market.
- Customer Satisfaction in respect of Quality, Quantity and other business compliances.
- Long term customer relationship to be maintained.
- New business avenues to be found and contingency plan in case of discontinuation of Customer to be prepared.

(b) Liquidity Risks

Risk Mitigation Measures:

- Proper financial planning is put in place with detailed Annual Business Plans discussed at appropriate levels within the organisation.
- Annual and quarterly budgets are prepared and put up to management for detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc.
- These budgets with Variance Analysis are prepared to have better financial planning and study of factors giving rise to variances.



- Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilise cash in an effective manner.
- Cash management services are availed from Bank to avoid any loss of interest on collections
- Exposures to Foreign Exchange transactions are supported by LCs and Bank guarantees and steps to protect undue fluctuations in rates etc.

(c) Credit Risks:

Risk Mitigation Measures:

- Systems put in place for assessment of creditworthiness of dealers/customers.
- Provision for bad and doubtful debts made to arrive at correct financial position of the Company.
- Appropriate recovery management and follow up

(d) Market Risks / Industry Risks:

Risk Mitigation Measures:

- Raw materials are procured from different sources at competitive prices.
- Alternative sources are developed for uninterrupted supply of raw materials.
- Demand and supply are external factors on which company has no control, but however the Company plans its production and sales from the experience gained in the past and an on-going study and appraisal of the market dynamics, movement by competition, economic policies and growth patterns of different segments of users of company's products.
- The Company takes specific steps to reduce the gap between demand and supply by expanding its customer base, improvement in its product profile, delivery mechanisms, technical inputs and advice on various aspects of, enhancement of capacity utilisation in customer-plants etc.
- Proper inventory control systems have been put in place.
- Responsibility Structure

The Head of Operations (COO) shall be the Risk Management Head.

The COO shall be responsible for the implementation, identification and control measures for the risk at ground level.

Head- Marketing/ Business shall be responsible for creation, maintenance and compilation of all data including documents relating to the Risk Management and control measures of Risks.

Example: Documents relating to Insurance requirements, EPCG licenses, etc. till the conclusion of the necessary task/ project.

Head- Marketing/ Business shall review the same on regular interval due to close relations with Customers and shall ultimately report the same to the Compliance Officer for necessary reporting to the Stake Holders.

All the other departments and individual sections shall co-operate in setting these strategies (implementation and review).

All the other decisions involving significant risk associated with the business shall be reported to Board or the Audit Committee, where appropriate, for consideration and approval.

Reporting Significant Risk :

The Head of the Department and Head of Operations (COO) shall determine the intensity of risks. The risks which are of higher impact shall be highlighted to the Management for further review.

Audit :

The Finance Head or the Executive Director will make arrangements to audit the risk process for each Department as part of a regular cycle of audits and will report explicitly on the risk management processes to the Board.

Necessity of the Risk Management policy :

The Company is passing through many unidentified risks, which have adversely impacted the Company's performance. The Company still continues to be exposed to these unidentified risks which shall have an adverse impact on the Company's business in near future. Quantification of the impact of these risks is not possible at this stage. These unidentified risks are because of the failure to identify and control at the operational/ground level. The Company is facing problems relating to failure of Quality and Delivery compliances with customers on day to day basis.

Some of the examples of the discontinuation of customers due to the above referred problems, which had and still continue to have major impact on the business, are VCST, Volvo, Honeywell, Caterpillar, Hero Honda, etc.

While scrutiny of these failures, the Company has realised that these problems are not due to past legacies. These problems have currently arisen at ground level and intensified in the last 2-3 years' time.



Annexure 6

REPORT ON CSR ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

1. A brief outline of the company's CSR policy, including overview of the projects or programmes proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programmes
2. The composition of the CSR Committee:

Sr No	Name of Director	Category	Designation
1.	Mr. Pradip Nadkarni	Independent Director	Chairman
2.	Mr. Chandrashekhar H. Naniwadekar	Independent Director	Member
3.	Mr. Ashok R. Jamenis	Independent Director	Member
4.	Mr. Viraj G. Kalyani	Non-Independent Director	Member
5.	Mrs. Rohini G. Kalyani	Non-Independent Director	Member

3. Average Net Profit of the company for last 3 financial years
4. Prescribed CSR expenditure (2% of amount) : Rs. 27.00 Lac
5. In case the company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report: **We are in process of identification of suitable project. Necessary expenditure on CSR would be done in the forthcoming year**
6. A responsibility statement by the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Mrs. Rohini Gaurishankar Kalyani
(Chairperson and Managing Director)

Mr. Pradeep Nadkarni
Chairman of CSR Committee

Annexure 7

**Statement of Particulars of employees pursuant to the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sr. No.	Name	Designation/ Nature of Duties	Remuneration Received [Rs.]	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held
1	2	3	4	5	6	7	8	9
NIL								

Notes:

- 1 All appointments are / were non-contractual.
- 2 Remuneration as shown above comprises of Salary, Leave Salary, Bonus, Gratuity where paid, Leave Travel Assistance, Medical Benefit, House Rent Allowance, Perquisites and Company's Contribution to Provident Fund and Superannuation Fund. Remuneration on Cash basis.
- 3 None of the above employees is related to any Director of the Company.
- * Employed for part of the financial year.

There are no employees whose salary is more than 5 Lacs / month.

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S r. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2014-15 (₹ in crore)	% increase in Remuneration in the Financial Year 2014-15	Ratio of remuneration of each Director/to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Viraj Kalyani ED	0.22 Cr (CTC)	No Change	10:1	17% increase in sales over previous year
2.	Rohini Kalyani CMD	0.22 Cr (CTC)	No Change	10:1	17% increase in sales over previous year



Annexure 8

Highlights of Whistle Blower Policy

1. The Company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct.
2. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.
3. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/Managing Director/Chairman of the Audit Committee in exceptional cases.
4. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

01. 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. Core principles of Corporate Governance emerge the cornerstones of Company's governance philosophy, namely trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability. Company believes that the practice of each of these creates the right corporate culture that fulfills the true purpose of Corporate Governance.

02. BOARD OF DIRECTORS:

a) Composition:

As on 31st March 2015, the strength of the Board of Directors was Eight Directors, comprising of Six 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) Meetings of the Board of Directors:

During the year 2014-15, four Board meetings were held on 19th May, 2014, 14th August, 2014, 10th November, 2014 and 28th January, 2015.

c) Directors Attendance Record and Directorships held:

The information on composition and category of the Board of directors as on 31st March 2015, attendance of each Director at Board Meetings held during the financial year 2014-15 and at the Annual General Meeting held on 18th day of September, 2014, 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 2014-15		Whether attended last AGM	No. of Directorship in other Public Ltd. Companies	Committee positions held in other Public Limited Companies	
		Held	Attended			Member	Chairperson
Mrs. R. G. Kalyani* Re-appointed as Chairperson & Managing Director w.e.f January 28, 2015	Chairperson & Managing Director (Non-Independent Director)	4	4	Yes	—	—	—
Mr. G. N. Kalyani	Non – Independent Non –Executive Director	4	4	Yes	—	—	—
Mr. U. R. Lahoti	Non – Executive Independent Director	4	-	No	7	3	—
Mr. C. H. Naniwadekar	Non – Executive Independent Director	4	4	Yes	1	—	—
Mr. Pradip Nadkarni	Non – Executive Independent Director	4	3	Yes	1	—	—



Name	Category	Number of Board Meetings held during the year 2014-15		Whether attended last AGM	No. of Directorship in other Public Ltd. Companies	Committee positions held in other Public Limited Companies	
		Held	Attended			Member	Chairperson
Mr. Ashok R. Jamenis	Non – Executive Independent Director	4	4	Yes	1	7	—
Mr. S Ravindran	Non – Executive Independent Director	4	1	Yes	—	—	—
Mr. Viraj G. Kalyani	Executive Director (Non-Independent Director)	4	4	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 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

The particulars of appointment/re-appointment of Non-Executive and Executive Directors are provided as Annexure – I to the Explanatory Statement annexed to the Notice of 36th Annual General Meeting and discloses the relevant information as required hereunder pursuant to Clause 49 of the Listing Agreement.

03. AUDIT COMMITTEE:

a) Brief Description and Terms of Reference:

The Audit Committee of the Company has been constituted in line with the provisions of clause 49 of the Listing Agreement read with Section 177 of Companies Act, 2013.

