



KALYANI

# **KALYANI FORGE LIMITED**

**37<sup>th</sup> ANNUAL REPORT  
2015-16**

KALYANI FORGE



KALYANI

## 37th Annual General Meeting - Chairperson's Speech

Dear Shareholder,

I have great pleasure in extending you all, a warm welcome to the 37th Annual General Meeting of your company.

The Annual Report, for the year ended 31<sup>st</sup> March 2016 has been in your hands for some time. With your permission, I shall take them as read.

This year the Revenues were Rs. 233 Crores as against Rs. 242 crores in last year but we have made a profit after tax this year. The reduction in the price of Raw Materials was one of the main reasons of reduction in Sales value along with deferment of some customer schedules.

In the year in progress the regulatory measures declared by govt. in regard to old diesel vehicles will result in revival of the auto and auto ancillary industry. This year there have been a number of new customers and new products and wherever we have firm orders, we are investing in machine lines which would be resulting in value addition, to the top line as well as bottom line would improve. Also we got business which would ensure of utilization of Forging capacity.

In the last year we have not been able to control some of the expenses, particularly the manpower and freight. Recently we have made structural changes in the organization to curtail manpower cost within Industry limits and have introduced some control measures to reduce spending on inward and outward freight charges. In current year we confident of getting fruits of the make in India campaign of our government and expect to get more and more business in the periods to come.

As usual, we have been very careful about the compliances and also have been prompt in settling financial commitments. Your company has consistently retained CRISIL rating A for last many years.

The Board has recommended a dividend of Rs.2per share which is a 20% dividend.

I introduce you to the new members on the Board of your Company who are highly experienced in their respective fields. Mr. Abhijit Sen, who has worked as Head of Finance for CEAT Tyres and Citibank and currently an Advisor to a renowned International firm of Chartered Accountants. Mr. Vishwas Chitrao, has worked as CEO for Tata Motors in India and has headed their operations in UK and USA and is having long working experience with the TATA Group. Their joining the Board would be a great asset for your company.

I am very happy to inform you that a number of Shareholders visited our plant and showed interest in understanding the operations and gave valuable suggestions. I invite you to take similar participation in future. As usual, our employees and all stakeholders, customers, suppliers, bankers, financial institutions and consultants and our Internal Auditors, Cost Auditors and Statutory Auditors have extended a lot of support in working of the company.

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

With best wishes,

Rohini G. Kalyani  
(Chairperson & Managing Director)





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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 (resigned w.e.f. 12 <sup>th</sup> August 2015)	(Independent Director)	(DIN: 00031023)
Mr. Pradip P. Nadkarni	(Independent Director)	(DIN: 01670826)
Mr. A. R. Jamenis (resigned w.e.f. 13 <sup>th</sup> August 2015)	(Independent Director)	(DIN: 00082620)
Mr. S. Ravindran (resigned w.e.f. 14 <sup>th</sup> March 2016)	(Independent Director)	(DIN: 00229000)
Mr. Viraj G. Kalyani	(Executive Director)	(DIN: 02268846)
Mr. Abhijit Sen (appointed w.e.f. 2 <sup>nd</sup> February, 2016)	(Independent Director)	(DIN: 00002593)
Mr. D.S. Gupta (appointed w.e.f. 6 <sup>th</sup> November, 2015 & resigned w.e.f. 10 <sup>th</sup> March 2016)	(Independent Director)	(DIN: 00111666)
Mr. Vishwas Chitrao (appointed w.e.f. 16 <sup>th</sup> April, 2016)	(Independent Director)	(DIN: 07493694)

### AUDIT COMMITTEE

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

### REMUNERATION & NOMINATION COMMITTEE

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

### STAKEHOLDERS RELATIONSHIP COMMITTEE

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

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

### CHIEF FINANCIAL OFFICER

Mr. Avinash Khare

### COMPANY SECRETARY

Mr. Ravi Dugar



## KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

### **BANKERS :**

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

### **AUDITORS :**

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

### **REGISTERED OFFICE :**

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

### **WORKS :**

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

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

<b>PARTICULARS</b>	<b>2015 - 16</b>	<b>2014 - 15</b>	<b>2013 - 14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
TURNOVER	<b>2,338</b>	2,429	2,078	2,624	2,793	2,396	1,813	1,858	2,174	2,101
PROFIT BEFORE INTEREST	<b>184</b>	164	259	334	400	275	214	163	267	259
DEPRECIATION AND TAX										
INTEREST	<b>46</b>	62	53	69	83	62	50	52	35	19
DEPRECIATION	<b>117</b>	131	135	128	119	112	105	91	83	72
PROFIT BEFORE TAX	<b>20</b>	-30	72	137	198	101	59	20	148	168
PROVISION FOR TAX	<b>9</b>	-7	24	49	64	34	20	12	54	58
PROFIT FOR THE YEAR	<b>11</b>	-23	48	88	134	68	39	8	94	110
DIVIDEND %	<b>0</b>	0	25	25	25	20	18	12	22	22
DIVIDEND AMOUNT	<b>0</b>	0	9	9	9	7	7	4	8	8
GROSS BLOCK	<b>2,137</b>	2,012	2,012	1,920	1,787	1,680	1,563	1,370	1,224	1,117
NET BLOCK	<b>632</b>	608	784	825	814	823	814	724	668	635
NET WORTH	<b>985</b>	974	1028	991	913	790	734	708	716	644
BOOK VALUE PER SHARE (RS.)	<b>271</b>	268	282	272	251	217	202	195	197	177
EARNINGS PER SHARE (RS)	<b>3</b>	-6	13	24	37	18	9	3	26	30
SHAREHOLDERS (NO'S)	<b>3,137</b>	3,040	3,154	3,244	3,248	3,428	3,352	3,522	3,412	3,056
NO OF EMPLOYEES (NO'S)	<b>1,250</b>	1,165	973	1,050	1,289	1,352	1,172	1,015	1,414	1,572





## KALYANI FORGE LIMITED

(CIN: L28910MH1979PLC020959)

Regd. Office: Shangrila Gardens, "C" Wing,  
1<sup>st</sup> 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-Seventh 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 Tuesday, the 2<sup>nd</sup> day of August, 2016 at 11.00 a.m., to transact the following business:

#### ORDINARY BUSINESS:

01. To receive, consider and adopt the Balance Sheet as at 31st March, 2016 and Profit & Loss Account as on that date together with reports of Directors and Auditors thereon;
02. To declare a dividend on equity shares.
03. To appoint a Director in place of Mr. Viraj G. Kalyani (DIN : 02268846) 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. K.S. Aiyar, Chartered Accountants, Mumbai (Firm Reg No. 100186W), to hold office as Statutory Auditors of the Company from the conclusion of this Annual General Meeting upto the conclusion of the 42nd Annual General Meeting of the Company to be held in the calendar year 2021 (subject to ratification of the appointment by the Members at every Annual General Meeting to be held during their tenure) and that the Board of Directors of the Company be and are hereby authorized to fix such remuneration, 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 sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 including any statutory modifications or re-enactment thereof and pursuant to Regulation 17 of the SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 entered into with the Stock Exchanges, Mr. Abhijit Sen (DIN : 00002593), Director of the Company whose term of office was not liable to be determined by retirement of director by rotation and in respect of whom the Company has received Notice in writing from a Member under Section 160 of the Companies Act, 2013 signifying his intention to propose candidature of Mr. Abhijit Sen for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of five (5) years commencing from November 6, 2015, not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary, be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

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

RESOLVED THAT pursuant to sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014

including any statutory modifications or re-enactment thereof and pursuant to Regulation 17 of the SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 entered into with the Stock Exchanges, Mr. Vishwas Chitarao (DIN : 07493694), Director of the Company whose term of office was not liable to be determined by retirement of director by rotation and in respect of whom the Company has received Notice in writing from a Member under Section 160 of the Companies Act, 2013 signifying his intention to propose candidature of Mr. Vishwas Chitarao for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of five (5) years commencing from April 16 2016 , not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary, be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

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

RESOLVED THAT pursuant to Section 197 and other applicable provisions of the Companies Act, 2013, if any, and subject to such permission consent and approvals, as may be required, approval of members be and is hereby accorded, to the payment & distribution, for Five (5) financial years commencing from April 1, 2016 of a commission not exceeding one percent (1%) of net profits of the company calculated in accordance with the provision of Sections 197, 198 of the Companies Act, 2013 amongst the non-executive directors of the company or any one or more of them in such proportion and in such manner and in all respects as decided by board of directors of company from time to time and such payment shall be made in respect of profits of the company for each financial year, provided that for the purpose of calculating the commission payable for any part of the financial year of the company, such profits shall be deemed to have accrued or arisen at an even rate throughout the year and shall be pro-rated to each director having regard to the period during which he has served as director during the relevant financial year.

08. 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 01.04.2016, 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 : 27<sup>th</sup> May , 2016

**Ravi Dugar**  
Company Secretary

**Registered Office :**

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

**NOTES :**

- 01) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 25<sup>th</sup> day of July, 2016 to Tuesday, the 2<sup>nd</sup> day of August, 2016 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend, to be declared.
- 02) Explanatory Statement, pursuant to Section 102 (1) of the Companies Act, 2013 in respect of the business under Item No. 05 to 08 above, is annexed hereto.
- 03) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON SHALL NOT ACT AS PROXY FOR MORE THAN FIFTY (50) MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A PERSON HOLDING MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
- 04) Proxies, in order to be effective, must be deposited with the Company at its Registered Office not less than 48 hours before the time fixed for holding the Annual General Meeting.
- 05) Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty four hours before the time fixed for the commencement of the Annual General Meeting. However a prior notice of not less than 2 (two) days in writing of the intentions to inspect the proxies lodged shall be required to be provided to the Company.
- 06) Members are requested to note the following:
  - a) Members holding shares in physical form are requested to address all their correspondence including change of address to the Company's Registrar and Share Transfer Agents, Link Intime India Pvt. Ltd, Block No. 202, Second Floor, Akshay Complex, off Dhole Patil Road, Near Ganesh Mandir, Pune – 411 001 and Members holding shares in dematerialized form should approach their respective Depository Participants for the same.
  - b) Quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares held in physical form in all correspondence with the Company.
- 07) Members/ Proxies are requested to bring copy of Annual Report and attendance slip duly filled in and hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for identification.
- 08) Corporate members intending to send their authorized representative to attend meeting are requested to send a certified true copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the Annual General Meeting.
- 09) Members holding equity shares in multiple folios in the identical order of names are requested to consolidate their holding into one folio.
- 10) Members holding shares in dematerialized form are requested to intimate any change in their address/ name, bank details, ECS Mandates, nominations, power of attorney, etc. to their respective DPs only.
- 11) Equity Shareholders who have not dematerialized are advised to dematerialize their shareholding, to avoid inconvenience in future and to reap benefits of de-materialization.
- 12) **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 37<sup>th</sup> Annual General Meeting of the Company.
- 15) Information required under Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015 with respect to the Director retiring by rotation and being eligible seeking re-appointment is as under:

- Item No. 3 – Reappointment of Mr. Viraj Gaurishankar Kalyani

Name of the Director	Shri. Viraj Gaurishankar Kalyani
Director Identification Number	02268846
Date of Joining the Board	May 17, 2013
Profile of the Director	Mr. Viraj Gaurishankar Kalyani, born on April 12, 1990 is Graduated from University of Pennsylvania by completing Jerome Fisher Program in Management and Technology. Mr. Viraj has also completed a four-year dual-degree program with Bachelor of Science in Economics and Concentration in Finance at the Wharton School and Bachelor of Science in Engineering, Major in Mechanical Engineering from the School of Engineering and Applied Science. Mr. Viraj joined the Company as Executive Vice President in the year 2012 and contributed towards implementation of expansion plans, business systems and research for potential new business opportunities and diversifications.
Board Membership of other Public Limited companies as on March 31, 2016	Nil
Chairman/Member of the Committees of Director of the Company as on March 31, 2016	Nil
Chairman/Member of the Committees of Director of other Companies in which he is a Director as on March 31, 2016	Nil
Shareholding in KFL as on March 31, 2016	31,635 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. Gaurishankar N. Kalyani, Non-Executive Director and Mr. Viraj G. 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.

- 16) Pursuant to provisions of Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 executed by Company with BSE Limited & The National Stock Exchange



of India Limited the Company is pleased to provide e-voting facility to all its shareholders to cast their votes electronically on the resolutions mentioned in the notice of 37<sup>th</sup> Annual General Meeting of the Company dated 2<sup>nd</sup> August, 2016 (the AGM Notice). The Company has appointed CS G.M. Nadkarni, Partner of M/s NMK and Associates., Company Secretaries, Pune Practising Company Secretary, 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 25<sup>th</sup> July 2016. The instructions for e-voting are given below:

- (i) The voting period begins on **Saturday 30<sup>th</sup> July, 2016 at 9.00 a.m.** and ends on **Monday 01<sup>st</sup> August, 2016 at 5.00 p.m.** 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) **Monday 25<sup>th</sup> July, 2016** 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](http://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](http://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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>● If both 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).</li> </ul>

- (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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login 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) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **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](http://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](mailto: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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
  - 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- (xx) Since the Company is required to provide members facility to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 25<sup>th</sup> July, 2016 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
- (xxi) The Scrutinizer shall after the conclusion of voting at general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two(2) witnesses not in the employment of the Company and shall make not later than two (2) days from the conclusion of the AGM a consolidated scrutinizer’s report of the total votes cast in favour or against, if any to the Chairman or the person authorised by him in writing, who shall counter sign the same and declare the result of voting forthwith.
- (xxii) The Results shall be declared on or after the 37<sup>th</sup> Annual General Meeting of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website [www.kalyaniforge.co.in](http://www.kalyaniforge.co.in) and on the website of NSDL/CDSL within two(2) days of passing of the resolutions at the 37<sup>th</sup> Annual General Meeting of the Company and communicated to the BSE Limited.



- 17) The Chairman shall at the AGM at the end of discussion of resolutions on which voting is to be held allow voting with the assistance of scrutinizer by use of “Ballot Papers” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

**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 Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, voting by show of hands will not be available to the members at the 37<sup>th</sup> AGM in view of the further provisions of Section 107 read with Section 114 of the Companies Act, 2013.

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

Place : Pune  
Date : 27<sup>th</sup> May, 2016

**Ravi Dugar**  
Company Secretary

## Annexure to Notice

As required by Section 102 (1) of the Companies Act, 2013, (hereinafter referred to as “the Act”) the following Explanatory Statements set out all material facts relating to the business mentioned under item Nos. 05 to 08 of the accompanying Notice dated August 2<sup>nd</sup>, 2016.

### 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. In other words, company can make appointment of auditor for five years at a time.

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

The Board recommends the appointment of M/s. K.S. Aiyar, Chartered Accountants as Statutory Auditors of the Company from the conclusion of this Annual General Meeting upto the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company to be held in the calendar year 2021 (subject to ratification of the appointment by the Members at every Annual General Meeting to be held during their tenure)

None of the Directors is interested in the above resolution.

### Item No. 05 & 06

The Board of Directors of the Company comprises of Chairperson & Managing Director, one Executive Director, one Non-Executive Non-Independent Director and other three (3) Directors, viz., Mr. Pradip Nadkarni, Mr. Abhijit Sen and Mr. Vishwas Chitrao who have been classified as Independent Directors pursuant to Regulation 25 SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015.

According to the provisions of the Companies Act, 2013, the appointment of Independent Director(s) of the company shall be approved at the meeting of shareholders. Section 149 (4) of the Companies Act, 2013 states that every listed public company shall have at least one-third of the total number of directors as Independent Directors. Further, Section 149 (10) of the Companies Act, 2013, *inter alia*, provides that subject to the provisions of Section 152, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company. It is also clarified that, any tenure of an Independent Director on the date of commencement of this Act shall not be counted as a term under sub-section (10).

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of Mr. Abhijit Sen and Mr. Vishwas Chitrao for their appointment as Independent Directors of the Company. Further, the Company has also received declaration from these two (2) directors that they are eligible to get appointed as “Independent Director” pursuant to Clause 149(6) of the Companies Act, 2013.