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, an Independent Director, is the Chairman of the Audit Committee and Ms. Anushanethri .V, Company Secretary of the Company 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.

b) Composition and attendance at Audit Committee Meeting:

During the year under review four Audit Committee Meetings were held on 19th May, 2014, 14th August, 2014, 10th November, 2014 and 28th January, 2015.

The composition of the Audit Committee as on 31st March, 2015 and attendance of members in the meetings held during the financial year 2014-15 is as under:

Name of the Member	Category	No. of meetings attended
Mr. C. H. Naniwadekar (Chairman)	Non – Executive & Independent Director	4
Mr. Pradip Nadkarni	Non–Executive & Independent Director	3
Mr. Ashok R. Jamenis	Non Executive & Independent Director	4
Mr. S. Ravindran	Non Executive & Independent Director	2

04. NOMINATION AND REMUNERATION COMMITTEE:

a) Brief Description and Terms of Reference:

The purpose of the Nomination and 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. Ashok R. Jamenis is the Chairman of the Nomination and Remuneration Committee.

b) Composition and attendance at Nomination and Remuneration Committee Meeting:

During the year under review, one meeting of the Nomination and Remuneration Committee took place on January 28, 2015 and all the members were present for this meeting.

The composition of the Remuneration Committee as on 31st March, 2015 is as under:

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

c) 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.

d) Nomination and Remuneration Committee Charter:

Nomination and Remuneration Charter has been formed to help the Board to discharge their responsibilities to shareholders, the investment community and other stakeholders with respect to (i) preparations relating to the election of members of the Board of Directors (ii) handling matters within its scope of responsibility that relate to the conditions of employment and remuneration of senior management; (iii) setting the performance standards, budgets and targets for the Executive team of the Company; (iv) setting the compensation and performance bonuses of the Company's executive officers; (v) overseeing the Company's Human Resources and People strategy; (vi) Identifying independent Directors to be inducted to the Board from time to time; (vii) to recommend nomination for Chairmanship & memberships of various committees viz. Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, etc functioning under the Board of Directors of the company.



e) Remuneration to Directors:

The Company pays remuneration by way of salary, perquisites, allowances and commission to its Chairperson & Managing Director and to its Executive Director. The Commission to the Chairperson and Managing Director was decided by the Remuneration Committee in its meeting held on January 28, 2015 and will be placed for approval before Members at the ensuing Annual General Meeting whereas the appointment and Remuneration of the Executive Director was approved by the Members at the Annual General Meeting held on June 29, 2013.

The remuneration paid to the Chairperson & Managing Director and to the Executive Director is within the ceiling prescribed under the provision of the Companies Act, 2013 and Schedule V attached thereto.

All Non-Executive Directors of the Company receive sitting fees for each meeting of Board and Committee thereof attended by them. Pursuant to Section 197 of Companies Act, 2013 and the applicable rules sitting fees amongst the Non-Executive Directors considering the special services and efforts rendered by them and attendance to the Board Meeting is not exceeding Rupees One Lac. 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.

The details of remuneration paid/payable to Directors of the Company during the financial year 2014-2015 is as under:

(Amount in Rupees)

Name of the Director	Sitting fees including fees for Committee Meetings	Salaries & Perks	Commission	Total Amount
Mrs. R.G. Kalyani	-	22,38,516	-	22,38,516
Mr. G. N. Kalyani	25,000	-	-	25,000
Mr.C.H.Naniwadekar	55,000	-	-	55,000
Mr. Pradip Nadkarni	45,000	-	-	45,000
Mr. A. R. Jamenis	51,000	-	-	51,000
Mr.S.Ravindran	25,000	-	-	25,000
Mr. Viraj G. Kalyani	-	22,38,516	-	22,38,516
Mr. U. R. Lahoti	-	-	-	-

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

05. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

a) Brief Description and Terms of Reference:

Stakeholders' Relationship Committee was constituted to look into redressal of Shareholders and Investors' Complaint 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 Directors out of which two are independent Directors.

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

b) Composition and attendance at the Stakeholders' Relationship Committee:

During the year under review, four meetings of the Stakeholders' Relationship Committee were held on May 19, 2014, July 21, 2014, August 19, 2014, January 28, 2015, and February 25, 2015.

The composition of the Stakeholders' Relationship Committee as on 31st March, 2015 and attendance of members in the meetings held during the financial year 2014-15 is as under:

Name of the Member	Category	No. of meetings attended
Mr. Gaurishankar N. Kalyani (Chairman)	Non-Executive Non-Independent Director	4
Mr. Pradip Nadkarni	Non-Executive Independent Director	4
Mr. C.H. Naniwadekar	Non-Executive Independent Director	4

The Company has received two (2) Complaints during the year and all of them were resolved. There were no pending share transfer and complaints as on 31st March, 2015.

06. 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
2011-12	21 st July, 2012 at 11.00 a.m.	Poona Club Ltd., Camp Pune – 411 001.	-
2012-13	29 th June, 2013 at 11.00 a.m.	Poona Club Ltd., Camp Pune – 411 001.	-
2013-14	18 th September, 2014 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.

07. DISCLOSURES:

a) Materially Significant Party Transactions:

All related party transactions form part of the Note No. 27.14 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.



d) Secretarial Audit:

- 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.
- M/s. 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).

e) Cost Audit:

The Central Government has approved the appointment of Mr. Rahul Chincholkar as Cost Auditor of the Company for the financial year 2014-15.

The Cost Audit Report for the financial year ended March 31, 2014 was submitted to the Board in its meeting held on January 28, 2015.

08. 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 updated on Company’s website, www.kalyaniforge.co.in. There is hardly any official news required to be released on website or even in Press.

09. GENERAL SHAREHOLDER INFORMATION

a) AGM Information and Financial Year:

Day, Date and Time of AGM	:	5 th September, 2015
Venue	:	Poona Club Ltd., Camp, Pune – 411 001
Financial Year	:	1 st April 2014 to 31 st March 2015
Date of Book Closure	:	August 29, 2015 to September 5, 2015 (both days inclusive)

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.

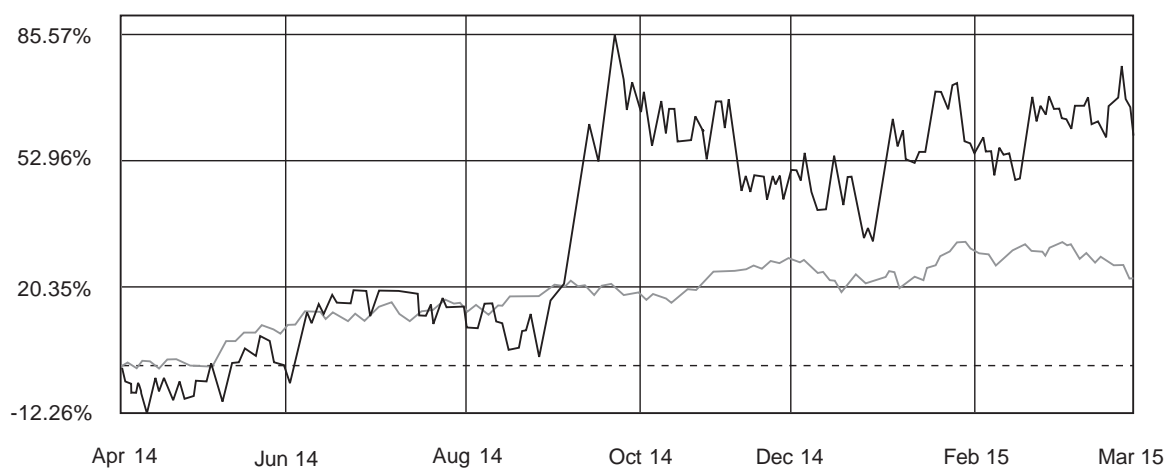
Scrip Code BSE Code: 513509

Annual listing fees and custodian fees have been paid for the financial year 2015-16.

c) Market Price Data:

The monthly high and low quotations and volume of shares traded on BSE and NSE from 1st April, 2014 up to 31st March, 2015 is as follows:

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
Apr-14	169.05	147.40	173.85	152.00
May-14	180.80	152.00	170.00	152.00
Jun-14	204.50	160.00	204.75	169.25
Jul-14	200.30	179.55	200.00	163.50
Aug-14	204.00	167.00	195.05	163.50
Sep-14	311.75	175.00	319.00	181.00
Oct-14	295.00	257.00	295.35	247.50
Nov-14	285.00	232.00	283.30	221.00
Dec-14	273.00	221.00	254.00	225.50
Jan-15	299.90	248.50	306.50	240.00
Feb-15	298.00	239.00	300.00	225.00
Mar-15	298.00	259.00	310.00	261.50

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

Kalyani Forge ——— Sensex ———
Performance in comparison to BSE Sensex



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

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 31st March, 2015:

Category	Number of Shares	Percentage (%)
Promoter and Promoter Group	21,30,646	58.57
Non Resident Indians	3,175	0.09
Bodies Corporate	8,40,654	23.11
Resident Indians	6,57,229	18.06
Financial Institutions/Banks/Trust	100	0.00
Clearing Member	6,196	0.17

Non-Executive Directors Shareholding

Name	Number of Shares	Percentage (%)
G. N. Kalyani	47,020	1.29
Pradip P. Nadkarni	306	0.01

h) Distribution of Shareholding as on 31st March, 2015:

Sr. No.	Share Holding of Shares	Share Holder	Percentage of Total	Total Shares	Percentage of Total
1.	1 to 500	2915	95.8882	287043	7.8901
2.	501 to 1000	52	1.7105	38842	1.0677
3.	1001 to 2000	22	0.7737	32688	0.8985
4.	2001 to 3000	5	0.1645	12757	0.3507
5.	3001 to 4000	5	0.1645	18388	0.5054
6.	4001 to 5000	5	0.1645	21605	0.5939
7.	5001 to 10000	2	0.0658	10702	0.2942
8.	100001 to *****	34	1.1188	3215975	88.3995
	Total	3040	100	3638000	100.0000

i) Dematerialization of shares and liquidity:

Company's equity shares are being dealt with in dematerialized form and the ISIN is INE314G0104. As on 31st March, 2015, 27,77,613 (76.35%) Number of Shares are 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 1st April 2015 to 31st March 2016.

Financial Reporting for:

Quarter ending 30th June, 2015	Upto 14 th August, 2015
Half Year ending 30th September, 2015	Upto 14 th November, 2015
Quarter ending 31st December, 2015	Upto 15 th February, 2016
Year ending 31st March, 2016	Upto 30 th May, 2016
Annual General Meeting for the year ended March 31, 2016.	Upto 30 th September, 2016

m) Unclaimed Dividend:

- All unclaimed/unpaid dividend amounts for the financial year 2006-07 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 2007-08 declared on September 20, 2008 can be claimed by the shareholder by October 24, 2015.

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

Kalyani Forge Limited
Shangrila Gardens, 'C' Wing, 1st 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,

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

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



CERTIFICATE ON CORPORATE GOVERNANCE

To

Board of Directors of
Kalyani Forge Ltd
Pune

We have examined the compliance of conditions of Corporate Governance by Kalyani Forge Limited for the year March 31st, 2015, as stipulated in the Listing Agreement with BSE Ltd and National Stock Exchange Ltd.

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 the 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 the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s.P. G. BHAGWAT
Chartered Accountants
Firm Registration No. 101118W

Place: Pune
Date: 30th May, 2015

Nachiket Deo
Partner
Membership No. 117695

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 31st March 2015.

For Kalyani Forge Limited

Place: Pune
Date: 30th May, 2015

Rohini Kalyani
Chairperson and Managing Director

CMD & WTD 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:

- a) We have reviewed Financial Statements and Cash Flow Statement for and up to the Year/Quarter ended 31st March, 2015 and that to the best of our knowledge and belief:
 - i) 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;
 - ii) 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.
- b) 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.
- c) 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.
- d) We have indicated to the auditor and the Audit Committee:
 - i) Significant changes in internal controls during the period;
 - ii) Significant changes in accounting policies during the period and that the same have been disclosed; and
 - iii) 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,
Chairperson & Managing Director

Place : Pune
Date : 30th May, 2015

Viraj Kalyani
Executive Director



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KALYANI FORGE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **KALYANI FORGE LIMITED**, ("the Company") which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2015, and its loss and its 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, 2015 issued by Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure a statement

on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) There are no observations and comments on financial transactions or other matters which have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) There are no qualifications, reservations or adverse remarks relating to maintenance of accounts and other matters connected therewith.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The company has disclosed the impact of pending litigations on its financial position in its financial statements .Refer Note 27.2 to the financial statements.
 - ii. The Company did not have any long term contract including derivative contract having any material foreseeable losses for which provision was required to be made under the applicable law or accounting standard.
 - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

Nachiket Deo
Partner
Membership Number 117695

Place : Pune
Date : 30th May, 2015



ANNEXURE TO AUDITOR'S REPORT

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. According to information and explanation given to us, no significant material discrepancies between the book records and such physical verification have been noticed.
- (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 have been properly dealt with accounts.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained as per section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) and (b) 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) In our opinion and according to information and explanation given to us, the Company has not accepted public deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation given to us, no order has been passed against the company by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) According to the information and explanation given to us and the records of the company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it. According to the information and explanation given to us, no undisputed material amounts payable in respect of statutory dues were in arrears as at 31st March, 2015, for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the particulars of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess as at 31st March, 2015 which has not been deposited on account of disputes 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	7,27,018	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
	Loss on options settled.	18,18,339	AY 2008-09	High Court, Mumbai
	Loss on options settled. Expenditure incurred on exempted income disallowed. Stock value differences	21,06,567	AY 2009-10	High Court, Mumbai & ITAT Pune.
	Expenditure incurred on exempted income disallowance, Bad debts, additional depreciation & interest thereon.	81,37,980	AY 2011-12	Commissioner of Income Tax (Appeals) Pune.
	Disallowance on account of 14A, on account of IT Mismatch, Additional Depreciation & Interest thereon.	7,43,090	AY 2012-13	Commissioner of Income Tax (Appeals) Pune.

(c) According to the information and explanations given to us, there are no amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

(viii) The Company has no accumulated losses at the end of 31st March, 2015. The Company has not incurred cash losses in the current financial year.

(ix) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank as at the balance sheet date.



- (x) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3 (x) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (xi) 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.
- (xii) During the course of our examination of the books & records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation 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

Nachiket Deo
Partner
Membership Number 117695

Place : Pune
Date : 30th May, 2015

Balance Sheet as at 31st March, 2015

Particulars	Note No.	As at 31 st March 2015 Rs.	As at 31 st March 2014 Rs.
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	3,63,90,000	3,63,90,000
(b) Reserves and surplus	2	93,78,37,450	99,14,72,330
		<u>97,42,27,450</u>	<u>1,02,78,62,330</u>
2. Non-current liabilities			
(a) Long-term borrowings	3	11,70,00,478	21,44,02,963
(b) Deferred tax liabilities (net)	4	1,15,46,264	3,96,45,436
		<u>12,85,46,742</u>	<u>25,40,48,399</u>
3. Current liabilities			
(a) Short-term borrowings	5	24,49,94,180	27,89,50,168
(b) Trade payables	6	42,14,73,033	30,25,25,209
(c) Other current liabilities	7	20,76,76,313	20,18,37,572
(d) Short-term provisions	8	3,55,36,021	3,67,24,147
		<u>90,96,79,547</u>	<u>82,00,37,096</u>
TOTAL		<u><u>2,01,24,53,739</u></u>	<u><u>2,10,19,47,825</u></u>
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
Tangible assets	9	60,82,72,564	78,43,02,358
Intangible assets	10	49,97,418	62,51,072
Capital work-in-progress		16,71,65,364	13,71,28,317
Intangible assets Under Development		18,29,537	11,97,970
(b) Non-current investments	11	50,000	50,000
(c) Long-term loans and advances	12	2,70,68,151	4,06,77,824
(d) Other non-current assets	13	4,94,23,548	4,85,71,813
		<u>85,88,06,582</u>	<u>1,01,81,79,354</u>
2. Current assets			
(a) Inventories	14	34,36,84,278	36,96,98,158
(b) Trade receivables	15	60,82,13,794	53,18,01,972
(c) Cash and bank balances	16	7,11,57,642	4,28,58,214
(d) Short term loans and advances	17	11,65,68,756	12,38,49,410
(e) Other current assets	18	1,40,22,687	1,55,60,717
		<u>1,15,36,47,157</u>	<u>1,08,37,68,471</u>
TOTAL		<u><u>2,01,24,53,739</u></u>	<u><u>2,10,19,47,825</u></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