In view of the above, the above-mentioned two (2) Directors fulfils the conditions specified in Section 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2013.

The Board of Directors is, therefore, of the opinion that above named two (2) directors fulfils the conditions for appointment of Independent Directors as specified in the Companies Act, 2013. The Board considers that the contributions from all these eminent directors would be of immense benefit to the Company.

The Board recommends the above resolutions for approval of the members. Concerned Directors are interested in their respective resolution being related to their own appointment.

### Item No. 07

Section 197 of the Companies Act, 2013 allows payment of commission upto aggregate of 1% of net profits of the company to all the Non – Executive Directors of the Company put together if the Company has Managing or Whole-Time Director. For this purpose a Special resolution approved by members of the Company is a pre-requisite.





The Members of the Company in their Annual General Meeting held on 23<sup>rd</sup> July, 2011 had approved payment of commission to Non-Executive directors by way of commission till the Financial year ended on 31.03.2016. the proposed Special resolution under item no. 08 is to consider the payment of such remuneration by way of commission to Non-Executive directors for a further period of five (5) years commencing from 01.04.2016.

All the Non-Executive directors may be regarded as interested in this resolution

#### Item No. 08

The Board at its meeting held on 27.05.2016, 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 01.04.2016 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.

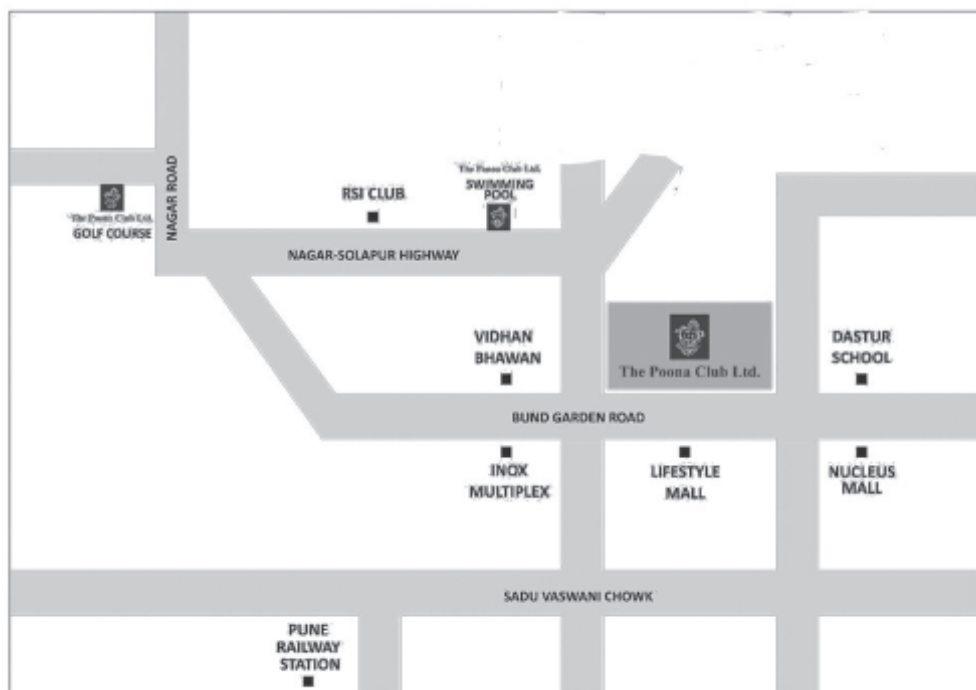
None of the Directors of the Company, the key managerial personnel of the Company or their relatives are concerned or interested in the aforesaid ordinary resolution

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

Place : Pune  
Date : 27<sup>th</sup> May, 2016

**Ravi Dugar**  
Company Secretary

#### Route Map for the Venue of Annual General Meeting :



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economic Scenario and Industry Structure:

India's Growth Rate during the Year 2015-16 is 7.6% which is fastest in the last five Years. Indian Economy grew by 7.9% during March 2016 Quarter to consolidate India's position as the fastest growing major Economy for the full Fiscal on robust manufacturing growth of 7.6% as against 7.2% last Year. It is expected to grow up to 8% during the current fiscal. Manufacturing Sector accelerated at 9.3% as against 5.5% during the last Year. In auto and auto ancillary industry there is always a lead time in the SOP (Start of Production) and we have already got a number of new products and new customers in pipeline as a result of the growth of manufacturing sector, for which sales will be materialized in the current year partly and fully in next year.

With the help of **Make in India drive**, India is on the path of becoming the hub of hi-tech manufacturing as global companies are in the process of setting up manufacturing plants in India. It has become one of the most attractive destinations for investments in the Manufacturing sector. Make in India campaign has opened many avenues to the Forging Industry. More and more new entrants are coming to join the manufacturing industry, as components manufacturers, we will get a share in that. This has begun to be seen as explained earlier. The Make in India initiative has definitely been a good move in the right direction to give the necessary boost to the overall manufacturing sector. It has created an all-round positive business environment and sentiments. The campaign has definitely been fruitful for certain segment of the forging industry and we are anticipating an increase in demand from the non-auto sector in the medium and long term.

During 2015-16 (April-January), the average exchange rate of the rupee depreciated to Rs 65.04 per US dollar as compared to Rs. 60.92 per US dollar in 2014-15 (April-January). This was mainly on account of the fact that the dollar strengthened against all the major currencies because of stronger growth in the USA as well as the fact that **China's growth and currency developments this year deteriorated**, impacting the outlook on other EDMs owing to risk-aversion perceptions of global investors. We expect the Indian industry to grow as an impact of the performance of the Chinese economy. The year 2015-16 witnessed a tumultuous global economic environment with major economies showing signs of slowdown in growth. Against this background, the fact that the Indian economy has emerged as the fastest growing economy with a high growth rate of over 7 per cent with manufacturing sector growing at 9.5 per cent is noteworthy.

### Industry Structure:

The automobile industry forms the crux of the Indian forging industry. Despite the earnest attempt of **diversification to non-auto sector**, automotive sector continues to contribute 60 per cent of the total forging production. In the last 25 years, the Indian auto industry has emerged as one of the largest in the world with an annual production of 23.37 million vehicles in FY 2014-15, following a growth of 8.68 per cent over the last year. The automobile industry accounts for 7.1 per cent of the country's gross domestic product (GDP). The growing number of young population and the bulging middle class segment with increase in purchasing power has made the two-wheeler segment the leader of the Indian automobile market with about 81 per cent market share. The industry has started to revive from 2014-15 onwards.

Despite being the **largest three-wheeler industry**, in terms of domestic sales and exports, the Indian. Three-wheelers segment is yet to see a full-fledged recovery. After witnessing a positive year in 2014-15, this segment has again faced a dip in 2015-16. The 3W segment has produced 8.6 lakhs units during April 2015 and February 2016, registering a negative growth of 0.90 per cent. This is due to the tough competition received by the 3W goods carriers from the small commercial vehicles. The automotive industry has achieved the target of **incremental employment creation of 25 million jobs** over the last decade. Secondly, Indian automotive industry has bypassed the target 1, 57, 500 crore due to a significant quantum of investments from foreign and domestic OEMs as well as component manufacturers.

The Indian auto industry has **attracted foreign direct investment (FDI) worth US\$ 13.48 billion** during the period April 2000 to June 2015, according to data released by Department of Industrial Policy and Promotion (DIPP).

**Indian automobile industry has huge growth potentials.** According to the market research firm JD Power Asia Pacific, India would become the third largest market in the world after China and USA with respect to light



vehicles by 2020. By 2020, China's light vehicles market is expected to reach 35 million units, while that of the US will rise to 17.4 million units. As per the report, of the projected light vehicle sales of 11.9 million units in India by 2020, passenger cars will account for 9.28 million units and light trucks another 2.69 million units.

As per a **survey conducted by AIFI in 2016**, the estimated turnover of 384 forging units operating in FY15 was Rs 6,100 crore, providing employment to around 100,000 people. The investment in plant & machinery also increased from Rs 15,500 crore in FY14 to Rs 27,833 crore in FY15. Overall production of forgings increased from 21.1 lakh tons to 22.5 lakh tons.

The Indian forging industry, as a part of the manufacturing sector, has played a significant role in the Indian economy. With setting up of international purchasing offices (IPO) by major global OEM and Tier-1 industries lot of forging companies in India are expected to play a bigger role in their sourcing strategy. In order to meet their expectations the Indian forging industries have already expanded their operational spectrum to cater to finished and ready to assemble parts rather than supply of simple forgings. With business sentiments having improved in India, in the coming years we expect to see improved business activity which will consequently push the demand for forging products as well as exports.

### **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.

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:**

With economic recovery expected in 2017, 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. 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. The government has opened the doors of defense and the railways for the private players. We see a huge potential for the forging parts manufacturers to get orders for supply of forging parts.

Going forward, the expected recovery in economic activity in 2016-17, 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 and we expect the momentum to gather pace.

### **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. Company's 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. Company also has started to explore the supply potential of forging parts to Railways including metros and the defense sector.

#### **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 labor, lack of infrastructure among companies in Small & Very Small scale etc.

Further being basically a high capital intensive industry, due to lack of future commitment of sales schedules from customers, there is a risk of the complete production line going idle.

In addition retention of talent, both at operator 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.

#### **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 newly introduced requirement of IFCOFR has motivated the company to recheck its internal financial control in financial reporting mechanism and wherever required, strengthen them.

#### **Financial and Operational Performance:**

The company has made strategic decisions in accepting newer businesses so as to ensure maximum utilization of its forging capacity. This will result in an improved top line as well as bottom line. We have also decided to implement a number of cost control measures mainly in the areas of manpower costs, the transportation and the outsourcing costs. Also by going for more and more automation in the plant we expect reduction in rejections and the related costs. The company has consistently maintained "A" rating by the credit rating agency. With the profitability improvement measures undertaken, in the current year we expect to bounce back to the level of profits attained earlier.

#### **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.

#### **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 37<sup>th</sup> Annual Report together with the Audited Statement of Accounts of **Kalyani Forge Limited** ("the Company") for the year ended March 31, 2016.

### Financial Performance:

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

Rs. in Lacs

Particulars	Financial Year ended Standalone	
	31/03/2016	31/03/2015
Total income from operations (net)	23,094	24,080
Profit/(loss) before Interest, Depreciation & Tax (EBITDA)	1,836	1,388
Finance Charges	492	624
Depreciation	1,167	1,311
Tax Expenses	94	(72)
Net Profit/(Loss) After Tax	110	(226)
Balance of Profit from Previous Year	7,724	8,261
Profit available for Appropriation	7,835	8,035
Less - Transfer to General Reserves	-	-
Less – Proposed Dividend on Equity Capital	73	-
Less - Transitional effect of reassessment of useful life of Assets	-	310
Less - Tax on above Dividend	15	-
Surplus retained in Profit & Loss Account	7,747	7,724

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

### Summary of Operations

During the year, the net revenue from operations of your Company Decreased to Rs 230.94. Crores from Rs. 240.80 Crores. For FY 15-16, your Company's Profit after tax stood at Rs. 1.10 crore as against Loss of Rs 2.26 Crores last Year.

### Change in the nature of business, if any

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

### Reserves

The Company has not transferred any amount to General Reserves.

## Dividend

Your Directors are pleased to recommend for approval of members a dividend of Rs. 2/- per Equity Share (20%) of Rs 10/- each for the Year ended 31<sup>st</sup> March, 2016 absorbing Rs. Eighty eight lakhs including Dividend Distribution Tax.

## Capital/ Finance

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

As on 31<sup>st</sup> March, 2016, 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 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 not transferred funds lying unpaid or unclaimed for a period of seven years to Investor Education and Protection Fund (IEPF), as the form could not be uploaded and the same is under revision by MCA (Ministry of Corporate Affairs) and new form is not available on site. However the Company has kept the required amount ready in the form of a Demand Draft for depositing with MCA once the new form is available on the MCA site.

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 is required to file the necessary form and upload the details of unpaid and unclaimed amounts lying with the Company, as on the date of last AGM (i.e. 5<sup>th</sup> September, 2015), with the Ministry of Corporate Affairs.

## Details of Board meetings

During the year, 6 number of Board meetings were held, details of which are given below:

Date of the Meeting	No. of Directors attended the Meeting
April 6, 2015	5
May 29, 2015 & May 30, 2015 (meeting of 29 <sup>th</sup> May was adjourned & Board met on 30 <sup>th</sup> May, 2015)	4
August 5, 2015	6
October 8, 2015	5
November 6, 2015	5
February 2, 2016	6

## 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. Abhijit Sen & Mr. Vishwas Chitrao 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 Independent Directors of the Company.

### **Directors and Key Managerial Personnel**

Mr. Viraj G. Kalyani, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

During the year, Mr. D.S. Gupta, & Mr. Abhijit Sen have been appointed as an Independent Directors on 6<sup>th</sup> November, 2015 & 2<sup>nd</sup> February, 2016 respectively subject to shareholders approval in Annual General Meeting. Further, Mr. Ashok R. Jamenis Mr. C. H. Naniwadekar, Mr. D.S. Gupta & Mr. S. Ravindran ceased to be Director in terms of Section 168 of Companies Act, 2013 w.e.f 13<sup>th</sup> August, 2015, 12<sup>th</sup> August, 2015, 10<sup>th</sup> March, 2016 & 14<sup>th</sup> March, 2016 respectively.

Also, Ms. Anushanethri V has resigned as Company Secretary w.e.f 13<sup>th</sup> July, 2015 & Ms. Ketaki Sawant Satam who was appointed as Company Secretary w.e.f. 13<sup>th</sup> July, 2015 has also resigned w.e.f 6<sup>th</sup> November. Mr. Ravi Dugar has been appointed as Company Secretary of the Company w.e.f. 2<sup>nd</sup> February, 2016

**Note: Due to resignation of Mr. D.S. Gupta & Mr. S Ravindran w.e.f. 10<sup>th</sup> March, 2016 & 14<sup>th</sup> March, 2016 respectively. Subsequently the Company in its Board Meeting Dated 16<sup>th</sup> April, 2016 appointed Mr. Vishwas Chitrao as an Additional Independent Director to the Company. (As Recommended by Nomination & Remuneration Committee)**

### **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 Director.

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 and 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 AGM held on September 18, 2014, M/s. P. G. Bhagwat, Chartered Accountants were appointed Statutory

Auditors of the Company for a period of 5 years. The Statutory Auditors have resigned from 6<sup>th</sup> October, 2015. The Board in its Meeting held on 8<sup>th</sup> October, 2015 appointed M/s K.S. Aiyar & Co. Chartered Accountants as Statutory Auditor of the Company. The Company opted for E-voting/Postal Ballot process instead of calling Extra-Ordinary General Meeting for obtaining Shareholders approval for the same. E-voting/Postal Ballot was conducted in the month of December 2015 & approval of the Shareholders was received.

**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 for the FY 2015-16.

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 2016-17. 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 Company's Act, 2013 and Rules made thereunder, M/s NMK & Associates, Practicing Company Secretaries have been appointed Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as **Annexure 4** to this report. The Directors have noted the qualifications in Secretarial Audit Report. The necessary steps have been taken to ensure the required compliances.

### **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**

The details of transactions entered into with the Related Parties are enclosed as **Annexure 5**.

### **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 6**

### **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 7**

### 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 programme 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 8**.

### 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 are to be disclosed.

Highlights of Whistle Blower Policy are enclosed in **Annexure 9**.

### Corporate Governance Certificate

The Compliance certificate from the Auditors regarding compliance of conditions of corporate governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is 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	As an entire in house R&D unit, the Company makes a continuing effort to use the latest technology with more and more automation for productivity improvement and increase in decision levels in its products.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	<ul style="list-style-type: none"> <li>● Productivity improvement in both forged and machined components together with competitive quality.</li> <li>● Process technology improvements to achieve competitive advantage in the business.</li> <li>● Successful commercial scale up of forged and machined parts.</li> <li>● Capability building for attracting new customers.</li> </ul>
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported (b) the year of import; (c) whether the technology been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	-
(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	2015-16	2014-15	2013-14
<b>1)</b>	<b>POWER AND FUEL CONSUMPTION</b>			
I)	<b>Electricity</b>			
	a) Purchased Units (KWH)	<b>2,37,49,492</b>	2,13,90,241	2,35,72,215
	Total Amount (In. Rs)	<b>17,95,34,612</b>	15,33,15,307	18,79,37,800
	Rate/Unit (Rs)	<b>7.55</b>	7.17	7.97
	b) Own Generation			
	i) Through Diesel Generator	<b>1,00,409</b>	1,00,409	2,96,526
	ii) Through Steam Generator (KWH)	<b>0</b>	0	0
II)	<b>Coal</b>	<b>0</b>	0	0
III)	<b>Fuel Oil (FO + CBFS)</b>			
	Quantity (Ltrs.)		9,71,605	10,41,750
	Total Amount ( In Rs.)	<b>2,78,22,080</b>		4,39,14,158
	Average Rate /Litre (Rs.)- FO+CBFS	<b>26.70</b>		45.2
<b>2)</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>			
	Product : high quality closed tolerance die forgings			
	Unit : M.T.	<b>15526</b>	15159	13,433
	Electricity (KWH)	<b>1518.2</b>	1567	1,599.83
	Fuel Oil (KL/TON)	<b>0.07</b>		0.08
	Coal	<b>NIL</b>	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 2015-16, 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. 3,74,43,983 and the total foreign exchange earned was Rs. 23,04,38,865.

**(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 profit and loss 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

Place : Pune  
Date : 27<sup>th</sup> May, 2016

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



## Annexure 1

### Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31<sup>st</sup> March, 2016 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, 2016			March 31, 2015		
	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
<b>Promoter And Promoter Group</b>						
Indian						
Individuals / Hindu Undivided Family	1,42,526	1,42,526	3.92	1,42,526	1,42,526	3.92
Bodies Corporate	19,88,120	19,88,120	54.65	19,88,120	19,88,120	54.65
Foreign	0	0	0	0	0	0.00
<b>Public Shareholding</b>						
<b>Institutions</b>	0	0	0	0	0	0.00
Bodies Corporate	8,31,998	2,61,098	22.87	8,40,654	2,69,754	23.11
Individual Shareholders Holding Nominal Share Capital Upto Rs. 1 Lakh.	3,89,357	2,85,980	10.70	3,78,104	2,70,717	10.39

Category of Shareholder	March 31, 2016			March 31, 2015		
	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	2,71,961	89,961	7.47	2,79,125	97,125	7.67
Clearing Member	1,987	1,987	0.05	6,196	6,196	0.17
Non Resident Indians (Repat)	1,591	1,591	0.04	1,521	1,521	0.04
Non Resident Indians (Non Repat)	1,566	1,566	0.04	1,654	1,654	0.05
Trusts	100	0	0	100	0	0
H U F	8,794	8,794	0	0	0	0
<b>Total (A)+(B)</b>	<b>36,38,000</b>	<b>27,81,623</b>	<b>100</b>	<b>36,38,000</b>	<b>27,77,613</b>	<b>100</b>

**(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.	3,77,280	10.37	NIL	3,77,280	10.3705	NIL	NIL
2.	Vakratund Investment Pvt. Ltd.	3,42,342	9.41	NIL	3,42,342	9.4102	NIL	NIL
3.	Pax Investments Pvt Ltd	3,40,074	9.35	NIL	3,40,074	9.3478	NIL	NIL
4.	Squirrel Financers And Investors Pvt Ltd	1,86,480	5.13	NIL	1,86,480	5.1259	NIL	NIL
5.	Bellona Investment Pvt Ltd	1,73,124	4.76	NIL	1,73,124	4.7588	NIL	NIL
6.	Kalyani Exports & Investments Pvt.Ltd.	95,600	2.63	NIL	95,600	2.6278	NIL	NIL
7.	Attila Investment Pvt Ltd	94,500	2.60	NIL	94,500	2.5976	NIL	NIL
8.	Monte Carlo Investment Private Limited	94,500	2.60	NIL	94,500	2.5976	NIL	NIL
9.	Vikat Investment Pvt Ltd	65,520	1.80	NIL	65,520	1.801	NIL	NIL
10.	Dukhaharta Investment Pvt Ltd	64,260	1.77	NIL	64,260	1.7664	NIL	NIL
11.	Sukhakarta Investment Pvt Ltd	64,260	1.77	NIL	64,260	1.7664	NIL	NIL
12.	Gaurishankar Neelkanth Kalyani	47,020	1.29	NIL	47,020	1.2925	NIL	NIL
13.	Agasti Investment & Trading Private Limited	35,280	0.97	NIL	35,280	0.9698	NIL	NIL
14.	Rohini Gaurishankar Kalyani	32,236	0.89	NIL	32,236	0.8861	NIL	NIL
15.	Sheetal Gaurishankar Kalyani	31,635	0.87	NIL	31,635	0.8696	NIL	NIL
16.	Viraj Gaurishankar Kalyani	31,635	0.87	NIL	31,635	0.8696	NIL	NIL
17.	Rajgad Trading Company Pvt.Ltd.	28,200	0.78	NIL	28,200	0.7752	NIL	NIL
18.	Aboli Investment Pvt Ltd	26,500	0.73	NIL	26,500	0.7284	NIL	NIL
19.	Jannhavi Investment Private	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, 2016	No. of Shares held	Shares as % of Total No. of Shares
1	BHALCHANDRA INVESTMENT LIMITED	March 31, 2015	3,49,000	9.5932	March 31, 2016	3,49,000	9.5932
2	JALKUMBHI INVESTMENTS AND FINANCE LTD	March 31, 2015	1,81,500	4.989	March 31, 2016	1,81,500	4.989
3	AMRIT STEELS PRIVATE LIMITED	March 31, 2015	1,51,003	4.15	March 31, 2016	1,51,003	4.15
4	VIJAY KUMAR AGARWAL	March 31, 2015	87,247	2.4	March 31, 2016	87,247	2.4
5	DELHI IRON & STEEL CO (P) LTD	March 31, 2015	72,807	1.3	March 31, 2016	72,807	1.3
6	JALKAMAL INVESTMENT AND FINANCE LTD	March 31, 2015	39,100	1.0076	March 31, 2016	39,100	1.0076
7	TRISHNA FINVEST PRIVATE LIMITED	March 31, 2015	10,438	0.1903	March 31, 2016	10,438	0.2869
8	GIRDHAR FISCAL SERVICES PVT LTD	March 31, 2015	6,396	0.1758	March 31, 2016	6,396	0.1758
9	VSL SECURITIES PRIVATE LIMITED	March 31, 2015	1,878	0.0516	March 31, 2016	1,878	0.0516
10	PARKASH FINANCE PRIVATE LIMITED	March 31, 2015	5,067	0.1393	March 31, 2016	5,067	0.1393

**(v) Shareholding of Directors and Key Managerial Personnel:**

Mrs. Rohini G. Kalyani

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	32,236	0.89%	32,236	0.89%
	Date wise Increase /Decrease in Share holding during the year specifying thereasons for increase/ decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	32,236	0.89%	32,236	0.89%

Mr. Viraj G. Kalyani

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	31,635	0.87%	31,635	0.87%
	Date wise Increase /Decrease in Share holding during the year specifying thereasons for increase/ decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	31,635	0.87%	31,635	0.87%

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 thereasons for increase/ decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	360	0.00%	360	0.00%

Mr. G. N. Kalyani

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	47020	1.2%	47020	1.2%
	Date wise Increase /Decrease in Share holding during the year specifying thereasons for increase/ decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	47020	1.2%	47020	1.2%





## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
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
<b>Total (i+ii+iii)</b>	<b>41,07,92,354</b>	<b>5,93,44,965</b>		<b>47,01,37,319</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	NIL	NIL	NIL	NIL
• Reduction	100048776	2,82,26,957	NIL	12,82,75,733
<b>Net Change</b>	<b>100048776</b>	<b>2,82,26,957</b>	<b>NIL</b>	<b>12,82,75,733</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	30,78,03,400	3,11,18,008		33,89,21,408
ii) Interest due but not paid	14,85,543	NIL	NIL	14,85,543
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>30,92,88,943</b>	<b>3,11,18,008</b>	<b>NIL</b>	<b>34,04,06,951</b>

## 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	20,75,220	20,75,220	41,50,440
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(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
	<b>Total (A)</b>	<b>20,75,220</b>	<b>20,75,220</b>	<b>41,50,440</b>
	Ceiling as per the Act	10%	10%	2,03,82,69.1

\* Refer note of inadequacy of Profits for Managerial Remuneration after 'Annexure 8'.

**B. Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors*						Total Amount
		Mr. C H Naniwadekar (resigned w.e.f. 12th August 2015)	Mr. A R Jamenis (resigned w.e.f. 13th August 2015)	Mr. S Ravindran (resigned w.e.f. 14th March 2016)	Mr. P. Nadkarni	Mr. D.S. Gupta (resigned w.e.f. 10th March 2016)	Mr. Abhijit Sen (Appointed w.e.f. 2 <sup>nd</sup> February 2016)	
1.	<b>Independent Directors</b>							
	(a) Fee for attending board committee meetings	28,000	31,000	67,000	69,000	30,000	10,000	2,35,000
	(b) Commission	17,744	17,877	46,215	48,466	16,553	7,680	1,54,535
	(c) Others, please specify	-	-	-	-	-	-	-
	Total (1)	45,744	48,877	1,13,215	1,17,466	46,553	17,680	3,89,535
		Mr. G. N. Kalyani						
2.	<b>Other Non-Executive Directors</b>							
	(a) Fee for attending board committee meetings	43,000						43,000
	(b) Commission	48,465						48,465
	(c) Others, please specify	-						-
	Total (2)	91,465						91,465
	Total (B)=(1+2)							4,81,000
	Total Managerial Remuneration (A+B)							43,53,440
	Overall Ceiling as per the Act	1%	1%	1%	1%	1%	1%	2,03,826.91

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

\* Refer note of inadequacy of Profits for Managerial Remuneration after 'Annexure 8'.

**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	31,42,482	3,95,781*	7,94,642	43,32,905
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	10,00,000 (Incentive)	Nil	Nil	10,00,000
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
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	41,42,482	3,95,781*	7,94,642	53,32,905

\* Salary of Company Secretary includes salary of Current Company Secretary and Previous Company Secretary.

**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)
<b>A.</b>	<b>COMPANY</b>					
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil
<b>B.</b>	<b>DIRECTORS</b>					
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil
<b>C.</b>	<b>OTHER OFFICERS IN DEFAULT</b>					
	Penalty	Nil	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Place : Pune  
Date : 27<sup>th</sup> May, 2016

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

## 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 Company Secretary 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 plan, 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 KMP's:

Establish key performance metrics to measure the performance of the Managing Director and the KMP's 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.

For and on behalf of the Board

Place : Pune  
Date : 27<sup>th</sup> May, 2016

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

**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, 2016:

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 <sup>st</sup> week

For and on behalf of the Board

Place : Pune  
Date : 27<sup>th</sup> May, 2016

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

**Annexure 4****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

[Pursuant to section 204 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****(CIN: L28910MH1979PLC020959)****Shangrila Gardens,  
C- Wings 1st Floor Opp,  
Bund Garden,  
Pune- 411001, Maharashtra**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kalyani Forge Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us 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 authorised 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, 2016 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 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 Company for the financial year ended on March 31, 2016 according to the provisions of;

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956(SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder;
4. Provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing were not attracted to the Company under the financial year under review
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 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 (Issue of Capital and Disclosure Requirements) Regulation, 2009; *(Not applicable as the Company has not made any further issue of Shares)*
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; *(Not applicable as the Company has not introduced any such scheme during the Financial Year under review)*
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *(Not applicable as the Company has not issued any Debt securities during the Financial Year under review)*





- (f) The Securities and Exchange Board of India ( Registration to an Issue and Share Transfers Agents ) Regulations, 1993;
- (g) The Securities and Exchange Board of India ( Delisting of Equity Shares) Regulations, 2009; *(Not applicable as the Company has not delisted/propose to delist its Equity Shares from any Stock Exchange during the Financial Year under review)*
- (h) The Securities and Exchange Board of India (Buyback of Securities ) Regulations, 1998; *(Not applicable as the Company has not brought back/propose to Buy back any of its securities during the Financial Year under review)*

6. Other Laws applicable to the Company ; Attached to the Annexure-B

We have also examined compliance with the applicable clause and regulation of the following;

- I. The Secretarial Standards issue by the Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the Company with BSE and NSE.
- III. SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above except the following:

- I. Delay in submission of Reports/information to Stock Exchanges as per Listing Agreement/SEBI Listing Obligations & Disclosure Regulations 2015
- II. Non Transfer of Unpaid Dividend to IEPF during the Year as per Companies Act, 2013.

**We further report that**

The Board of Directors of the Company is not duly constituted as on 31<sup>st</sup> March, 2016 with proper balance of Independent Directors, Executive Directors and Non-Executive Directors due to resignation of Independent Directors during March 2016. However this has been corrected by the Company on 16<sup>th</sup> April, 2016 by induction of additional Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report 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.

**For NMK & Associates,**  
Company secretaries

**G. M. Nadkarni**  
Partner

FCS: 8114, COP : 14383

Date: May 27, 2016  
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**

**(CIN: L28910MH1979PLC020959)**

**Shangrila Gardens,  
C- Wings 1st Floor Opp,  
Bund Garden,  
Pune- 411001, Maharashtra**

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

1. Maintenance of Secretarial records 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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes 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. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of 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 on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For NMK & Associates,**  
Company secretaries

Date: May 27, 2016  
Place: Pune

**G. M. Nadkarni**  
Partner  
FCS: 8114, COP : 14383



## ANNEXURE B

### Registered Office:

Shangrila Gardens,  
C- Wings 1st Floor Opp,  
Bund Garden,  
Pune- 411001, Maharashtra

### Factory:

1. Hot Forging Division (HFD)  
Metal Forms Division (MFD)  
Koregaon Bhima, Tal. : Shirur,  
District: Pune 412216
2. Precision Autocomp Division (PAD)  
Gat No. 914/1 & 2, Sansawadi  
Tal: Shirur, District: Pune 412208

### List of applicable laws to the Company

- The Factories Act, 1948
- Industrial Disputes Act, 1947
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Maternity Benefits Act, 1961
- Competition Act, 2002
- The Income Tax Act, 1961
- Shops and Establishments Act, 1948
- Legal Metrology Act, 2009
- The Central Excise Act, 1944
- The Customs Act, 1962
- The Finance Act, 1994
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder.
- Employees Provident Fund And Misc. Provisions Act, 1952
- The Payment of Bonus Act, 1965
- The Environment (Protection) Act, 1986
- Electricity Act 2003
- Indian Stamp Act, 1999
- Income Tax Act 1961 and Indirect Tax Law



- Negotiable Instrument Act 1881
- Payment of Gratuity Act, 1972
- Service tax
- Vat Act
- Water (Prevention & Control of Pollution) Act 1974 and rules thereunder
- Air (Prevention & Control of Pollution) Act 1981 and rules thereunder
- MLWF
- Equal Remuneration act,
- Employee Compensation act,
- Employment exchange (Compulsory notification of Vacancies) Act, 1959

**Annexure 5**

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**There are no related Party transactions during F.Y. 2015-16**

1. Details of contracts or arrangements or transactions not at arm's length basis - **N. A.**
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of the contracts / arrangements/transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) date(s) of approval by the Board
  - (g) Amount paid as advances, if any:
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
  
2. Details of material contracts or arrangement or transactions at arm's length basis - **N. A.**
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of the contracts / arrangements/transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - (e) Date(s) of approval by the Board, if any
  - (f) Amount paid as advances, if any

For and on behalf of the Board

Place : Pune  
Date : 27<sup>th</sup> May, 2016

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

## Annexure 6

### 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 pro-active 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 consists 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.