VIRAJ G. KALYANI
Executive Director

C. H. NANIWADEKAR
Director

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30th May 2015

ANUSHANETHRI V
Company Secretary

Pune : 30th May 2015

Pune : 30th May 2015



Statement of Profit and Loss for the period ended 31st March, 2015

Particulars	Note No.	2014-15 Rs.	2013-14 Rs.
I. Revenue from operations	19		
Sale of products (gross)		2,65,43,22,198	2,23,18,49,615
Less : Excise duty		25,18,40,193	21,76,23,058
Net Sales		2,40,24,82,005	2,01,42,26,557
Other operating income		55,45,960	4,00,04,756
Net Revenue from operations.		2,40,80,27,965	2,05,42,31,313
II. Other income	20	2,06,45,778	2,34,41,366
III. Total revenue (I + II)		2,42,86,73,743	2,07,76,72,679
IV. Expenses:			
(a) Cost of materials consumed	21	1,29,72,52,986	1,03,68,50,003
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	33,23,263	4,29,182
(c) Employee benefits expenses	23	27,71,58,787	21,76,29,479
(d) Finance costs	24	6,24,15,822	5,26,04,909
(e) Depreciation and amortization expenses	25	13,10,52,286	13,48,80,738
(f) Other expenses	26	68,72,68,658	56,37,06,004
Total Expenses (a to f)		2,45,84,71,802	2,00,61,00,315
V. Profit before exceptional and extraordinary items and tax (III-IV)		(2,97,98,059)	7,15,72,364
VI. Exceptional items		-	-
VII. Profit/(Loss) before tax (V-VI)		(2,97,98,059)	7,15,72,364
VIII. Tax expense :		(71,79,104)	2,37,73,955
(a) Current tax		56,00,000	3,45,00,000
(i) For the year		56,00,000	3,45,00,000
(ii) For earlier year			
(b) Deferred tax		(1,27,79,104)	(1,07,26,045)
IX. Profit/(Loss) for the period (VII-VIII)		(2,26,18,955)	4,77,98,409
XII. Earnings per equity share:			
(a) Basic		(6.22)	13.14
(b) Diluted		(6.22)	13.14

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

VIRAJ G. KALYANI
Executive Director

C. H. NANIWADEKAR
Director

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30th May 2015

ANUSHANETHRI V
Company Secretary

Pune : 30th May 2015

Pune : 30th May 2015

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2014-15

Particulars	31 st March 2015		31 st March 2014
	Rs.	Rs.	Rs.
A. CASH FROM OPERATING ACTIVITIES			
Profit before Taxation		(2,97,98,059)	7,15,72,364
Add: Depreciation	13,10,52,286		13,48,80,738
Loss on assets sold, discarded, scrapped	-		2,44,447
Bad Debts Written off	1,15,11,506		-
Provision for doubtful debts	36,97,000		28,69,854
Interest & finance charges	6,24,15,822		5,26,04,909
Advances Written off	69,20,500		-
Wealth Tax (Included in Rates & Taxes)	25,000		25,800
		21,56,22,114	19,06,25,748
		18,58,24,055	26,21,98,112
Less: Dividend	6,000		-
Surplus on sale of assets during the year	-		31,025
Provision no longer required	1,46,32,705		53,62,474
		1,46,38,705	53,93,499
Operating profit before working capital changes		17,11,85,350	25,68,04,613
(increase)/Decrease in Current & Non-Current Assets			
Inventories	2,60,13,880		(4,26,40,599)
Sundry Debtors	(7,73,35,306)		6,06,82,274
Other Current Assets and Loans & Advances	15,93,124		(3,00,79,994)
Increase/(Decrease) in Current & Non-Current Liabilities	14,41,85,399		(83,62,581)
		9,44,57,097	(2,04,00,899)
Net cash generated from operations		26,56,42,447	23,64,03,714
Less : Income tax paid		1,12,36,906	4,44,38,443
NET CASH FROM OPERATING ACTIVITIES		25,44,05,541	19,19,65,271
B. CASH FROM INVESTING ACTIVITIES			
Addition to Fixed Assets	(1,84,70,332)		(5,66,72,147)
Sale Proceeds of Assets	-		2,89,790
Dividend received	6,000		-
NET CASH FROM INVESTING ACTIVITIES		(1,84,64,332)	(5,63,82,357)
C. CASH FROM FINANCING ACTIVITIES			
Availment /(Repayment) in Cash Credit & PCFC from Banks	(3,39,55,988)		(7,74,521)
Availment /(Repayment) in Other Secured Loans	(8,32,55,580)		(7,71,18,959)
Availment /(Repayment) in Unsecured Loans	(1,32,38,485)		(1,10,30,063)
Interest & Finance Charges paid	(6,25,51,311)		(5,34,04,346)
Dividend paid	(1,05,62,793)		(1,05,89,763)
NET CASH FROM FINANCING ACTIVITIES		(20,35,64,157)	(15,29,17,652)
NET INCREASE/(USE) OF CASH AND CASH EQUIVALENTS		3,23,77,052	(1,73,34,738)
Opening Balances of Cash and Cash equivalents		2,13,35,692	3,86,70,430
Closing Balances of Cash and Cash equivalents		5,37,12,744	2,13,35,692

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

VIRAJ G. KALYANI
Executive Director

C. H. NANIWADEKAR
Director

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30th May 2015

ANUSHANETHRI V
Company Secretary

Pune : 30th May 2015Pune : 30th May 2015



Note nos. 1 to 27 annexed to and forming part of the Financial Statements for the year ended 31st March, 2015

PARTICULARS	As at 31 st March 2015 Rs.	As at 31 st March 2014 Rs.
NOTE 1 : SHARE CAPITAL		
Authorised share capital		
75,00,000 (75,00,000) Equity shares of Rs 10/- each	7,50,00,000	7,50,00,000
50,00,000 (50,00,000) Cumulative Redeemable Preference Shares of Rs 10/- each	5,00,00,000	5,00,00,000
25,00,000 (25,00,000) Unclassified Shares of Rs 10/- each	2,50,00,000	2,50,00,000
	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued share capital		
36,40,000 (36,40,000) Equity shares of Rs.10/- each	<u>3,64,00,000</u>	<u>3,64,00,000</u>
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	<u>3,63,90,000</u>	<u>3,63,90,000</u>

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

Particulars	31 st March, 2015		31 st March, 2014	
	No. of Shares	In Rs.	No. of Shares	In Rs.
At the beginning of the period	36,38,000	3,63,80,000	36,38,000	3,63,80,000
Issued / Reduction if any during the period	-	-	-	-
Outstanding at the end of the period	<u>36,38,000</u>	<u>3,63,80,000</u>	<u>36,38,000</u>	<u>3,63,80,000</u>

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.

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	31 st March, 2015		31 st March, 2014	
		No. of Shares	% of Holding	No. of Shares	% of Holding
1.	Kalyani Consultants Pvt. Ltd.	3,77,280	10.37	3,77,280	10.37
2.	Bhalchandra Investments Ltd.	3,49,000	9.59	3,49,000	9.59
3.	Vakratund Investment Pvt. Ltd.	3,42,342	9.41	3,42,342	9.41
4.	Pax Investment Pvt. Ltd.	3,40,074	9.35	3,40,074	9.35
5.	Squirrel Financers and Investors Pvt. Ltd.	1,86,480	5.13	1,86,480	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	As at 31 st March 2015 Rs.	As at 31 st March 2014 Rs.
NOTE 2 : RESERVES AND SURPLUS		
Capital reserve as per last year	25,00,000	25,00,000
Capital Redemption Reserve as per last year	10,00,000	10,00,000
Securities Premium as per last year	6,91,62,500	6,91,62,500
General reserve		
Opening balance	9,27,39,659	8,79,59,659
Add: Set aside this year	-	47,80,000
Closing balance	<u>9,27,39,659</u>	<u>9,27,39,659</u>
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	82,60,70,171	79,36,92,457
Add: Profit/(Loss) for the year	<u>(2,26,18,955)</u>	<u>4,77,98,409</u>
Balance available for appropriation	80,34,51,216	84,14,90,866
Less: Appropriations		
Transition effect of reassessment of useful life of assets (net of Deferred Tax)	3,10,15,925	
Transferred to general reserve	-	47,80,000
Proposed dividend	-	90,95,000
Tax on proposed dividend	-	15,45,695
	<u>77,24,35,291</u>	<u>82,60,70,171</u>
Total	<u><u>93,78,37,450</u></u>	<u><u>99,14,72,330</u></u>