For and on behalf of the Board

Place : Pune  
Date : 27<sup>th</sup> May, 2016

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





## Annexure 7

## REPORT ON CSR ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Act &amp; 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.	Mrs. Rohini G. Kalyani	Non-Independent Director	Chairperson
2.	Mr. Viraj G. Kalyani	Non-Independent Director	Member
3.	Mr. Pradip Nadkarni	Independent Director	Member

3. Average Net Profit of the company for last 3 financial years : Rs. 11.94 Lac

4. Prescribed CSR expenditure (2% of amount) : Rs. 11.94 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: **Company has spent Rs. 5 Lacs. 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 & Managing Director

**Mr. Pradeep Nadkarni**  
Member of Committee

## Annexure 8

**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**

1&2) Ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Directors & KMPs in the Financial Year :

Sr. No.	Name of the Director/KMP	Designation	Ratio of Remuneration of each Director to Median Remuneration of Employees	Percentage increase in Remuneration during FY 2015-16
1.	Mrs. Rohini G. Kalyani	Chairperson & Managing Director	7:1	0%
2.	Mr. Viraj G. Kalyani	Executive Director	7:1	0%
3.	Mr. G.N. Kalyani	Non- Executive Director	2:1	Refer Note below
4.	Mr. C.H. Naniwadekar	Independent Director	1:1	Refer Note below
5.	Mr. A. R. Jamenis	Independent Director	1:1	Refer Note below
6.	Mr. Pradip Nadkarni	Independent Director	2:1	Refer Note below
7.	Mr. S. Ravindran	Independent Director	2:1	Refer Note below
8.	Mr. D.S. Gupta	Independent Director	1:1	Refer Note below
9.	Mr. Abhijit Sen	Independent Director	0.5:1	Refer Note below
10.	Mr. Avinash Khare	Chief Financial Officer (CFO)	N.A.	Appointed as CFO on 5 <sup>th</sup> August, 2015
11.	Mr. Ravi Dugar	Company Secretary & Compliance Officer	N.A.	Appointed as CS on 2 <sup>nd</sup> February, 2016

**Note: As in FY 2014-15 there was loss so Company did not pay any commission to its Independent & Non-Executive Directors, hence percentage of increase in remuneration in FY 2015-16 as compared to Last year is not Comparable**



3) Percentage increase in the median remuneration of employees in the financial year	6%	
4) Number of permanent employees on the rolls of Company as at March 31, 2016	660	
5) Explanation on the relationship between average increase in remuneration and Company performance	Average increase in remuneration was 6%. The turnover of the Company decreased by 6% and Profit Before Tax increased by 168%	
6) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Total Revenue	2,30,93,67,844
	Profit Before Tax	2,03,82,691
	Total Remuneratin to KMPs	53,40,863
	Total Remuneratin of KMPs as % to -	
	Total Revenue	0.23%
	Profit Before Tax	26.20%
7) i. Variations in the market capitalisation of the Company	The market capitalisation as on March 31, 2016 was Rs. 85.49 crores (Rs. 97.86 crores as at March 31, 2015)	
ii. Price Earnings ratio of the Company	3.03 as at March 31, 2016 and (6.22) as at March 31, 2015	
iii. Percentage increase over/decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year	The Company came out with initial public offer (IPO) in March 1994. An amount of Rs. 55 invested in the said IPO would be worth Rs. 235 as on March 31, 2016 indicating a compounded annual growth rate of 76.59% which is including the dividend accrued thereon.	
8) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The Average increase in remuneration of the employees other than managerial personnel was 6% as compared to the increase in the managerial remuneration by <b>Refer Note above Table.</b>	

9) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company

Names of the KMPs	Remuneration in FY 2015-16 (in Rs.)	Revenue (in Rs.)	Remuneration as % of revenue	Profit Before Tax (in Rs.)	Remuneration (as % of PBT)
Mrs. Rohini G. Kalyani	20,75,220	23,093,67,844	0.089%	203,82,691	Refer Note below
Mr. Viraj G. Kalyani	20,75,220	23,093,67,844	0.089%	203,82,691	Refer Note below
Mr. Avinash Khare (CFO)	7,94,642*	23,093,67,844	0.034%	203,82,691	3.44%
Mr. Ravi Dugar (CS)	61396*	23,093,67,844	0.017%	203,82,691	1.94%

\* Salary is only for part of the year as CFO was appointed on 5<sup>th</sup> August 2015 & CS was appointed on 2<sup>nd</sup> February, 2016

10) The key parameters for any variable component of remuneration availed by the Directors	Executive Directors - Nomination and Remuneration Committee determines the variable compensation annually based on their individual and organisation performance.  Non-Executive Directors - Parameters such as responsibilities undertaken, Membership or Chairmanship of the Committees, time spent in carrying out duties etc.
11) Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable
12) Affirmation that the remuneration is as per the remuneration policy of the Company	is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, KMPs and other Employees.

**Note: Inadequacy of Profits for Managerial Remuneration**

As per Section 197 of the Companies Act, 2013 the total managerial Remuneration payable by a Public company to its Directors including Managing Director and whole time director in respect of any Financial Year shall not exceed 11% of the Net Profits of that Company for that Financial Year computed in the manner laid down in section 198 except that the Remuneration of the Directors shall not be deducted from the gross profits:

Provided that the company in general meeting may with the approval of Central Govt. authorize the payment of remuneration exceeding above subject to the provisions of Schedule V.

Subject to the provisions of Schedule V, if in any Financial Year, a company has no profits or its profits are inadequate, the company shall not pay its directors, including any Managing Director or whole time Director by way of Remuneration any sum exclusive of fees payable to directors except as per Schedule V or if not as per the approval of Central Govt.

The fact of inadequacy of profit shall be realized by the company only after having arrived at the profit as per section 198 of the Companies Act, 2013 that would not be sufficient to pay Managerial Remuneration as per the agreed terms and conditions contracted with those managerial personnel.

In case of Company Net profit as per section 198 of the Companies Act, 2013 for the Financial Year 2015-16 is not sufficient to pay remuneration to Managing Director and Executive Director as per the terms of contract of Remuneration. Hence the Profits for the Financial Year 2015-16 are inadequate and hence Company has taken recourse to Schedule V of the Companies Act, 2013.

For and on behalf of the Board

Place : Pune  
Date : 27<sup>th</sup> May, 2016

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

**Annexure 9****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.

For and on behalf of the Board

Place : Pune  
Date : 27<sup>th</sup> May, 2016

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

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 & para C, D, & E of Schedule V of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015)

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

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

### 2. BOARD OF DIRECTORS:

#### a) Composition:

As on 31<sup>st</sup> March 2016, the strength of the Board of Directors was Five Directors, comprising of three non-executive Directors two out of five Directors were independent Directors. The Company is not in compliance with the Regulation 17 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 pertaining to compositions of Board.

**Note: Due to resignation of Mr. D.S. Gupta & Mr. S Ravindran w.e.f. 10<sup>th</sup> March 2016 & 14<sup>th</sup> March 2016 respectively. Subsequently the Company in its Board Meeting Dated 16<sup>th</sup> April 2016 appointed Mr. Vishwas Chitrao as an Additional Independent Director to the Company. As Recommended by Nomination & Remuneration Committee)**

#### b) Meetings of the Board of Directors:

During the year 2015-16, Six Board Meetings were held on 6<sup>th</sup> April 2015, 29<sup>th</sup> May & 30<sup>th</sup> May (meeting of 29<sup>th</sup> May was adjourned & Board met on 30<sup>th</sup> May, 2015 2015, 5<sup>th</sup> August 2015, 8<sup>th</sup> October 2015, 6<sup>th</sup> November 2015 and 2<sup>nd</sup> February 2016

#### c) Directors Attendance Record and Directorships held:

The information on composition and category of the Board of directors as on 31st March 2016, attendance of each Director at Board Meetings held during the financial year 2015-16 and at the Annual General Meeting held on 5<sup>th</sup> day of September, 2015, 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 2015-16		Whether attended last AGM	No. of Directorship in other Public Ltd. Companies	Committee positions held in other Public Limited Companies	
		Held	Attended			Member	Chairperson
Rohini G. Kalyani	(Chairman & Managing Director) Executive	6	5	Yes	-	-	-
Mr. G. N. Kalyani	Non- Executive	6	5	Yes	-	-	-
Mr. C. H. Naniwadekar (Resigned w.e.f. 13 <sup>th</sup> August, 2015)	Non-Executive Independent	6	2	No	-	-	-



Name	Category	Number of Board Meetings held during the year 2015-16		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. Pradip Nadkarni	Non-Executive Independent	6	5	Yes	-	-	-
Mr. S. Ravindran (resigned w.e.f. 14 <sup>th</sup> March 2016)	Non-Executive Independent	6	4	No	-	-	-
Mr. Ashok R. Jemenis (resigned w.e.f. 12 <sup>th</sup> August 2015)	Non-Executive Independent	6	3	No	-	-	-
Mr. Viraj G. Kalyani (Whole-Time Director)	Executive	6	6	Yes	-	-	-
Mr. D.S. Gupta (Appointed w.e.f. 6 <sup>th</sup> November 2015 & resigned w.e.f. 10 <sup>th</sup> March 2016)	Non-Executive Independent	6	2*	No	-	-	-
Mr. Abhijit Sen (appointed w.e.f. 2 <sup>nd</sup> February 2016)	Non-Executive Independent	6	1*	No	3	2	1
Mr. U. R. Lahoti (Vacated office w.e.f. 29 <sup>th</sup> May 2015 pursuant to Section 167 of Companies Act 2013)	Non-Executive Independent	6	0	No	-	-	-

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.

\* Means Director was appointed in that meeting

d) **Relationship between directors interse:**

Mrs. Rohini G. Kalyani is wife of Gaurishankar N. Kalyani & Mr. Viraj G. Kalyani is son of Gaurishankar & Rohini Kalyani. Rest none of the directors are related with each other

e) **Number of share held by Non- Executive Director:**

Covered in Annexure 1 of Board's Report i.e. MGT-9

f) **Code of Conduct:**

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

compliance with the Code of Conduct and the Managing Director has confirmed the same.

**g) 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 37<sup>th</sup> Annual General Meeting and disclosed the relevant information as required hereunder pursuant to Regulation 17 of Listing obligation.

**Company has complied with Regulation 17 the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015**

**3. AUDIT COMMITTEE:**

**a) Brief Description and Terms of Reference:**

The Audit Committee of the Company has been constituted in line with the provisions of Regulation 18 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 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 three members all of which are Non-Executive Directors.

Mr. S. Ravindran an Independent Director is the Chairman of the Audit Committee The Meetings of the Audit Committee are, generally, also attended by the Managing Director, Whole Time Director, Chief Financial Officer (CFO), the Statutory Auditors and the Internal Auditors. The Company Secretary of the Company is the Secretary to the Committee.

During the year under the review there was change in Composition of Audit Committee; Mr. C.H. Naniwadekar, Mr. Ashok R. Jemenis & Mr. S. Ravindran resigned from directorship on 13<sup>th</sup> August & 12<sup>th</sup> August 2015 & 14<sup>th</sup> March respectively. & Mr. Gaurishankar N. Kalyani Non- Executive Director was appointed as member of Audit Committee. Mr. S. Ravindran was appointed as the Chairman of Audit Committee in Board meeting held on 8<sup>th</sup> October, 2015 further they resigned from the Directorship w.e.f. 14<sup>th</sup> March 2016

Terms of reference to Audit Committee cover the matters specified under Regulation 18 of the Listing Agreement with the Stock Exchanges.

**Note: Due to resignation of Mr. S Ravindran w.e.f. 14<sup>th</sup> March 2016 the Company in its Board Meeting Dated 16<sup>th</sup> April 2016 reconstituted the Committee and appointed Mr. Abhijit Sen as a Chairman of the Audit Committee.**

**b) Composition and attendance at Audit Committee Meeting:**

During the year under review four Audit Committee Meetings were held on 29<sup>th</sup> & 30<sup>th</sup> May (meeting of 29<sup>th</sup> May was adjourned & Committee met on 30<sup>th</sup> May, 2015), 5<sup>th</sup> August 2015, 8<sup>th</sup> October 2015, 6<sup>th</sup> November 2015, 2<sup>nd</sup> February 2016.

The composition of the Audit Committee as on 31<sup>st</sup> March, 2016 and attendance of members in the meetings held during the financial year 2015-16 is as under

Name of the Member	Category	No. of meetings attended (held=5)
Mr. C.H.Naniwadekar (Upto 13 <sup>th</sup> August, 2015)	Chairman* Non – Executive & Independent Director	2
Mr. S. Ravindran (Upto 14 <sup>th</sup> March 2016)	Chairman** Non – Executive & Independent Director	4





Name of the Member	Category	No. of meetings attended (held=5)
Mr. Pradip Nadkarni	Non – Executive & Independent Director	4
Mr. Ashok R. Jamenis (upto 12 <sup>th</sup> August, 2015)	Non – Executive & Independent Director	2
Mr. Gaurishankar N. Kalyani (Appointed as a member w.e.f. 8 <sup>th</sup> October, 2015)	Non – Executive & Independent Director	3*

- Mr. C. H. Naniwadekar was chairman till 5<sup>th</sup> August, 2015.
- Mr. S. Ravindran was Chairman till 14<sup>th</sup> March, 2016.
- \* Means Director was appointed as Member in that meeting.

**Company has complied with Regulation 18 the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015**

#### 4. NOMINATION AND REMUNERATION COMMITTEE:

##### a) Brief Description and Terms of Reference:

The Nomination and Remuneration Committee of the Company has been constituted in line with the provisions of Regulation 19 of the Listing obligation read with section 178 of Companies Act, 2013. 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 programs.

The Committee consists of three Non-Executive Directors out which 2 are Independent Directors.

Mr. Pradip Nadkarni is the Chairman of the Nomination and Remuneration Committee. The Company Secretary of the Company is the Secretary to the Committee.

During the year under the review there was change in Composition of Nomination and Remuneration Committee; Mr. C.H. Naniwadekar, Mr. Ashok R. Jamenis & Mr. S Ravindran resigned from directorship on 13<sup>th</sup> August 12<sup>th</sup> August 2015 & 14<sup>th</sup> March 2016 respectively & Mr. Gaurishankar N. Kalyani Non-Executive Director was appointed as member of Nomination and Remuneration Committee. Mr. Pradip Nadkarni was appointed as the Chairman of Nomination and Remuneration Committee in Board meeting held on 8<sup>th</sup> October, 2015

**Note: Due to resignation of Mr. S Ravindran w.e.f. 14<sup>th</sup> March 2016 the Company in its Board Meeting Dated 16<sup>th</sup> April 2016 reconstituted the Committee and appointed Mr. Abhijit Sen as a member of the Nomination & Remuneration Committee.**

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

During the year under review, three Meetings of the Nomination and Remuneration Committee took place on 5<sup>th</sup> August, 2015, 6<sup>th</sup> November 2015, and 2nd February 2016

The composition of the Nomination & Remuneration Committee as on 31<sup>st</sup> March, 2016 and attendance of members in the meetings held during the financial year 2015-16 is as under

Name of the Member	Category	No. of meetings attended (held=3)
Mr.C. H. Naniwadekar (upto 13 <sup>th</sup> August, 2015)	Chairman* Non – Executive & Independent Director	1
Mr. S. Ravindran (Upto 14 <sup>th</sup> March 2016)	Non – Executive & Independent Director	3

Name of the Member	Category	No. of meetings attended (held=5)
Mr. Pradip Nadkarni	Chairman Non – Executive & Independent Director	2
Mr. Ashok R. Jamenis (upto 12 <sup>th</sup> August, 2015)	Non – Executive & Independent Director	1
Mr. Gaurishankar N. Kalyani (Appointed as a member w.e.f. 8 <sup>th</sup> October, 2015)	Non – Executive Director	2

- Mr. Ashok R. Jamenis was chairman till 5<sup>th</sup> August, 2015.
- Mr. Pradip Nadkarni was appointed as Chairman from 8<sup>th</sup> October, 2015

**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. While deciding on the remuneration for Directors, the Board and Nomination & Remuneration Committee consider the performance of the Company, the current trends in the industry, the director's participation in Board and Committee meetings during the year and other relevant factors. The performance of the Company and individual performance as well employees' potential, criticality and longevity in the grade are considered while determining remuneration to the Employees.

**Company has complied with Regulation 19 the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015**

**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 details of remuneration paid to the Directors are given in Form MGT-9 forming part of the Directors Report.

**5. 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 29 2015 & June 15 2015. During the year under the review there was change in Composition of Stakeholders Relationship Committee; Mr. C.H. Naniwadekar resigned from directorship on 13th August. & Mr. S. Ravindran Non- Executive Independent Director was appointed as member in Board meeting held on 8th October, of Stakeholders Relationship Committee.

**Note: Due to resignation of Mr. S Ravindran w.e.f. 14<sup>th</sup> March 2016 the Company in its Board Meeting Dated 16<sup>th</sup> April 2016 reconstituted the Committee and appointed Mr. Abhijit Sen as a member of the Stakeholders Relationship Committee.**

The composition of the Stakeholders' Relationship Committee as on 31st March, 2016 and attendance of members in the meetings held during the financial year 2015-16 is as under:

Name of the Member	Category	No. of meetings attended (held=3)
Mr. Gaurishankar N. Kalyani	Chairman Non – Executive Director	2
Mr. Pradip Nadkarni	Non – Executive & Independent Director	3
Mr.C.H. Naniwadekar (resigned from 13th August 2015)	Non – Executive & Independent Director	3
Mr. S. Ravindran (appointed w.e.f 8th October, 2015 resigned w.e.f. 14th March 2016)	Non – Executive & Independent Director	0

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.

**Company has complied with Regulation 20 the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015**

**6. DETAILS OF THE ANNUAL GENERAL MEETINGS:**

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

Financial Year	Date and Time	Venue	Special Resolutions passed if any
2012-13	29 <sup>th</sup> June, 2013 at 11.00 A.M.	Poona Club Ltd; Camp Pune- 411001	To appoint Mr. Viraj G. Kalyani as Whole Time Director to designated as Executive Director
2013-14	18 <sup>th</sup> September, 2014 at 11.00 A.M.	Poona Club Ltd; Camp Pune- 411001	-
2014-15	5 <sup>th</sup> September, 2015 at 11.00 A.M.	Poona Club Ltd; Camp Pune- 411001	To Consider & Approve new Articles pursuant to section 14 of Companies Act, 2013

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

## 7. DISCLOSURES:

### a) **Materially Significant Party Transactions:**

All related party transactions form part of the Note No. 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. The policy on related party transaction is available on the website of the Company, [www.kalyaniforge.co.in](http://www.kalyaniforge.co.in)

### 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 Regulation 7 of SEBI (Listing Obligation & Disclosure Requirement) with the Stock Exchanges, certificates, on half-yearly basis, have been issued by NMK & Associates, Company Secretaries-in-Practice for due compliance of share transfer formalities by the Company.

NMK & 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 2015-16.

### f) **Vigil mechanism**

Your Company has laid down Whistle Blower Policy covering Vigil Mechanism with protective Clauses for the Whistle Blowers. As part of the Vigil Mechanism a dedicated telephone line and email address are provided. The Whistle Blower Policy is made available on the website of the Company.

## 8. 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](http://www.kalyaniforge.co.in). There is hardly any official news required to be released on website or even in Press.



## 9. GENERAL SHAREHOLDER INFORMATION

### a) AGM Information and Financial Year:

Day, Date and Time of AGM	:	Tuesday, 2 <sup>nd</sup> August, 2016 at 11.00 a.m.
Venue	:	Poona Club Ltd., Camp, Pune – 411 001
Financial Year	:	1 <sup>st</sup> April 2015 to 31 <sup>st</sup> March 2016
Date of Book Closure	:	25 <sup>th</sup> July, 2016 to 2 <sup>nd</sup> August, 2016 (both days inclusive)

### b) Listing on Stock Exchanges and Scrip Code:

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

- National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

NSE Code: KALYANIFRG

- 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 2016-17

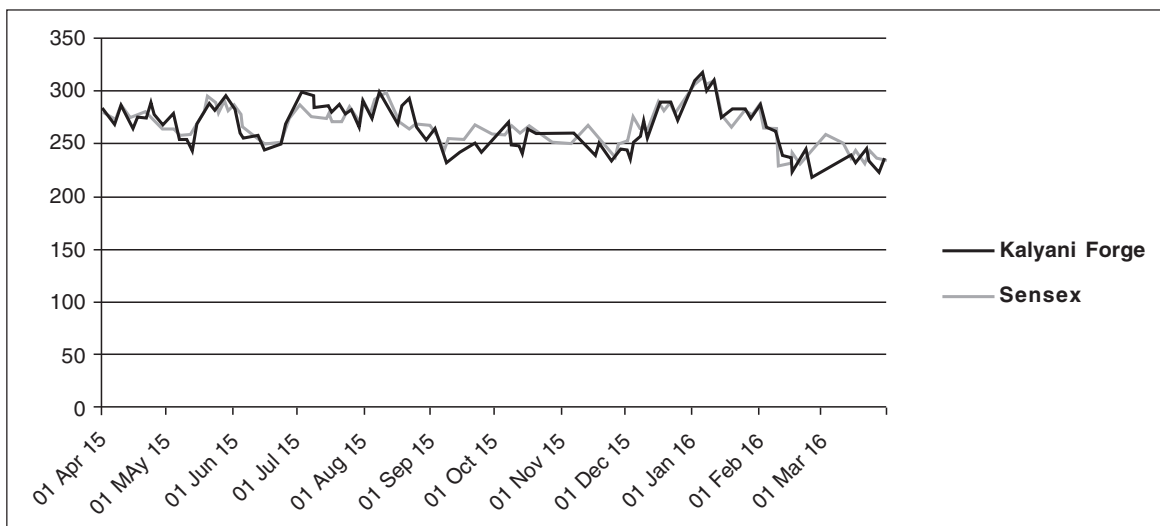
### c) Market Price Data:

The monthly high and low quotations and volume of shares traded on BSE and NSE from 1<sup>st</sup> April, 2015 up to 31<sup>st</sup> March, 2016 is as follows:

Month	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
Apr-15	292.3	260	294.95	254
May-15	309.9	258.9	308	245
Jun-15	292	242.5	298.45	246.1
Jul-15	293.8	266	300	267
Aug-15	308.1	251	303.15	252
Sep-15	274	242.1	270	233.55
Oct-15	274	246.1	271.9	242.5
Nov-15	270	231	263.9	227.1
Dec-15	313.7	246.1	310	235.1
Jan-16	325	264	325	270
Feb-16	291.9	212	289.95	218
Mar-16	280	223	250	208

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

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](mailto:pune@linkintime.co.in)

**f) Share Transfer System:**

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

**g) Shareholding pattern as on 31<sup>st</sup> March, 2016:**

Category	Number of Shares	Percentage (%)
Promoter and Promoter Group	21,30,646	58.57
Non Resident Indians	3,157	0.09
Bodies Corporate	8,40,792	23.11
Resident Indians	6,61,318	18.18
Financial Institutions/Banks/Trust	100	0.00
Clearing Member	1987	0.05

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 31<sup>st</sup> March, 2016:

Sr. No.	Share Holding of Shares	Share Holder	Percentage of Total	Total Shares	Percentage of Total
1.	1 to 500	3014	96.0791	292037	8.0274
2.	501 to 1000	51	1.6258	38671	1.0630
3.	1001 to 2000	23	0.7332	33524	0.9215
4.	2001 to 3000	5	0.1594	12090	0.3323
5.	3001 to 4000	6	0.1913	22469	0.6176
6.	4001 to 5000	2	0.0638	8378	0.2303
7.	5001 to 10000	3	0.0956	16682	0.4585
8.	100001 to *****	33	1.052	3214149	88.3493
	Total	3137	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 31<sup>st</sup> March, 2016, 27,81,623 (76.46s%) Number of Shares is 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 Bhîma, Tal: Shirur, Dist. Pune. Pin – 412 207.

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

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

The Financial year covers the period from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017.

Financial Reporting for:

Quarter ending 30th June, 2016	Upto 14 <sup>th</sup> August, 2016
Half Year ending 30th September, 2016	Upto 14 <sup>th</sup> November, 2016
Quarter ending 31st December, 2016	Upto 15 <sup>th</sup> February, 2017
Year ending 31st March, 2017	Upto 30 <sup>th</sup> May, 2017
Annual General Meeting for the year ended March 31, 2017.	Upto 30 <sup>th</sup> September, 2017

#### m) Unclaimed Dividend:

Unclaimed/unpaid dividend amounts for the financial year 2007-08 have not 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.

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

Kalyani Forge Limited

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

**Factory:**

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

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

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

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





## CERTIFICATE ON CORPORATE GOVERNANCE

To

### **The Members of Kalyani Forge Limited**

We have examined the compliance of conditions of Corporate Governance as stipulated at Para C of Schedule V in terms of regulations 34(3) and 53(f) of the Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (the 'Regulations') and the listing agreement of **Kalyani Forge Limited** with the stock exchanges for the year ended March 31, 2016.

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

Two of the Independent Directors of the Company w.e.f. March 10, 2016 and March 14, 2016 have resigned from the Company. As a result the requirement of at least 50% of the Board of Directors to comprise of Non Executive Directors and at least half of the Board to comprise of Independent Directors has not been complied with for the period from March 14, 2016 to March 31, 2016.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations, subject to above.

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

For M/s K.S. Aiyar & Co.  
Chartered Accountants  
Firm Registration No. : 100186W

Place: Mumbai  
Date: May 27, 2016

Satish Kelkar  
Partner  
Membership No.: 38934

### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT PURSUANT TO REGULATION 34(3) & SCHEDULE V PARA D OF THE (SECURITIES & EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)**

As required by Regulation 34(3) & Schedule V Para D of the (Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015), this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

I confirm that the Company has in respect of the financial year ended 31st March, 2016, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For Kalyani Forge Limited

Place: Pune  
Date: May 27, 2016

Rohini G. Kalyani  
Chairperson & Managing Director

## CMD & CFO CERTIFICATION

To,  
The Board of Directors,

As required by regulation 17(8) of the SECURITIES & EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015) entered with the stock exchanges, this is to certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- (1) the statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) the statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge and belief, no transactions entered into by the listed entity 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 for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which they have become aware and their involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**For Kalyani Forge Limited,**

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

Place : Pune  
Date : 27<sup>th</sup> May, 2016

**Avinash Khare**  
Chief Financial Officer



## 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, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 there under.

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. 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 March 31, 2016, and its profit and its cash flows for the year ended on that date.

#### Emphasis of Matter

We draw attention to note no. 29.21 to the Financial Statements, viz:

The Company is in process of refining valuation of Inventory in terms of stages of production and application of standard costs at each stage through SAP system. The Company believes that there will be no material impact

of the same on the valuation of the inventory and the difference arising there from, if any, will be accounted on its determination.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the annexure 'A', a statement on the matters specified in paragraphs 3 and 4 of the said 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, the Statement of Profit and Loss, and the 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) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) 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 standalone financial statements – Refer note 29.2 to Financial Statements;
    - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 29.13c to the Financial Statements.
    - iii. There has been delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund on account of unpaid dividend of Rs. 94,127 for the year 2007-08, by the Company. Refer note 29.18 to the Financial Statements.

**For K. S. Aiyar & Co.**  
Chartered Accountants  
ICAI Firm Registration No. 100186W

**Satish Kelkar**  
Partner  
Membership No.: 38934

Place: Mumbai  
Date : May 27, 2016



### ANNEXURE 'A' TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the financial statements for the year ended on March 31, 2016, of **Kalyani Forge Limited**)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- (b) The Company has a program for physical verification of Fixed assets, which in our opinion is reasonable having regard to the nature of the business. Accordingly the Fixed assets have been verified by the management and no material discrepancies were noticed. In our view the frequency of verification needs improvement.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified during the year by the management. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3 (iii) (a), 3 (iii) (b) and 3 (iii) (c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans, investments guarantees and security are not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and consequently the directives issued by the Reserve Bank of India, and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, with regard to the deposits accepted from the public are not applicable to the Company. According to the information and explanations given to us, no order has been passed by the Company Law Board, National Law Tribunal or Reserve Bank of India or any other 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 section 148 (1) of the Act, and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or 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, 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, 2016, 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 and excise duty as at 31st March, 2016 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
Central Excise Act, 1944	Cenvat Credit on Rejection Received from customer	5,67,018	From 2000-01 to 2011-12	High Court, 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.
	Cenvat Credit on Rejection Received from customer	1,83,304	From 2008-09 to 2011-12	CESTAT Mumbai
	Cenvat Credit on Rejection Received from customer	1,60,000	From 2000-01 to 2011-12	Deputy Commissioner of Central Excise, Pune
Income Tax Act, 1961	Disallowance of Expenditure on expansion / upgradation of projects	6,95,976	AY 1992-93	High Court, Mumbai
	Disallowance on account of 80(IB)	22,72,450	AY 2004-05	CIT Appeals
	Loss on options settled.	17,64,485	AY 2008-09	CIT Appeals
	Discount from DBS Bank treated as Revenue Receipt by Department	9,75,842	AY 2010-11	ITAT Appeals
	Expenditure incurred on exempted income disallowance, Bad debts, additional depreciation & interest thereon.	23,93,130	AY 2011-12	Commissioner of Income Tax (Appeals) Pune.
	Disallowance of 14(A) and Additional Depreciation (on Electrical Equip. treated as plant)	4,33,788	AY 2012-13	Commissioner of Income Tax (Appeals) Pune
	Assessment complete, Order received with demand	12,56,620	AY 2013-14	Commissioner of Income Tax (Appeals) Pune



- (viii) 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, bank or government as at the balance sheet date.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied for the purpose for which they were obtained.
- (x) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds by or on the Company by its officers or employees noticed or reported during the year.
- (xi) In our opinion and according to information and explanations given to us, Managerial Remuneration has been paid or provided during the year in accordance with the requisite approvals mandated by provisions of section 197 read with Schedule V to the Companies Act 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made preferential allotment or private placement of share fully or partly convertible debentures during the year under review. The requirements of section 42 of the Companies Act, 2013, therefore are not applicable.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-I(A) of the Reserve Bank of India Act, 1934.

**For K. S. Aiyar & Co.**  
Chartered Accountants  
ICAI Firm Registration No. 100186W

**Satish Kelkar**  
Partner  
Membership No.: 38934

Place: Mumbai  
Date : May 27, 2016

**ANNEXURE 'B' TO THE AUDITOR'S REPORT  
of even date on the Financial Statements of Kalyani Forge Limited.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Kalyani Forge Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.





### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For K. S. Aiyar & Co.**  
Chartered Accountants  
ICAI Firm Registration No. 100186W

**Satish Kelkar**  
Partner  
Membership No.: 38934

Place: Mumbai  
Date : May 27, 2016

## Balance Sheet as at 31<sup>st</sup> March, 2016

Particulars	Note No.	As at 31 <sup>st</sup> March 2016 Rs.	As at 31 <sup>st</sup> March 2015 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	1	3,63,90,000	3,63,90,000
(b) Reserves and surplus	2	94,01,12,336	93,78,37,450
		<u>97,65,02,336</u>	<u>97,42,27,450</u>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	3	4,51,90,051	11,70,00,478
(b) Deferred tax liabilities (net)	4	-	1,15,46,264
(c) Other non-current Liabilities	5	3,09,59,103	2,77,34,205
		<u>7,61,49,154</u>	<u>15,62,80,947</u>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	6	29,37,31,357	24,49,94,180
(b) Trade payables	7	40,47,96,375	42,14,73,033
(c) Other current liabilities	8	21,75,27,264	20,76,76,313
(d) Short-term provisions	9	1,69,77,004	78,01,816
		<u>93,30,32,000</u>	<u>88,19,45,342</u>
	<b>TOTAL</b>	<u><b>1,98,56,83,490</b></u>	<u><b>2,01,24,53,739</b></u>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
Tangible assets	10	63,20,81,176	60,82,72,564
Intangible assets	11	62,50,407	49,97,418
Capital work-in-progress		8,09,39,292	16,71,65,364
Intangible assets Under Development		97,487	18,29,537
(b) Deferred tax Assets (net)	12	23,44,062	-
(c) Non-current investments	13	50,000	50,000
(d) Long-term loans and advances	14	22,82,308	49,16,548
(e) Other non-current assets	15	4,06,47,108	4,94,23,548
		<u>76,46,91,840</u>	<u>83,66,54,979</u>
<b>2. Current assets</b>			
(a) Inventories	16	37,13,03,851	34,36,84,278
(b) Trade receivables	17	61,69,03,065	60,82,13,794
(c) Cash and bank balances	18	10,22,49,291	7,11,57,642
(d) Short term loans and advances	19	10,98,44,474	13,87,20,359
(e) Other current assets	20	2,06,90,969	1,40,22,687
		<u>1,22,09,91,650</u>	<u>1,17,57,98,760</u>
	<b>TOTAL</b>	<u><b>1,98,56,83,490</b></u>	<u><b>2,01,24,53,739</b></u>

Notes forming part of the financial statements and  
Significant Accounting Policies

The accompanying notes and significant accounting policies are an integral part of the Financial Statements.