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

State Bank of India	2,93,76,000	8,63,40,001
Indian Overseas Bank	4,15,17,996	6,87,17,995
	<u>7,08,93,996</u>	<u>15,50,57,996</u>

Unsecured : Other Long Term Borrowing

Sales Tax Deferral Liability under Package Scheme of Incentives 1979,1988 and 1993.	4,61,06,482	5,93,44,967
Total	<u><u>11,70,00,478</u></u>	<u><u>21,44,02,963</u></u>

Terms of Repayment

- Term Loan of Rs.120,000,000 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 2015 is Rs. 22,500,000/- (P.Y. Rs. 52,500,001/-). Out of these, amount treated as current maturities of long term debts as on 31 March 2015 is Rs. 22,500,000/- (P.Y. Rs. 30,000,000/-) . In addition to this, Interest accrued and due on borrowings is Rs 2,72,062/-. This loan is to be repaid in fourty eight instalments starting from Dec 2011.
- Term Loan of Rs. 150,020,860/- 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 2015 is Rs. 63,840,000/- (P.Y. Rs. 98,304,000/-). Out of these, amount treated as current maturities of long term debts as on 31 March 2015 is Rs. 34,464,000/-(P.Y. Rs.34,464,000/-). In addition to this, Interest accrued and due on borrowings is Rs 9,84,988 /-. This loan is to be repaid in fifty three instalments starting from October 2012.
- Term Loan of Rs. 111,718,988/- is availed from Indian Overseas Bank, Karve Road, Branch, Pune out of the total sanction limit at the rate of interest of 2.0% above base rate. Balance outstanding as on 31 March 2015 is Rs 76,517,996 /- (P.Y.Rs 97,517,995/-). Out of this, amount treated as current maturities of long term debts as on 31st March 2015 is 35,00,000 (P.Y. Rs.28,800,000/-). In addition to this, Interest accrued



and due on borrowings is Rs 16,83,128 /-. This loan is to be repaid in forty eight instalments starting from Oct 2013.

4. Sales Tax Deferral Liability under package scheme of incentive 1988 and 1993 as on 31st March 2015 is of Rs. 5,93,44,965 /- (P.Y.Rs 7,03,75,030/-). Out of these, amount treated as current maturities of long term debts as on 31st March 2015 is Rs. 1,32,38,483 /- (P.Y. Rs. 1,10,30,063/-). This liability for 1988 Scheme is to be repaid within one year and for 1993 Scheme is to be repaid within 5 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.

PARTICULARS

	As at 31 st March 2015 Rs.	As at 31 st March 2014 Rs.
Note 4 : Deferred tax liabilities (net)		
Deferred tax liability	2,23,68,413	5,27,50,185
Less: Deferred tax asset	1,08,22,149	1,31,04,749
Total	1,15,46,264	3,96,45,436
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) Deferred Tax Liabilities		
Depreciation & Amortisation	2,23,68,413	5,27,50,185
(ii) Deferred Tax Assets		
a Privilege Leave and Gratuity Provision	96,79,776	74,34,825
b Provision for Doubtful debts & advances	11,42,373	46,45,774
c VRS Compensation	-	10,24,150
Total (a+b+c+d) [ii]	1,08,22,149	1,31,04,749
Deferred Tax Liability (Net) [i-ii]	1,15,46,264	3,96,45,436

NOTE 5 : SHORT-TERM BORROWINGS

Loans payable on demand : Secured

Cash credit from Bank	21,85,13,693	23,53,13,300
Packing credit foreign currency loan	2,64,80,487	4,36,36,86
Total	24,49,94,180	27,89,50,168

1. Company's fund and non fund based working capital facilities of Rs. 564,000,000 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. The packing credit foreign currency loan is availed from Bank of Maharashtra and State Bank of India, Pune at the rate of Interest of Fixed Margin over USD London inter bank offer rate i.e. LIBOR.

PARTICULARS

As at 31 st March 2015 Rs.	As at 31 st March 2014 Rs.
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NOTE 6 : TRADE PAYABLES

Acceptances	3,75,12,273	2,83,69,628
Trade payables	38,39,60,760	27,41,55,581
Total	42,14,73,033	30,25,25,209

NOTE 7 : OTHER CURRENT LIABILITIES

Current maturities of long-term debts (Refer note 3)	10,52,02,483	10,42,94,063
Interest accrued and due on borrowings	29,40,178	30,75,667
Unclaimed dividends	7,41,577	6,63,675
Advances from customers	44,55,851	38,38,889
Amounts due for capital purchases	62,26,578	1,87,16,911
Sales Bill Discounted	1,10,82,998	-
Other payables		
Statutory dues including provident fund and tax deducted at Source	74,64,139	36,93,742
Employee benefits payable	2,41,68,510	2,10,19,327
Other liabilities	4,53,93,999	4,65,35,298
Total	20,76,76,313	20,18,37,572

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

Provision for gratuity (Refer note 27.7)	2,02,84,579	1,27,84,024
Provision for leave encashment (Refer note 27.7)	1,52,51,442	1,32,99,428
	3,55,36,021	2,60,83,452

Others

Proposed dividend	-	90,95,000
Tax on proposed dividend	-	15,45,695
	-	1,06,40,695
Total	3,55,36,021	3,67,24,147



NOTE : 9 - TANGIBLE & INTANGIBLE ASSETS

As On 31st March 2015

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 *	Tangible Assets Total
Gross Block														
As At 31 March 2013	2,13,04,497	20,22,90,128	1,24,49,199	1,27,295	1,43,40,07,104	9,81,14,536	7,82,21,662	1,41,03,424	1,06,49,472	58,43,018	2,40,46,246	1,34,44,624	52,39,365	1,91,98,40,569
Additions	-	4,17,69,010	-	-	4,90,86,380	-	21,43,955	-	-	2,49,670	7,44,573	-	-	9,39,93,588
Recoupment / Adjustment	-	-	-	-	-	-	-	-	5,43,078	10,446	90,933	12,45,891	-	18,90,348
Deductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As At 31 March 2014	2,13,04,497	24,40,59,138	1,24,49,199	1,27,295	1,48,30,93,484	9,81,14,536	8,03,65,617	1,41,03,424	1,01,06,394	60,82,242	2,46,99,886	1,21,98,733	52,39,365	2,01,19,43,809
Gross Block														
As At 31 March 2014	2,13,04,497	24,40,59,138	1,24,49,199	1,27,295	1,48,30,93,484	9,81,14,536	8,03,65,617	1,41,03,424	1,01,06,394	60,82,242	2,46,99,886	1,21,98,733	52,39,365	2,01,19,43,809
Additions	-	-	-	-	-	-	-	-	-	1,04,830	-	-	-	1,04,830
Inter Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As At 31 March 2015	2,13,04,497	24,40,59,138	1,24,49,199	1,27,295	1,48,30,93,484	9,81,14,536	8,03,65,617	1,41,03,424	1,01,06,394	61,87,072	2,46,99,886	1,21,98,733	52,39,365	2,01,20,48,640
Depreciation														
Upto 31 March 2013	-	6,25,32,251	14,94,259	45,391	87,03,07,855	6,52,61,058	4,71,17,067	84,88,838	70,32,518	23,86,960	1,95,18,287	65,06,603	45,67,304	1,09,52,58,391
For the Year 2013-14	-	68,23,918	2,02,922	1,811	10,70,47,579	83,13,380	65,73,075	13,57,595	4,54,970	2,68,266	14,71,407	10,78,290	1,76,985	13,37,70,198
Inter Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	5,43,078	10,446	90,933	7,42,679	-	13,87,136
As At 31 March 2014	-	6,93,56,169	16,97,181	47,202	97,73,55,434	7,35,74,438	5,36,90,142	98,46,433	69,44,410	26,44,780	2,08,98,761	68,42,214	47,44,289	1,22,76,41,453
Depreciation														
Upto 31 March 2014	-	6,93,56,169	16,97,181	47,202	97,73,55,434	7,35,74,438	5,36,90,142	98,46,433	69,44,410	26,44,780	2,08,98,761	68,42,214	47,44,289	1,22,76,41,453
For the Year 2014-15	-	84,06,722	2,28,473	-	10,06,59,206	65,86,179	80,57,054	12,11,135	6,44,223	7,65,597	11,76,113	15,68,857	4,95,072	12,97,98,632
Transition Effect of Reassessment of Useful Life	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	55,37,392	1,01,16,211	80,090	2,15,67,471	4,75,766	38,84,631	-	8,00,985	17,65,641	8,34,002	12,73,802	-	4,63,35,991
Deductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As At 31 March 2015	-	8,33,00,283	1,20,41,865	1,27,292	1,09,95,82,111	8,06,36,383	6,56,31,827	1,10,57,568	83,89,618	51,76,018	2,29,08,876	96,84,873	52,39,361	1,40,37,76,076
Net Block														
As At 31 March 2014	2,13,04,497	17,47,02,969	1,07,52,018	80,093	50,57,38,050	2,45,40,098	2,66,75,475	42,56,991	31,61,984	34,37,462	38,01,125	53,56,519	4,95,076	78,43,02,358
As At 31 March 2015	2,13,04,497	16,07,58,855	4,07,334	3	38,35,11,373	1,74,78,153	1,47,33,790	30,45,856	17,16,776	10,11,054	17,91,010	25,13,860	4	60,82,72,564

Notes :-

- Gross block at Cost
- for Depreciation and amortisation refer accounting policy (27-1.3)
- Cost incurred by the company ownership vests with Maharashtra State Electricity Distribution Company Limited.