As per our attached report of even date.

For and on behalf of the Board of Directors

FOR M/S K.S. AIYAR & CO.  
Firm Registration Number :100186W  
Chartered Accountants

ROHINI G. KALYANI  
Chairperson & Managing Director

ABHIJIT SEN  
Director

SATISH KELKAR  
Partner  
Membership Number : 38934  
Pune: 27<sup>th</sup> May 2016

AVINASH KHARE  
Chief Financial Officer  
Pune: 27<sup>th</sup> May 2016

RAVI DUGAR  
Company Secretary  
Pune: 27<sup>th</sup> May 2016



## Statement of Profit and Loss for the period ended 31<sup>st</sup> March, 2016

Particulars	Note No.	2015-16 Rs.	2014-15 Rs.
<b>I. Revenue from operations</b>	<b>21</b>		
Sale of products (gross)		2,52,08,08,476	2,65,43,22,198
Less : Excise duty		25,65,86,939	25,18,40,193
Net Sales		2,26,42,21,537	2,40,24,82,005
Other operating income		4,51,46,307	55,45,960
<b>Net Revenue from operations.</b>		<b>2,30,93,67,844</b>	<b>2,40,80,27,965</b>
<b>II. Other income</b>	<b>22</b>	<b>2,82,88,334</b>	<b>2,06,45,778</b>
<b>III. Total revenue (I + II)</b>		<b>2,33,76,56,178</b>	<b>2,42,86,73,743</b>
<b>IV. Expenses:</b>			
(a) Cost of materials consumed	23	1,15,48,67,410	1,29,72,52,986
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	21,092	33,23,263
(c) Employee benefits expenses	25	28,18,89,237	27,71,58,787
(d) Finance costs	26	4,91,76,982	6,24,15,822
(e) Depreciation and amortization expenses	27	11,67,05,854	13,10,52,286
(f) Other expenses	28	71,46,12,912	68,72,68,658
<b>Total Expenses (a to f)</b>		<b>2,31,72,73,487</b>	<b>2,45,84,71,802</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>2,03,82,691</b>	<b>(2,97,98,059)</b>
<b>VI. Exceptional items</b>		-	-
<b>VII. Profit/(Loss) before tax (V-VI)</b>		<b>2,03,82,691</b>	<b>(2,97,98,059)</b>
<b>VIII. Tax expense :</b>		<b>93,50,557</b>	<b>(71,79,104)</b>
(a) Current tax		2,32,40,882	56,00,000
(i) For the year		2,32,40,882	56,00,000
(ii) For earlier year		-	-
(b) Deferred tax		(1,38,90,325)	(1,27,79,104)
<b>IX. Profit/(Loss) for the period (VII-VIII)</b>		<b>1,10,32,134</b>	<b>(2,26,18,955)</b>
<b>XII. Earnings per equity share:</b>			
(a) Basic		3.03	(6.22)
(b) Diluted		3.03	(6.22)

Notes forming part of the financial statements and **29**

Significant Accounting Policies

The accompanying notes and significant accounting policies are an integral part of the Financial Statements.

As per our attached report of even date.

For and on behalf of the Board of Directors

FOR M/S K.S. AIYAR & CO.  
Firm Registration Number :100186W  
Chartered Accountants

ROHINI G. KALYANI  
Chairperson & Managing Director

ABHIJIT SEN  
Director

SATISH KELKAR  
Partner  
Membership Number : 38934  
Pune: 27<sup>th</sup> May 2016

AVINASH KHARE  
Chief Financial Officer  
Pune: 27<sup>th</sup> May 2016

RAVI DUGAR  
Company Secretary  
Pune: 27<sup>th</sup> May 2016

## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2015-16

Particulars	Rs.	31 <sup>st</sup> March 2016 Rs.	31 <sup>st</sup> March 2015 Rs.
<b>A. CASH FROM OPERATING ACTIVITIES</b>			
<b>Profit before Taxation</b>		<b>2,03,82,691</b>	(2,97,98,059)
Add: Depreciation	11,67,05,854		13,10,52,286
Bad Debts Written off	-		1,15,11,506
Provision for doubtful debts	2,40,00,000		36,97,000
Interest & finance charges	4,91,76,982		6,24,15,822
Advances Written off	-		69,20,500
Wealth Tax(Included in Rates & Taxes)	-		25,000
		<b>18,98,82,836</b>	21,56,22,114
		<b>21,02,65,527</b>	18,58,24,055
Less: Dividend	-		6,000
Surplus on sale of assets during the year	13,92,232		-
Provision no longer required	2,28,75,428		1,46,32,705
		<b>2,42,67,660</b>	1,46,38,705
<b>Operating profit before working capital changes</b>		<b>18,59,97,867</b>	17,11,85,350
(Increase)/Decrease in Current & Non-Current Assets			
Inventories	(2,76,19,573)		2,60,13,880
Sundry Debtors	(3,35,35,052)		(7,73,35,306)
Other Current Assets and Loans & Advances	21,62,341		15,93,124
Increase/(Decrease) in Current & Non-Current Liabilities	7,58,56,434		14,41,85,399
		<b>1,68,64,150</b>	9,44,57,097
<b>Net cash generated from operations</b>		<b>20,28,62,017</b>	26,56,42,447
<b>Less : Income tax paid</b>		<b>1,06,03,252</b>	1,12,36,906
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>19,22,58,765</b>	25,44,05,541
<b>B. CASH FROM INVESTING ACTIVITIES</b>			
Addition to Fixed Assets	(5,21,43,926)		(1,84,70,332)
Sale Proceeds of Assets	13,92,232		-
Dividend received	-		6,000
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(5,07,51,694)</b>	(1,84,64,332)
<b>C. CASH FROM FINANCING ACTIVITIES</b>			
Availment/(Repayment) in Cash Credit & PCFC from Banks	4,87,37,177		(3,39,55,988)
Availment /(Repayment)in Other Secured Loans	(9,08,74,841)		(8,32,55,580)
Availment /(Repayment) in Unsecured Loans	(1,49,88,474)		(1,32,38,485)
Interest & Finance Charges paid	(5,13,44,371)		(6,25,51,311)
Dividend paid	(95,112)		(1,05,62,793)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(10,85,65,621)</b>	(20,35,64,157)
<b>NET INCREASE/(USE) OF CASH AND CASH EQUIVALENTS</b>		<b>3,29,41,450</b>	3,23,77,052
Opening Balances of Cash and Cash equivalents		<b>5,37,12,744</b>	2,13,35,692
<b>Closing Balances of Cash and Cash equivalents</b>		<b>8,66,54,194</b>	5,37,12,744

As per our attached report of even date.

For and on behalf of the Board of Directors

FOR M/S K.S. AIYAR & CO.  
Firm Registration Number :100186W  
Chartered Accountants

ROHINI G. KALYANI  
Chairperson & Managing Director

ABHIJIT SEN  
Director

SATISH KELKAR  
Partner  
Membership Number : 38934  
Pune: 27<sup>th</sup> May 2016

AVINASH KHARE  
Chief Financial Officer  
Pune: 27<sup>th</sup> May 2016

RAVI DUGAR  
Company Secretary  
Pune: 27<sup>th</sup> May 2016



Note nos. 1 to 29 annexed to and forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2016

PARTICULARS	As at 31 <sup>st</sup> March 2016 Rs.	As at 31 <sup>st</sup> March 2015 Rs.
<b>NOTE 1 : SHARE CAPITAL</b>		
<b>Authorised share capital</b>		
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>
<b>Issued share capital</b>		
36,40,000 (36,40,000) Equity shares of Rs.10/- each	<u>3,64,00,000</u>	<u>3,64,00,000</u>
<b>Subscribed &amp; fully paid-up Share Capital</b>		
36,38,000 (36,38,000) Equity shares of Rs. 10/- each fully paid-up	3,63,80,000	3,63,80,000
<b>Forfeited Equity Shares</b>		
Forfeited Equity Shares (Amount paid-up)		
2,000 (2,000) Equity Shares	10,000	10,000
<b>Total</b>	<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 <sup>st</sup> March, 2016		31 <sup>st</sup> March, 2015	
	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	-	-	-	-
<b>Outstanding at the end of the period</b>	<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 <sup>st</sup> March, 2016		31 <sup>st</sup> March, 2015	
		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 <sup>st</sup> March 2016 Rs.	As at 31 <sup>st</sup> March 2015 Rs.
<b>NOTE 2 : RESERVES AND SURPLUS</b>		
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
<b>General reserve</b>		
Opening balance	9,27,39,659	9,27,39,659
Add: Set aside this year	-	-
<b>Closing balance</b>	<u>9,27,39,659</u>	<u>9,27,39,659</u>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	77,24,35,291	82,60,70,171
Add: Profit/(Loss) for the year	1,10,32,134	(2,26,18,955)
<b>Balance available for appropriation</b>	<u>78,34,67,425</u>	<u>80,34,51,216</u>
<b>Less: Appropriations</b>		
Transition effect of reassessment of useful life of assets (net of Deferred Tax)	-	3,10,15,925
Transferred to general reserve	-	-
Proposed dividend	72,76,000	-
Tax on proposed dividend	14,81,248	-
<b>Sub Total</b>	<u>77,47,10,177</u>	<u>77,24,35,291</u>
<b>Total</b>	<u>94,01,12,336</u>	<u>93,78,37,450</u>
<b>NOTE 3 : LONG - TERM BORROWINGS</b>		
<b>Secured : Term Loan From Banks</b>		
State Bank of India (Foot Note 1 & 2)	2,93,76,001	8,63,40,000
Less: Classified as current maturities of long term debts	2,93,76,001	5,69,64,000
Sub total	-	2,93,76,000
Indian Overseas Bank (Foot Note 3)	4,20,72,043	7,65,17,996
Less: Classified as current maturities of long term debts	2,80,00,000	3,50,00,000
Sub total	1,40,72,043	4,15,17,996
Sub total	1,40,72,043	7,08,93,996
<b>Unsecured : Other Long Term Borrowing</b>		
Sales Tax Deferral Liability under Package Scheme of Incentives 1988 and 1993. (Foot Note 4)	4,48,91,602	5,93,44,965
Less: Classified as current maturities of long term debts	1,37,73,594	1,32,38,483
Sub total	3,11,18,008	4,61,06,482
<b>Total</b>	<u>4,51,90,051</u>	<u>11,70,00,478</u>

**Foot Note:****Terms of Repayment**

- Term Loan of Rs.12,00,00,000 is availed from State Bank of India, IFB, Pune at the rate of interest of 4.50% above base rate. Balance outstanding as on 31 March 2016 is Rs. Nil (P.Y. Rs.2,25,00,000/ was treated as current maturities of long term debts)
- Term Loan of Rs. 15,00,20,860/- is availed from State Bank of India, IFB, Pune out of the total sanction limit at the rate of interest of 3% above base rate. Balance outstanding as on 31 March 2016 is Rs.2,93,76,001/- (P.Y. Rs. 8,63,40,000/-). Out of these, amount treated as current maturities of long term



debts as on 31 March 2016 is Rs. 2,93,76,001/- (P.Y. Rs.,3,44,64,000/-). In addition to this, Interest accrued and due on borrowings is Rs 3,46,836 /-. This loan is to be repaid in fifty three instalments starting from October 2012.

3. Term Loan of Rs. 11,17,18,988/- is availed from Indian Overseas Bank, Karve Road, Branch, Pune out of the total sanction limit at the rate of interest of 2.0% above base rate. Balance outstanding as on 31 March 2016 is Rs. 4,20,72,043 (P.Y.Rs 7,65,17,996/-). Out of this, amount treated as current maturities of long term debts as on 31st March 2016 is 2,80,00,000/- (P.Y. Rs.3,50,00,000/-). In addition to this, Interest accrued and due on borrowings is Rs.4,25,953/-. This loan is to be repaid in forty eight instalments starting from Oct 2013.
4. Sales Tax Deferral Liability under package scheme of incentive 2001-02, 2002-03, 2003-04,2004-05,2005-06 31st March 2016 is of Rs.448,91,602/- (P.Y.Rs 5,93,44,965/-). Out of these, amount treated as current maturities of long term debts as on 31st March 2016 is Rs. 1,37,73,594/- (P.Y. Rs. 1,32,38,483/-). This liability for 1993 Scheme is to be repaid within 5 years from 2012-13

#### 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

	<b>As at 31<sup>st</sup> March 2016</b>	<b>As at 31<sup>st</sup> March 2015</b>
	<b>Rs.</b>	<b>Rs.</b>

#### NOTE 4 : DEFERRED TAX LIABILITIES (NET)

Deferred tax liability	-	2,23,68,413
Less: Deferred tax asset	-	1,08,22,149
<b>Total</b>	-	1,15,46,264

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
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#### (ii) Deferred Tax Assets

a Privilege Leave and Gratuity Provision	-	96,79,776
b Provision for Doubtful debts & advances	-	11,42,373

<b>Total (a+b) [ii]</b>	-	1,08,22,149
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<b>Deferred Tax Liability (Net) [i-ii]</b>	-	1,15,46,264
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#### NOTE 5 : OTHER NON-CURRENT LIABILITIES

##### Provision for employee benefits

Provision for gratuity (Refer note 29.7)	<b>1,71,77,866</b>	1,44,47,831
Provision for leave encashment (Refer note 29.7)	<b>1,37,81,237</b>	1,32,86,374
<b>Total</b>	<b>3,09,59,103</b>	2,77,34,205

PARTICULARS	As at 31 <sup>st</sup> March 2016 Rs.	As at 31 <sup>st</sup> March 2015 Rs.
<b>NOTE 6 : SHORT-TERM BORROWINGS</b>		
<b>Loans payable on demand : Secured</b>		
Cash credit from Bank - Foot Note - 1	23,23,48,301	21,85,13,693
Packing credit foreign currency loan - Foot Note - 2	6,13,83,056	2,64,80,487
<b>Total</b>	<b>29,37,31,357</b>	<b>24,49,94,180</b>
<b>Foot Notes :-</b>		
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		
<b>NOTE 7 : TRADE PAYABLES</b>		
Acceptances	-	3,75,12,273
Trade payables	40,47,96,375	38,39,60,760
<b>Total</b>	<b>40,47,96,375</b>	<b>42,14,73,033</b>
<b>NOTE 8 : OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debts ( Note 3)	7,11,49,595	10,52,02,483
Interest accrued and due on borrowings	7,72,789	29,40,178
Unclaimed dividends	6,46,465	7,41,577
Advances from customers	36,10,070	44,55,851
Amounts due for capital purchases	4,92,733	62,26,578
Sales Bill Discounted	-	1,10,82,998
Other payables		
Statutory dues including provident fund and tax deducted at Source	5,10,56,019	74,64,139
Employee Benefits Payable	2,29,12,115	2,41,68,510
Other Liabilities	6,68,87,478	4,53,93,999
<b>Total</b>	<b>21,75,27,264</b>	<b>20,76,76,313</b>
<b>NOTE 9 : SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (Refer note 29.7)	2,26,17,340	2,02,84,579
Less :- Non-current Liability	1,71,77,866	1,44,47,831
Subtotal	54,39,474	58,36,748
Provision for leave encashment (Refer note 29.7)	1,65,61,519	1,52,51,442
Less :- Non-current Liability	1,37,81,237	1,32,86,374
Subtotal	27,80,282	19,65,068
Others		
Proposed Dividend	72,76,000	-
Tax on Proposed Dividend	14,81,248	-
Subtotal	87,57,248	-
<b>Total</b>	<b>1,69,77,004</b>	<b>78,01,816</b>



As On 31st March 2016

**NOTE : 10 - TANGIBLE ASSETS**

Fixed Assets	Land Freehold	Buildings	Roads	Borewell	Plant & Machinery	Electrical Installation	Factory Equipment	Laboratory Equipments	Furniture & Fixture	Office Equipment	Data Processing Equipment	Vehicles	Power Line *	Tangible Assets Total
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
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As At 31 March 2015</b>	<b>2,13,04,497</b>	<b>24,40,59,138</b>	<b>1,24,49,199</b>	<b>1,27,295</b>	<b>1,48,30,93,484</b>	<b>9,81,14,536</b>	<b>8,03,65,617</b>	<b>1,41,03,424</b>	<b>1,01,06,394</b>	<b>61,87,072</b>	<b>2,46,99,886</b>	<b>1,21,98,733</b>	<b>52,39,365</b>	<b>2,01,20,48,639</b>
Gross Block														
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	2,01,20,48,639
Additions	-	52,73,498	-	-	12,00,89,956	43,23,982	18,35,275	-	18,89,189	13,12,733	42,73,293	-	-	13,89,97,926
Inter Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	1,42,38,443	-	-	-	2,07,326	-	-	-	-	1,44,45,769
<b>As At 31 Mar 2016</b>	<b>2,13,04,497</b>	<b>24,93,32,636</b>	<b>1,24,49,199</b>	<b>1,27,295</b>	<b>1,58,89,44,997</b>	<b>10,24,38,518</b>	<b>8,22,00,892</b>	<b>1,41,03,424</b>	<b>1,17,88,257</b>	<b>74,99,805</b>	<b>2,89,73,179</b>	<b>1,21,98,733</b>	<b>52,39,365</b>	<b>2,13,66,00,797</b>
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	12,97,98,631
Transition Effect of Reassessment of Useful Life	-	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
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As At 31 March 2015</b>	<b>-</b>	<b>8,33,00,283</b>	<b>1,20,41,865</b>	<b>1,27,292</b>	<b>1,09,95,82,111</b>	<b>8,06,36,383</b>	<b>6,56,31,827</b>	<b>1,10,57,568</b>	<b>83,89,618</b>	<b>51,76,018</b>	<b>2,29,08,876</b>	<b>96,84,873</b>	<b>52,39,361</b>	<b>1,40,37,76,075</b>
Depreciation														
Upto 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	1,40,37,76,075
For the Year 2015-16	-	79,32,053	2,01,727	-	9,13,94,385	56,36,369	47,32,143	10,86,075	6,35,690	6,17,773	17,00,277	12,52,813	-	11,51,89,305
Transition Effect of Reassessment of Useful Life	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	1,42,38,435	-	-	-	2,07,325	-	-	-	-	1,44,45,760
<b>As At 31 Mar 2016</b>	<b>-</b>	<b>9,12,32,336</b>	<b>1,22,43,592</b>	<b>1,27,292</b>	<b>1,17,67,38,061</b>	<b>8,62,72,752</b>	<b>7,03,63,970</b>	<b>1,21,43,643</b>	<b>88,17,983</b>	<b>57,93,791</b>	<b>2,46,09,153</b>	<b>1,09,37,686</b>	<b>52,39,361</b>	<b>1,50,45,19,620</b>
Net Block														
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
As At 31 Mar 2016	2,13,04,497	15,81,00,300	2,05,607	3	41,22,06,936	1,61,65,766	1,18,36,922	19,59,781	29,70,274	17,06,014	43,64,026	12,61,047	4	63,20,81,176

Notes :-

- Gross block at Cost
- for Depreciation and amortisation refer accounting policy (29-1.3)
- \*. Cost incurred by the company/ownership vests with Maharashtra State Electricity Distribution Company Limited.

**NOTE : 11 - INTANGIBLE ASSETS****As On 31<sup>st</sup> March 2016**

<b>Fixed Assets</b>	<b>Intangible Assets</b>	<b>Intangible Assets Total</b>
Gross Block		
As At 31 March 2014	75,87,401	75,87,401
Additions	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
<b>As At 31 March 2015</b>	<b>75,87,401</b>	<b>75,87,401</b>
Gross Block		
As At 31 March 2015	75,87,401	75,87,401
Additions	27,69,537	27,69,537
Inter Transfers	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
<b>As At 30 Jun 2015</b>	<b>1,03,56,938</b>	<b>1,03,56,938</b>
Depreciation		
Upto 31 March 2014	13,36,329	13,36,329
For The YEAR 2014-15	12,53,654	12,53,654
Inter Transfers	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
<b>As At 31 March 2015</b>	<b>25,89,983</b>	<b>25,89,983</b>
Depreciation		
Upto 31 March 2015	25,89,983	25,89,983
For the Year 2015-16	15,16,548	15,16,548
Inter Transfers	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
<b>As At 31 Mar 2016</b>	<b>41,06,531</b>	<b>41,06,531</b>
Net Block		
As At 31 March 2015	49,97,418	49,97,418
As At 31 Mar 2016	62,50,407	62,50,407



## PARTICULARS

<b>As at 31<sup>st</sup> March 2016</b>	<b>As at 31<sup>st</sup> March 2015</b>
<b>Rs.</b>	<b>Rs.</b>

**NOTE 12 : DEFERRED TAX ASSETS (NET)**

Deferred tax asset	2,07,17,371	-
Less :- Deferred Tax Liability	<u>1,83,73,310</u>	-
<b>Total</b>	<u><b>23,44,062</b></u>	<u>-</u>

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

(i) <b>Deferred Tax Liabilities</b>		
<b>Depreciation &amp; Amortisation</b>	<u>1,83,73,310</u>	-
(ii) <b>Deferred Tax Assets</b>		
a Privilege Leave and Gratuity Provision	1,15,60,743	-
b Provision for Doubtful debts & advances	91,56,628	-
c VRS Compensation	-	-
d Others	-	-
<b>Total (a+b+c+d) [ii]</b>	<u>2,07,17,371</u>	-
<b>Deferred Tax Asset (Net) [ii-i]</b>	<u><b>23,44,062</b></u>	<u>-</u>

## PARTICULARS

<b>Face Value Per Unit</b>	<b>As at 31<sup>st</sup> March 2016</b>		<b>As at 31<sup>st</sup> March 2015</b>	
<b>Rs.</b>	<b>Nos.</b>	<b>Rs.</b>	<b>Nos.</b>	<b>Rs.</b>

**NOTE 13 : NON-CURRENT INVESTMENTS**

NON TRADE - Unquoted

The Shamrao Vithal Co-operative Bank Ltd	25	2,000	<u>50,000</u>	2,000	<u>50,000</u>
<b>Total</b>			<u><b>50,000</b></u>		<u><b>50,000</b></u>

## PARTICULARS

<b>As at 31<sup>st</sup> March 2016</b>	<b>As at 31<sup>st</sup> March 2015</b>
<b>Rs.</b>	<b>Rs.</b>

**Note 14 : Long-term loans and advances****Capital advances**

Secured, considered good	-	-
Unsecured, considered Good	<u>21,29,075</u>	37,94,490
	<b>21,29,075</b>	37,94,490

**Loans to employees**

Secured, considered good	-	-
Unsecured, considered Good	<u>1,53,233</u>	11,22,058
	<b>1,53,233</b>	11,22,058
<b>Total</b>	<u><b>22,82,308</b></u>	<u><b>49,16,548</b></u>

## PARTICULARS

	As at 31 <sup>st</sup> March 2016 Rs.	As at 31 <sup>st</sup> March 2015 Rs.
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**NOTE 15 : OTHER NON-CURRENT ASSETS****Others**

Other bank balances (Deposits with maturity of more than 12 months)	8,05,444	16,59,338
Claims/Refund receivable	3,93,86,099	4,73,23,645
Deposits	4,55,565	4,40,565
<b>Total</b>	<b>4,06,47,108</b>	<b>4,94,23,548</b>

**NOTE 16 : INVENTORIES**

Raw materials, at cost	13,44,45,623	11,08,49,693
Work-in-progress, at cost (Note No. 29 :16)	12,13,72,952	12,52,76,508
Finished goods, at lower of cost or market value (Note No. 29 :16)	2,09,54,518	85,45,518
Excise duty on Inventory	24,59,808	-
Stores, spares, etc. at cost	4,19,42,883	3,71,93,965
Loose tools	1,95,07,277	1,66,32,869
Scrap at estimated realisable value	1,20,38,811	2,11,72,184
<b>Die Room Inventory:</b>		
Dies at cost	38,37,020	38,37,020
Die Blocks, Die Steel and Dies under fabrication, at cost	1,28,55,323	1,82,86,885
Stock of shares, units of mutual funds at lower of cost or market value	18,89,636	18,89,636
<b>Total</b>	<b>37,13,03,851</b>	<b>34,36,84,278</b>

**NOTE 17 : TRADE RECEIVABLES****Outstanding for a period exceeding six months from the date they are due for payment**

Unsecured, considered doubtful	2,76,97,000	36,97,000
Less :- Provision for doubtful Debts	2,76,97,000	36,97,000
Subtotal	-	-
Unsecured, considered good	7,55,32,335	4,18,88,158
Subtotal	<b>7,55,32,335</b>	<b>4,18,88,158</b>
<b>Other receivables</b>		
Unsecured, considered good	54,13,70,730	56,63,25,636
<b>Total</b>	<b>61,69,03,065</b>	<b>60,82,13,794</b>



## PARTICULARS

	As at 31 <sup>st</sup> March 2016 Rs.	As at 31 <sup>st</sup> March 2015 Rs.
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## NOTE 18 : CASH AND BANK BALANCES

**Cash and cash equivalents**

Cash on hand	2,46,011	1,84,272
Deposits of original maturity of less than 3 months	4,33,83,539	2,09,80,872
<b>Subtotal</b>	<b>4,36,29,550</b>	<b>2,11,65,144</b>

**Balance with Bank**

Current accounts	4,23,78,179	3,18,06,023
Unpaid dividend accounts	6,46,465	7,41,577
<b>Subtotal</b>	<b>4,30,24,644</b>	<b>3,25,47,600</b>

**Other bank balances**

Deposits with original maturity of more than three months but less than 12 months		
In Margin Money Deposit pledged as Security with Banks	1,55,95,097	1,74,44,898
<b>Subtotal</b>	<b>1,55,95,097</b>	<b>1,74,44,898</b>
<b>Total</b>	<b>10,22,49,291</b>	<b>7,11,57,642</b>

## NOTE 19 : SHORT-TERM LOANS AND ADVANCES

**Loans and advance to suppliers**

Unsecured, considered Good	17,98,271	2,08,00,976
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**Loans and advance to employees**

Unsecured, considered good	41,20,557	42,89,362
Balance with collectorate of central excise and customs	1,08,00,837	4,63,90,141
VAT/ Excise Receivable	5,26,68,919	2,27,28,973
Tax paid in advance (net)	1,51,00,088	2,77,37,709

**Other loans & advances**

Prepaid Expenses	34,71,632	27,00,395
Others Advances	2,18,84,170	1,40,72,803
<b>Total</b>	<b>10,98,44,474</b>	<b>13,87,20,359</b>

## NOTE 20 : OTHER CURRENT ASSETS

Export incentive receivable	1,86,26,159	1,21,23,299
Interest receivable	11,86,596	10,21,174
Deposits	4,72,882	4,72,882
Other receivables	4,05,332	4,05,332
<b>Total</b>	<b>2,06,90,969</b>	<b>1,40,22,687</b>

PARTICULARS	2015-16	2014-15
	Rs.	Rs.
<b>NOTE 21 : REVENUE FROM OPERATIONS</b>		
Sale of products (gross)	2,52,08,08,476	2,65,43,22,198
Less : Excise duty	25,65,86,939	25,18,40,193
Net Sales	2,26,42,21,537	2,40,24,82,005
<b>Operating income</b>		
Die development charges	42,88,500	34,36,063
Export incentives	97,50,200	21,09,897
Gain on foreign exchange fluctuations, net	2,29,78,833	-
Miscellaneous receipts	81,28,774	-
<b>Subtotal</b>	<b>4,51,46,307</b>	<b>55,45,960</b>
<b>Total</b>	<b>2,30,93,67,844</b>	<b>2,40,80,27,965</b>
<b>NOTE 22 : OTHER INCOME</b>		
Interest		
On others	19,48,225	18,26,146
Dividend	-	6,000
Discount received	10,26,114	8,59,684
Miscellaneous income	10,46,335	1,48,32,749
Surplus on sale of assets	13,92,232	-
Provisions no longer required written back	2,28,75,428	31,21,199
<b>Total</b>	<b>2,82,88,334</b>	<b>2,06,45,778</b>
<b>NOTE 23 : COST OF MATERIALS CONSUMED</b>		
(a) Raw materials consumed		
Opening stocks	11,08,49,693	13,80,11,699
Less : Value of obsolete and non-moving material written-down (net of realisable value)	-	-
Add : Purchases	1,15,80,10,047	1,25,67,65,732
Less : Stocks at close	13,44,45,623	11,08,49,693
Less : Sale of raw material	-	17,34,160
Sub total	<b>1,13,44,14,117</b>	<b>1,28,21,93,578</b>
(b) Dies consumed		
Opening stocks	2,21,23,905	1,89,08,494
Add: Purchases and processing charges	1,50,21,731	1,82,74,819
Less: Stock at close	1,66,92,343	2,21,23,905
Sub total	<b>2,04,53,293</b>	<b>1,50,59,408</b>
<b>Total</b>	<b>1,15,48,67,410</b>	<b>1,29,72,52,986</b>

**PARTICULARS****2015-16****2014-15****Rs.****Rs.****NOTE 24 : CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(Increase)/decrease in stocks

Stocks at close:

Work-in-process

Finished goods

Scrap

**12,13,72,952**

12,52,76,508

**2,09,54,518**

85,45,518

**1,20,38,811**

2,11,72,184

**15,43,66,281**

15,49,94,210

Less : Opening stocks

Work-in-process

Finished goods

Scrap

**12,52,76,508**

13,60,29,104

**85,45,518**

71,85,747

**2,11,72,184**

1,43,26,077

**15,49,94,210**

15,75,40,928

Sub total

**6,27,929**

25,46,718

**Shares, Units of Mutual Funds**

Stock at close

Less: Stock at commencement

**18,89,636**

18,89,636

**18,89,636**

18,89,636

Sub total

**-****-**

Increase/(Decrease) in excise duty on stocks

Excise duty on opening inventories

Excise duty on closing inventories

**23,52,465**

15,75,920

**17,45,628**

23,52,465

Sub total

**(6,06,837)**

7,76,545

**Total****21,092**

33,23,263

PARTICULARS	2015-16	2014-15
	Rs.	Rs.