NOTE : 10 - TANGIBLE & INTANGIBLE ASSETS**As On 31st March 2015**

Fixed Assets	Tangible Assets	Intangible Assets Total
Gross Block		
As At 31 st March 2013	61,87,401	61,87,401
Additions	14,00,000	14,00,000
Recoupment / Adjustment	-	-
Deductions	-	-
As At 31st March 2014	75,87,401	75,87,401
Gross Block		
As At 31st March 2014	75,87,401	75,87,401
Additions	-	-
Inter Transfers	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
As At 31st Mar 2015	75,87,401	75,87,401
Depreciation		
Upto 31 st March 2013	2,25,788	2,25,788
For the Year 2013-14	11,10,541	11,10,541
Inter Transfers	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
As At 31st March 2014	13,36,329	13,36,329
Depreciation		
Upto 31 st March 2014	13,36,329	13,36,329
For the Year 2014-15	12,53,654	12,53,654
Inter Transfers	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
As At 31st March 2015	25,89,983	25,89,983
Net Block		
As At 31 st March 2014	62,51,072	62,51,072
As At 31 st March 2015	49,97,418	49,97,418

PARTICULARS	Face Value Per Unit Rs.	As at 31 st March 2015		As at 31 st March 2014	
		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			<u>50,000</u>		<u>50,000</u>

PARTICULARS	As at 31 st March 2015		As at 31 st March 2014	
	Rs.	Rs.	Rs.	Rs.
NOTE 12 : LONG-TERM LOANS AND ADVANCES				
Capital advances				
Secured, considered good				
Unsecured, considered Good		37,94,490	2,30,18,102	
		<u>37,94,490</u>	<u>2,30,18,102</u>	
Loans to employees				
Secured, considered good		-	-	
Unsecured, considered Good		11,22,058	3,96,650	
		<u>11,22,058</u>	<u>3,96,650</u>	
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)		<u>2,21,51,603</u>	<u>1,72,63,072</u>	
		<u>2,21,51,603</u>	<u>1,72,63,072</u>	
Total		<u>2,70,68,151</u>	<u>4,06,77,824</u>	

PARTICULARS

As at 31 st March 2015 Rs.	As at 31 st March 2014 Rs.
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NOTE 13 : OTHER NON-CURRENT ASSETS

Long-term trade receivables

Doubtful	36,97,000	1,36,68,060
Less : Provision	36,97,000	1,36,68,060
	-	-

Others

Other bank balances (Deposits with maturity of more than 12 months)	16,59,338	17,80,909
Claims/Refund receivable	4,73,23,645	4,63,62,179
Deposits	4,40,565	4,28,725
	<u>4,94,23,548</u>	<u>4,85,71,813</u>
Total	<u>4,94,23,548</u>	<u>4,85,71,813</u>

NOTE 14 : INVENTORIES (Note 27 : 1.4)

Raw materials, at cost	11,08,49,693	13,80,11,699
Work-in-progress, at cost (Note No. 27 : 16)	12,52,76,508	13,60,29,104
Finished goods, at lower of cost or market value (Note No. 27 : 16)	85,45,518	71,85,747
Stores, spares, etc. at cost	3,71,93,965	3,63,79,717
Loose tools	1,66,32,869	1,69,67,684
Scrap at estimated realisable value	2,11,72,184	1,43,26,077
Die Room Inventory:	2,21,23,905	1,89,08,494
Stock of shares, units of mutual funds at lower of cost or market value	18,89,636	18,89,636
Total	<u>34,36,84,278</u>	<u>36,96,98,158</u>

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	4,18,88,158	4,52,15,830
Other receivables		
Unsecured, considered good	56,63,25,636	48,65,86,142
Total	<u>60,82,13,794</u>	<u>53,18,01,972</u>



PARTICULARS

	As at 31 st March 2015 Rs.	As at 31 st March 2014 Rs.
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NOTE 16 : CASH AND BANK BALANCES

Cash and cash equivalents

Cash on hand	1,84,272	1,803
Deposits of original maturity of less than 3 months	2,09,80,872	-
	<u>2,11,65,144</u>	<u>1,803</u>

Balance with Bank

Current accounts	3,18,06,023	2,06,70,214
Unpaid dividend accounts	7,41,577	6,63,675
	<u>3,25,47,600</u>	<u>2,13,33,889</u>

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	1,74,44,898	2,15,22,522
	<u>1,74,44,898</u>	<u>2,15,22,522</u>
Total	<u><u>7,11,57,642</u></u>	<u><u>4,28,58,214</u></u>

NOTE 17 : SHORT-TERM LOANS AND ADVANCES

Loans and advance to suppliers

Unsecured, considered Good	2,08,00,976	3,12,50,391
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Loans and advance to employees

Unsecured, considered good	42,89,362	24,91,595
Balance with collectorate of central excise and customs	4,63,90,141	4,71,26,567
VAT/ Excise Receivable	2,27,28,973	1,99,60,989
Tax paid in advance (net)	55,86,106	48,62,731

Other loans & advances

Prepaid Expenses	27,00,395	35,64,660
Others Advances	1,40,72,803	1,45,92,477
	<u>11,65,68,756</u>	<u>12,38,49,410</u>
Total	<u><u>11,65,68,756</u></u>	<u><u>12,38,49,410</u></u>

NOTE 18 : OTHER CURRENT ASSETS

Export incentive receivable	1,21,23,299	1,34,66,422
Interest receivable	10,21,174	12,16,081
Deposits	4,72,882	4,72,882
Other receivables	4,05,332	4,05,332
	<u>1,40,22,687</u>	<u>1,55,60,717</u>
Total	<u><u>1,40,22,687</u></u>	<u><u>1,55,60,717</u></u>

PARTICULARS	2014-15	2013-14
	Rs.	Rs.
NOTE 19 : REVENUE FROM OPERATIONS		
Sale of products (gross)	2,65,43,22,198	2,23,18,49,615
Less : Excise duty	25,18,40,193	21,76,23,058
Net Sales	<u>2,40,24,82,005</u>	<u>2,01,42,26,557</u>
Operating income		
Die development charges	34,36,063	43,84,700
Export incentives	21,09,897	1,38,32,840
Gain on foreign exchange fluctuations, net	-	2,17,87,216
	<u>55,45,960</u>	<u>4,00,04,756</u>
Total	<u><u>2,40,80,27,965</u></u>	<u><u>2,05,42,31,313</u></u>
NOTE 20 : OTHER INCOME		
Interest		
On others	18,26,146	18,13,146
Discount received	8,59,684	16,72,730
Miscellaneous income	1,48,32,749	1,45,61,991
Surplus on sale of assets	-	31,025
Provisions no longer required written back	31,21,199	53,62,474
Total	<u><u>2,06,45,778</u></u>	<u><u>2,34,41,366</u></u>
NOTE 21 : COST OF MATERIAL CONSUMED		
(a) Raw materials consumed		
Opening stocks	13,80,11,699	9,66,38,173
Less : Value of obsolete and non-moving material written-down (net of realisable value)		
Add : Purchases	1,25,67,65,732	1,06,64,01,119
Less : Stocks at close	11,08,49,693	13,80,11,699
Less : Sale of raw material	17,34,160	32,88,948
	<u>1,28,21,93,578</u>	<u>1,02,17,38,645</u>
(b) Dies consumed		
Opening stocks	1,89,08,494	2,36,33,823
Add: Purchases and processing charges	1,82,74,819	1,03,86,029
	<u>3,71,83,313</u>	<u>3,40,19,852</u>
Less: Stock at close	2,21,23,905	1,89,08,494
	<u>1,50,59,408</u>	<u>1,51,11,358</u>
Total	<u><u>1,29,72,52,986</u></u>	<u><u>1,03,68,50,003</u></u>



PARTICULARS

2014-15

2013-14

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	12,52,76,508	13,60,29,104
Finished goods	85,45,518	71,85,747
Scrap	2,11,72,184	1,43,26,077
	15,49,94,210	15,75,40,928
Less : Opening stocks		
Work-in-process	13,60,29,104	12,25,68,921
Finished goods	71,85,747	1,82,83,381
Scrap	1,43,26,077	1,74,62,865
	15,75,40,928	15,83,15,167
	25,46,718	7,74,239
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	15,75,920	19,20,977
Excise duty on closing inventories	23,52,465	15,75,920
	7,76,545	(3,45,057)
Total	33,23,263	4,29,182

PARTICULARS	2014-15	2013-14
	Rs.	Rs.

NOTE 23 : EMPLOYEE BENEFITS EXPENSE

Salaries, wages, gratuity, bonus, commission, etc	23,33,34,788	18,03,26,666
Contribution to provident and other funds	1,83,73,796	1,33,26,492
Welfare expenses	2,54,50,203	2,39,76,321
Total	<u>27,71,58,787</u>	<u>21,76,29,479</u>

NOTE 24 : FINANCE COSTS

Interest expense	5,63,81,572	4,54,42,398
Other borrowing cost		
Bank charges, commission etc	42,43,065	40,46,957
Applicable Net Gain/loss on foreign currency transaction and translation	17,91,185	31,15,554
Total	<u>6,24,15,822</u>	<u>5,26,04,909</u>

NOTE 25 : DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation		
Tangible assets	12,97,98,632	13,37,70,197
Intangible assets	12,53,654	11,10,541
Total	<u>13,10,52,286</u>	<u>13,48,80,738</u>



PARTICULARS

2014-15

2013-14

Rs.

Rs.

NOTE 26 : OTHER EXPENSES**Manufacturing Expenses**

Stores, spares and tools consumed	12,58,62,840	10,87,34,904
Processing charges	14,49,78,745	9,46,79,585
Power and fuel	22,58,07,368	20,00,27,403
Repairs to building	26,99,236	48,18,067
Repairs to machinery	4,47,88,875	4,18,40,008
Octroi Duty	-	37,473
Freight Charges	1,37,29,559	94,34,448
Other manufacturing expenses	21,51,000	28,56,090
	56,00,17,623	46,24,27,978

Selling Expenses

Freight and forwarding	4,65,44,286	3,26,14,881
Royalty, technical and license fees etc.	25,000	25,000
Other selling expenses	18,31,368	23,36,053
	4,84,00,654	3,49,75,934

Administration Expenses

Rent	50,186	3,39,948
Rates and taxes	21,08,004	12,14,940
Insurance (Including Keyman Insurance)	76,87,807	51,32,267
Other repairs and maintenance	8,43,951	10,88,776
Travelling and conveyance	65,73,017	41,52,665
Vehicle Expenses(Including on hired vehicles)	1,74,80,727	1,87,27,959
Professional & consultancy fees	1,34,23,690	1,09,20,010
Auditor's remuneration	12,00,000	11,90,000
Directors' Fees expenses	2,01,000	1,41,000
Non executive directors' commission	-	7,00,000
Miscellaneous expenses	1,73,76,960	1,95,80,226
Loss on assets sold, demolished, discarded and scrapped	-	2,44,447
Provision for doubtful debts	36,97,000	28,69,854
Sundry debit balances written off	69,20,500	-
loss on foreign exchange fluctuations, net	12,87,539	-
Bad Debts written off	1,15,11,506	-
Excess Prov for Bad and doubtful debt reversed	(1,15,11,506)	-
	7,88,50,381	6,63,02,092
Total	68,72,68,658	56,37,06,004

NOTE TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2015

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, 2013.

Revised Schedule VI notified under the Companies Act, 2013 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 is 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. Expenditure incurred in development phase, where it is reasonably certain that outcome of development will be commercially exploited to yield future economic benefit to the company is considered as an intangible asset. Such developmental expenditure is capitalized at cost including share of allocable expenses.
- D) Depreciation / Amortization on Assets (other than Freehold Land) :
- Pursuant to enactment of the companies act 2013 (the 'Act'), the company has revised useful life of its fixed assets as per provision of schedule II of the said act. Accordingly the company provides depreciation on all its assets on the "Straight Line Method" in accordance with the said act.
 - Cost of Power line is being amortized over a period of seven years when put to use.
 - 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.

Consequently enactment of said provisions carrying value of assets whose life has been completed as at 1st April 2014 aggregating to Rs. 310.16 lacs (net of deferred tax) has been adjusted to the



surplus account and in other cases the same has been depreciated over the remaining revised life of the assets. As a result depreciation charge is higher by Rs. 24.89 lacs for the year ended 31st March 2015.

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) 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.

e) 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 revalued 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 :

Investments which are readily realizable and are intended to be held for not more than one year from the date on which investments are made are classified as current investments. Such investments are stated at cost, adjusted for diminution in their value.

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 Cash and cash equivalents :**

Cash comprises cash on hand and demand deposits with bank. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

1.13 Borrowing Costs :

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which these are incurred.

1.14 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.

1.15 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.

1.16 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.

1.17 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 31st MARCH, 2015**

2	Contingent Liability not provided for in respect of :	As at 31st March, 2015 Rs.	As at 31st March, 2014 Rs.
	i. Bills discounting	11,37,097	79,91,140
	ii. Claims against the Company, not acknowledged as debts	62,38,000	1,85,34,665
	iii. Disputed Income Tax demand, matter under appeal	2,21,71,980	2,14,28,890
	iv. Disputed Excise demand, matter under appeal	76,28,035	76,28,035
	v. In respect of export obligation under EPCG	27,79,713	47,53,704
	vi. In respect of Bank Guarantee	1,04,61,176	1,28,86,267
3	<p>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) aggregates USD 10.42 Millions (Equivalent to Rs.648845524 at 1 USD=Rs.62.22) 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. The company has submitted the application for redemption of the same.</p>		
4	Estimated Amount of contracts remaining to be executed on Capital Account and Not provided for (net of advances)	2,33,97,488	51,85,080
5	Payments to Auditors	2014-15 Rs.	2013-14 Rs.
	i. Statutory audit	7,50,000	7,50,000
	Tax Audit	1,25,000	1,25,000
	In Other Capacity :		
	For Limited Review & Others	2,00,000	2,00,000
	For Expenses	25,000	15,000
	ii. Cost Audit	1,00,000	1,00,000
	Total	12,00,000	11,90,000
6	<p>a) Guarantees given by the Company's Bankers on behalf of the Company, against sanctioned guarantee limits aggregating to Rs. 30,000,000 (Previous year Rs. 30,000,000) 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, 2015 is Rs. 18,528,856/- (Previous year Rs. 23,765,464).</p> <p>b) Other non-fund based facilities have been sanctioned amounting to Rs. 13,40,00,000/- 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 2015 is Rs. 3,79,84,374/- (Previous year - Rs. 34,840,773/-).</p>		