**NOTE 25 : EMPLOYEE BENEFITS EXPENSE**

Salaries, Wages, Gratuity, Bonus, Commission, etc	<b>24,40,33,108</b>	23,33,34,788
Contribution to provident and other funds	<b>1,37,98,068</b>	1,83,73,796
Welfare Expenses	<b>2,40,58,061</b>	2,54,50,203
<b>Total</b>	<b><u>28,18,89,237</u></b>	<u>27,71,58,787</u>

**NOTE 26. : FINANCE COSTS**

<b>Interest expense</b>	<b>4,64,62,489</b>	5,63,81,572
<b>Other borrowing cost</b>		
Bank charges, commission etc	<b>46,97,183</b>	42,43,065
<b>Applicable Net Gain/loss on foreign currency transaction and translation</b>	<b>(19,82,690)</b>	17,91,185
<b>Total</b>	<b><u>4,91,76,982</u></b>	<u>6,24,15,822</u>

**NOTE 27 : DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Depreciation</b>		
Tangible assets	<b>11,51,89,306</b>	12,97,98,632
Intangible assets	<b>15,16,548</b>	12,53,654
<b>Total</b>	<b><u>11,67,05,854</u></b>	<u>13,10,52,286</u>





PARTICULARS	2015-16 Rs.	2014-15 Rs.
<b>NOTE 28 : OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Stores, spares and tools consumed	14,36,81,222	12,58,62,840
Processing charges	13,93,66,882	14,49,78,745
Power and fuel	21,48,85,940	22,58,07,368
Repairs to building	28,13,726	26,99,236
Repairs to machinery	5,07,06,342	4,47,88,875
Freight Charges	1,62,49,176	1,37,29,559
Other manufacturing expenses	26,72,135	21,51,000
<b>Sub total</b>	<b>57,03,75,423</b>	<b>56,00,17,623</b>
<b>Selling Expenses</b>		
Freight and forwarding	4,73,85,681	4,65,44,286
Royalty, technical and license fees etc.	50,000	25,000
Other selling expenses	27,12,875	18,31,368
<b>Sub total</b>	<b>5,01,48,556</b>	<b>4,84,00,654</b>
<b>Administration Expenses</b>		
Rent	-	50,186
Rates and taxes	6,23,101	21,08,004
Insurance (Including Keyman Insurance)	65,65,720	76,87,807
Other repairs and maintenance	28,03,805	8,43,951
Travelling and conveyance	44,57,173	65,73,017
Vehicle Expenses(Including on hired vehicles)	1,36,68,603	1,74,80,727
Professional & consultancy fees	1,19,36,680	1,34,23,690
Auditor's remuneration	16,00,000	12,00,000
Director's Sitting Fees	2,78,000	2,01,000
Donation	1,00,000	-
Non executive directors' commission	2,03,000	-
Miscellaneous expenses	2,78,52,851	1,73,76,960
Provision for doubtful debts	2,40,00,000	36,97,000
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)
<b>Sub total</b>	<b>9,40,88,933</b>	<b>7,88,50,381</b>
<b>Total</b>	<b>71,46,12,912</b>	<b>68,72,68,658</b>

## NOTE TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016

### NOTE NO. 29

#### 1. Statement on Significant Accounting Policies :

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

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspect of the Accounting Standard (AS) Notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for the change in accounting policy explained in paragraph II below

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non-current classification of assets and liabilities.

##### 1.2 Use of Estimates

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

##### 1.3 Fixed Assets and depreciation:

- A) Fixed Assets are stated at their original cost of acquisitions including incidental expenses related to acquisition and installation of the concerned assets (including cost of specific borrowings). The fixed assets manufactured by the Company are stated at manufacturing cost. Fixed Assets are shown net of accumulated depreciation, except free hold land, which is at cost.
- B) Expenditure on New Projects and Expenditure during the construction etc:-  
In case of new projects and in case of substantial modernization or expansion at the existing units of the company, expenditure incurred including interest on borrowings and financing cost of specific loan, prior to the commencement of commercial production is being capitalized to the cost of asset. Trial run expenditure is also capitalized.
- C) Intangible assets are recorded at the consideration paid for acquisition. 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) :
- (i) 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.
  - (ii) Cost of Power line is being amortized over a period of seven years when put to use.
  - (iii) Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its intended use.



#### 1.4 Inventories:

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

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

#### 1.5 Research & Development expenditure:

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

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

#### 1.7 Employee Benefits:

- a) Short terms employee benefits.

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

- b) Provident Fund -

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

- c) Gratuity –

The employees' gratuity fund scheme is Company's defined benefit plan. Payment for present liability of future payment of gratuity is being made to the approved gratuity funds under cash accumulation policy of the Life Insurance Corporation of India. The Employees' gratuity, a defined benefit plan, is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and shortfall in the fair value of the Planned Asset is recognized as obligation.

- d) 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 revalored at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate contracted rate.

### c) Exchange Differences: -

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

### d) Option Contracts –

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

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

## 1.9 Investments:

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.

## 2 Contingent Liability not provided for in respect of :

	<b>As at 31<sup>st</sup> March, 2016 Rs.</b>	<b>As at 31<sup>st</sup> March, 2015 Rs.</b>
i. Bills discounting	<b>4,37,487</b>	11,37,097
ii. Claims against the Company, not acknowledged as debts	<b>8,21,22,700</b>	62,38,000
iii. Disputed Income Tax demand, matter under appeal	<b>1,00,06,477</b>	2,21,71,980
iv. Disputed Excise demand, matter under appeal	<b>76,28,035</b>	76,28,035
v. In respect of export obligation under EPCG	-	27,79,713
vi. In respect of Bank Guarantee	<b>3,07,82,132</b>	1,04,61,176

3 The Company has imported capital goods under the Export Promotion Capital Goods Scheme of the Govt. of India at concessional rate of duty against an undertaking to fulfil export obligation (in respect of non redeemed EPCG Licenses) aggregates USD 9.51 Millions (Equivalent to Rs.63,11,36,252 at 1 USD=Rs.66.33) 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.

4	Estimated Amount of contracts remaining to be executed on Capital Account and Not provided for (net of advances)	<b>35,11,652</b>	2,33,97,488
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	<b>2015-16 Rs.</b>	<b>2014-15 Rs.</b>
5	Payments to Auditors	
i.	Statutory audit	7,50,000
	Tax Audit	1,25,000
	In Other Capacity :	
	For Limited Review & Others	2,00,000
	For Expenses	25,000
ii.	Cost Audit	1,00,000
	<b>Total</b>	<b>12,00,000</b>
	<b>16,00,000</b>	

6 a) Guarantees given by the Company's Bankers on behalf of the Company, against sanctioned guarantee limits aggregating to Rs.3,00,00,000 (Previous year Rs.3,00,00,000) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock in trade, stores and spares etc., book debts subject to prior charge in their favour. Amount outstanding as on 31st March, 2016 is Rs. 3,07,82,132/- (Previous year Rs. 1,85,28,856).

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 2016 is Rs.6,67,82,132/- (Previous year - Rs.3,79,84,374/-).



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 <sup>st</sup> March 2016 Gratuity	31 <sup>st</sup> March 2015 Gratuity
(i) Amounts to be recognised in Balance Sheet		
a. Present Value of Defined Benefit Obligations Funded	3,87,68,406	3,51,90,962
b. Fair Value of Plan Assets	1,61,51,066	1,49,06,383
c. Net Asset /( Liability) recognised in the Balance Sheet	(2,26,17,340)	(2,02,84,579)
(ii) Amount to be recognised in Statement of Profit & Loss Account		
a. Current Service Cost	32,60,484	30,24,568
b. Interest on defined benefit obligations	27,44,895	21,96,572
c. Expected return on planed assets	(12,67,043)	(13,20,581)
d. Net Actuarial Losses/(Gain) Recognised in year	(24,05,575)	35,99,996
Total, included in "Employee Benefits"	23,32,761	75,00,555
(iii) Change in Defined Benefit obligation and reconciliation thereof		
a. Present value of Defined Benefit obligation at the beginning of the year	3,51,90,962	2,85,19,066
b. Interest Cost	27,44,895	21,96,572
c. Current Service Cost	32,60,484	30,24,568
d. Actuarial Losses/ (Gains)	(24,27,935)	35,74,594
e. Benefits Paid	-	(21,23,838)
f. Present value of Defined Benefit obligation at the close of the year	3,87,68,406	3,51,90,962
(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	1,49,06,383	1,57,35,042
b. Add : Expected return on Plan Assets	12,67,043	13,20,581
c. Add/ (Less) : Actuarial Losses/ (Gains)	(22,360)	(25,402)
d. Add : Contributions by employer	-	-
e. Less -Benefits Paid	-	(21,23,838)
f. Fair value of Plan Assets at the closed of the year	1,61,51,066	1,49,06,383
(v) Broad Categories of plan assets as a percentage of total assets as at 31st March, 2016		
a. Insurer Managed Funds	100%	100%
TOTAL	100%	100%

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

Present Value of Unfunded Obligations (Leave salary)	1,65,61,519	1,52,51,444
--	-------------	-------------

8 **Movement in Leave Encashment (Long Term & Short Term Compensated Absences)**

Year	Opening Balance Rs.	Addition (Net) Rs.	Closing Balance Rs.
2015-16	1,52,51,444	13,10,075	1,65,61,519
2014-15	1,32,99,428	19,52,016	1,52,51,444

- 9 The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2016

The disclosure pursuant to the said Act is as under :

Particulars	As at 31-03-2016	As at 31-03-2015
Principal Amount due to suppliers under MSMED Act , 2006, beyond the appointed day	<b>15,14,885</b>	53,85,745
Interest accrued and due to suppliers under MSMED Act , on the above amount	<b>2,72,679</b>	3,52,418
Payment made to suppliers (other than interest) beyond the appointed day, during the year	<b>40,66,180</b>	1,78,10,330
Interest paid to suppliers under MSMED Act (Other than section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for the payments already made	<b>6,41,677</b>	6,73,852
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act,2006	<b>9,14,356</b>	10,26,270

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	2015-16 Rs.	2014-15 Rs.
(a) CIF Value of Imports		
Capital Goods	-	-
Stores & Spare Parts/ Lubricants	<b>3,65,26,550</b>	3,98,74,917
Raw Material	-	-
(b) Expenditure in Foreign Currencies		
Travelling	<b>1,91,626</b>	29,54,930
Interest	-	-
Export Sales Commission	<b>7,25,807</b>	11,55,222
Professional fees	-	3,09,000
Processing charges outside	-	3,14,594

- 11 Prior period items (net) **4,99,867**      1,80,744

- 12 Earnings in Foreign Currencies

FOB Value of Exports	<b>23,04,38,865</b>	27,43,22,825
Deemed Export	<b>23,10,94,885</b>	27,30,03,533
Insurance and freight on exports	<b>7,52,642</b>	15,07,306

- 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	<b>2,29,78,833</b>	(30,78,724)





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

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

	Currency	2015-16	2014-15
Receivables	USD	14,07,984	8,68,267
	EURO	2,98,179	4,06,613
	JPY	-	33,90,660
Payables	USD	1,71,665	17,295
	EURO	1,74,969	-
	JPY	1,15,74,251	65,07,384
	AUD	1,99,740	-

## C) Foreign Exchange Derivatives hedged at close of the year

## i) Exposures hedged at the close of the year

	Currency	2015-16	2014-15
Receivables	USD	6,87,494	-
	EURO	1,44,778	-
Payables	USD	-	-
	EURO	-	-

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	2015-16		2014-15	
			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 (Chairperson and Managing Director)	Salary	20,75,220	1,72,935	22,38,516	2,97,253
		Commission	-	-	-	-
		<b>Total</b>	<b>20,75,220</b>	<b>1,72,935</b>	<b>22,38,516</b>	<b>2,97,253</b>
2	Relative of Key Managerial Personnel Mr. Viraj G. Kalyani (Executive Director)	Salary	20,75,220	1,72,935	22,38,516	6,46,598
		Commission	-	-	-	-
		<b>Total</b>	<b>20,75,220</b>	<b>1,72,935</b>	<b>22,38,516</b>	<b>6,46,598</b>
3	Relative of Key Managerial Personnel Mr. G.N. Kalyani (Director)	Commission	48,465	-	-	-
		Sitting fees	43,000	-	25,000	8,000
		<b>Total</b>	<b>91,465</b>	<b>-</b>	<b>25,000</b>	<b>8,000</b>
4	Enterprise in which Key Managerial Person is common Kalyani Consultant Pvt Ltd	Expenses	-	-	-	20,925
		Reimbursement	-	-	-	-
		Expenses Recovery	-	(36,77,712)	19,11,244	(36,77,712)
		<b>Total</b>	<b>-</b>	<b>(36,77,712)</b>	<b>19,11,244</b>	<b>(36,56,787)</b>

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

## 16 Turnover and Stock

(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 2014-15	<b>1,00,52,71,182</b> 1,17,15,86,358	<b>1,04,73,182</b> 72,26,416	<b>72,26,416</b> 9,03,714	<b>7,07,43,090</b> 8,46,00,659
2	Real Axle Tube Assemblies 2014-15	- -	- -	- -	- 1,33,410
3	Finished Machined Components 2014-15	<b>1,09,14,91,137</b> 1,03,47,55,734	<b>1,04,81,336</b> 13,19,102	<b>13,19,102</b> 62,82,033	<b>2,83,44,050</b> 1,43,46,744
4	Sale- Manufacturing Scrap 2014-15	<b>16,74,59,218</b> 19,61,39,913	- -	- -	- -
5	Others 2014-15	- -	- -	- -	<b>2,22,85,812</b> 2,61,95,695
	Total 2014-15	<b>2,26,42,21,537</b> 2,40,24,82,005	<b>2,09,54,518</b> 85,45,518	<b>85,45,518</b> 71,85,747	<b>12,13,72,952</b> 12,52,76,508

17 Earnings Per Share:	<b>2015-16</b>	2014-15
Earnings attributable to the equity share holder	<b>1,10,32,134</b>	(2,26,18,955)
Total weighted average No. of shares	<b>36,38,000</b>	36,38,000
Earnings Per Share	<b>3.03</b>	(6.22)

- 18 Pursuant to the provisions of the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012, the Company is required to file the necessary form and upload the details of unpaid and unclaimed amounts lying with the company as on the date of last AGM (i.e. 5<sup>th</sup> Sept. 2015) with the MCA .

The company has kept the required amount ready for depositing with MCA. The required form could not be filled as the same is under revision by MCA ( Ministry of Corporate Affairs) and the new forms are not available on MCA site. The amount in this fund is Rs. 94,127/- relates to F.Y. 2007-08.

- 19 The Board of Directors has recommended dividend for the current year of Rs. 2 per equity share (Nominal value Rs. 10/- per equity share) subject to approval of members at the ensuing Annual General Meeting of the Company.



20 Expenditure on Corporate Social Responsibility activities :

- a. Gross amount required to be spent by the Company during the year is Rs.11,93,533.
- b. During the year 2015-16 we made payment of Rs.5,00,001/- to Savali an association for mentally retarded children and engaged in socio-economic promotion of cerebral palsy children. The institute is situated plot no.13,S.No.78, left bhusari colony Kothurd, Pune.

We are monitoring the activities carried out by this Savali Institution.

Also we are in process of finding other activities eligible as the CSR activities and will spend balance amount during the year 2016-17.

21 The company is in process of refining valuation of Inventory in term of stages of Production and application of standard costs at each stage through SAP system.

The company believes that there will be no material impact of the same and difference if any arising there from will be accounted on its determination.

22 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 K.S. AIYAR & CO.  
Firm Registration Number :100186W  
Chartered Accountants

ROHINI G. KALYANI  
Chairperson & Managing Director

ABHIJIT SEN  
Director

SATISH KELKAR  
Partner  
Membership Number : 38934  
Pune: 27<sup>th</sup> May 2016

AVINASH KHARE  
Chief Financial Officer  
Pune: 27<sup>th</sup> May 2016

RAVI DUGAR  
Company Secretary  
Pune: 27<sup>th</sup> May 2016



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**KALYANI FORGE LIMITED**

(CIN: L28910MH1979PLC020959)

Regd. Office: Shangrila Gardens, "C" Wing,  
1<sup>st</sup> 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 SEVENTH Annual General Meeting of the Company, to be held on Tuesday,  
the 2<sup>nd</sup> Augusts, 2016, at 11.00 a.m., and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

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,  
1<sup>st</sup> 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 SEVENTH Annual General Meeting of the Company,  
being held on Tuesday, the 2<sup>nd</sup> August, 2016, at 11.00 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





KALYANI FORGE



KALYANI

# ANNUAL REPORT 2016

KALYANI FORGE



**KALYANI FORGE LIMITED**  
(CIN : L28910MH1979PLC020959)

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