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	31 st March 2015 Gratuity	31 st March 2014 Gratuity
(i) Amounts to be recognised in Balance Sheet		
a. Present Value of Defined Benefit Obligations Funded	3,51,90,962	2,85,19,066
b. Fair Value of Plan Assets	1,49,06,383	1,57,35,042
c. Net Liability/(Asset) recognised in the Balance Sheet	2,02,84,579	1,27,84,024
(ii) Amount to be recognised in Statement of Profit & Loss Account		
a. Current Service Cost	30,24,568	20,87,349
b. Interest on defined benefit obligations	21,96,572	18,72,488
c. Expected return on planed assets	(13,20,581)	(12,17,748)
d. Net Actuarial Losses/(Gain) Recognised in year	35,99,996	25,37,347
Total, included in "Employee Benefits"	75,00,555	52,79,436
(iii) Change in Defined Benefit obligation and reconciliation thereof		
a. Present value of Defined Benefit obligation at the beginning of the year	2,85,19,066	2,34,06,108
b. Interest Cost	21,96,572	18,72,488
c. Current Service Cost	30,24,568	20,87,349
d. Actuarial Losses/ (Gains)	35,74,594	25,37,347
e. Benefits Paid	(21,23,838)	(13,84,226)
f. Present value of Defined Benefit obligation at the close of the year	3,51,90,962	2,85,19,066
(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	1,57,35,042	1,36,23,866
b. Add : Expected return on Plan Assets	13,20,581	12,17,748
c. Add/ (Less) : Actuarial Losses/ (Gains)	(25,402)	
d. Add : Contributions by employer	-	22,77,654.00
e. Less -Benefits Paid	(21,23,838)	(13,84,226)
f. Fair value of Plan Assets at the closed of the year	1,49,06,383	1,57,35,042
(v) Broad Categories of plan assets as a percentage of total assets as at 31st March, 2015		
a. Insurer Managed Funds	100%	100%
TOTAL	100%	100%

b) **Unfunded scheme- Long Term Compensated Absences**

Present Value of Unfunded Obligations	1,16,88,372	97,34,603
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8. **Movement in Leave Encashment (Long Term & Short Term Compensated Absences)**

Year	Opening Balance Rs.	Addition (Net) Rs.	Closing Balance Rs.
2014-15	1,32,99,428	19,52,016	1,52,51,444
2013-14	1,20,64,087	12,35,341	1,32,99,428

9. The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2015. The disclosure pursuant to the said Act is as under :

Particulars	As at 31-03-2015	As at 31-03-2014
Principal Amount due to suppliers under MSMED Act , 2006, beyond the appointed day	53,85,745	67,49,952
Interest accrued and due to suppliers under MSMED Act, on the above amount	3,52,418	11,87,028
Payment made to suppliers (other than interest) beyond the appointed day, during the year	1,78,10,330	84,37,900
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	6,73,852	2,57,324
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act,2006	10,26,270	14,44,351

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.

10. CIF Value of Imports and Expenditure in Foreign Currencies

Particulars	2014-15 Rs.	2013-14 Rs.
(a) CIF Value of Imports		
Capital Goods	-	8,70,92,408
Stores & Spare Parts/ Lubricants	3,98,74,917	2,16,10,066
Raw Material	-	-
(b) Expenditure in Foreign Currencies		
Travelling	29,54,930	3,61,087
Interest	-	-
Export Sales Commission	11,55,222	15,50,707
Professional fees	3,09,000	-
Processing charges outside	3,14,594	1,71,833

- 11 Prior period items (net) **1,80,744** 6,57,760

- 12 Earnings in Foreign Currencies

FOB Value of Exports	27,43,22,825	26,77,38,459
Deemed Export	27,30,03,533	14,45,43,055
Insurance and freight on exports	15,07,306	28,53,308

- 13 Exchange Differences on account of fluctuation in Foreign Currency rates.

a) Exchange Differences on account of fluctuations in Foreign Currency Rates		
i) On settlement / revalorisation of Current Assets & Current Liabilities	(30,78,724)	2,17,87,216



- b) Foreign Exchange Derivatives not hedged at close of the year
 i) Exposures not hedged at the close of the year

	Currency	2014-15	2013-14
Receivables	USD	8,68,267	23,81,522
	EURO	4,06,613	3,09,641
	JPY	33,90,660	-
Payables	USD	17,295	-
	EURO	-	8,109
	JPY	65,07,384	11,409

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	2014-15		2013-14	
			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)	Salary	22,38,516	2,97,253	20,72,337	1,13,871
		Commission	-	-	15,50,000	15,50,000
		Total	22,38,516	2,97,253	36,22,337	16,63,871
2	Relative of Key Managerial Personnel Mr. Viraj G. Kalyani (Executive Director)	Salary	22,38,516	6,46,598	18,59,868	1,12,563
		Commission	-	-	10,50,000	10,50,000
		Total	22,38,516	6,46,598	29,09,868	11,62,563
3	Relative of Key Managerial Personnel Mr. G.N. Kalyani (Director)	Commission	-	-	1,20,000	1,20,000
		Siting fees	25,000	8,000	25,000	-
		Total	25,000	8,000	1,45,000	1,20,000
4	Enterprise in which Key Managerial Person is common Kalyani Consultant Pvt Ltd	Expenses Reimbursement	-	20,925	24,925	20,925
		Expenses Recovery	19,11,244	(36,77,712)	17,66,468	(17,66,468)
		Total	19,11,244	(36,56,787)	17,91,393	(17,45,543)

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

(Amount in Rs.)

Sr. No.	Class of goods	Sales Value	Closing Stock Value	Opening Stock Value	WIP Value
1	High Quality Close Tolerance Die Forgings 2013-14	1,17,15,86,358 1,11,96,66,529	72,26,416 9,03,714	9,03,714 24,98,419	8,46,00,659 9,16,34,312
2	Real Axle Tube Assemblies 2013-14	- 2,40,66,552	- -	- -	1,33,410 6,67,609
3	Finished Machined Components 2013-14	1,03,47,55,734 70,58,31,365	13,19,102 62,82,033	62,82,033 1,57,84,962	1,43,46,744 2,12,39,200
4	Sale- Manufacturing Scrap 2013-14	19,61,39,913 16,46,62,111	- -	- -	- -
5	Others 2013-14	- -	- -	- -	2,61,95,695 2,24,87,983
	Total 2013-14	2,40,24,82,005 2,01,42,26,557	85,45,518 71,85,747	71,85,747 1,82,83,381	12,52,76,508 13,60,29,104

17. Earnings Per Share :	2014-15	2013-14
Earnings attributable to the equity share holder	(2,26,18,955)	4,77,98,409
Total weighted average No. of shares	36,38,000	36,38,000
Earnings Per Share	(6.22)	13.14

18. Expenditure on Corporate Social Responsibility activities :

- Gross amount required to be spent by the Company during the year is Rs. 27,23,076.
- "As the CSR provision was newly introduced after finalizing the accounts for the year 2013-14, we made efforts to find the projects for the CSR activity. We have found two such projects and the work has commenced. However, till 31st March, 2015, we did not make any payment and hence no expenditure has been recorded during the year 2014-15.

The two projects involved are:

- The construction of toilets for girls in some schools in Pune district.
- The technical skills training and aid project for girls and boys in Pune district

The expenditure will get recorded in the year 2015-16."

19. 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

VIRAJ G. KALYANI
Executive Director

C. H. NANIWADEKAR
Director

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30th May 2015

ANUSHANETHRI V
Company Secretary
Pune : 30th May 2015

Pune : 30th May 2015

KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

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

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

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 THIRTY SIXTH Annual General Meeting of the Company, to be held on Saturday, the 5th September, 2015, at 10.00 a.m., and at any adjournment thereof.

Signed this _____ day of _____ 2015.

No. of shares held : _____ Folio No. _____

DP. ID.** _____ Client ID** _____

Please Affix
Re. 1/-
Revenue
Stamp
here

**Applicable for members holding shares
in Dematerialised Form

Signature(s) of Memmber(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

(CIN: L28910MH1979PLC020959)

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

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

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 THIRTY SIXTH Annual General Meeting of the Company, being held on Saturday, the 5th September, 2015, at 10.00 a.m., 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

Moving Ahead with Our Customers

KALYANI FORGE



KALYANI

ANNUAL REPORT 2015

KALYANI FORGE



KALYANI FORGE LIMITED
(CIN : L28910MH1979PLC020959)

Shangrila Gardens, 'C' Wing, 1st Floor,
Opp. Bund Garden, Pune - 411 001.
Website: www.kalyaniforge.co.in



Kalyani Forge Limited

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



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

FORM A [Pursuant to Clause 31(a) of the Listing Agreement]

1)	Name of the Company	Kalyani Forge Limited Shangrila Gardens, 1st Floor, 'C' Wing, Opp. Bund Garden, Pune: 411 001.
2)	Annual Financial Statements for the year ended	31 st March, 2015
3)	Type of Audit observation	Un-qualified
4)	Frequency of observation	Whether appeared first time - No. This observation is not repetitive.

For Kalyani Forge Limited

Viraj G. Kalyani
Executive Director

For Kalyani Forge Limited

C.H. Naniwadekar
Chairman of the Audit Committee

For M/s. P. G. Bhagwat
Chartered Accountants
Firm Registration No. 101118W

Nachiket Deo
Partner
Membership No.: 117695

Place : Pune
Date : May 30, 2015

