



KALYANI

HIGHLIGHTS

(Rupees in Million)

PARTICULARS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
TURNOVER	2,619	2,793	2,396	1,813	1,858	2,174	2,101	1,726	1,508
PROFIT BEFORE INTEREST DEPRECIATION AND TAX	334	400	275	214	163	267	259	230	209
INTEREST	69	83	62	50	52	35	19	10	3
DEPRECIATION	128	119	112	105	91	83	72	57	48
PROFIT BEFORE TAX	137	198	101	59	20	148	168	163	158
PROVISION FOR TAX	49	64	34	20	12	54	58	59	55
PROFIT FOR THE YEAR	88	134	68	39	8	94	110	103	103
DIVIDEND %	25	25	20	18	12	22	22	22	22
DIVIDEND AMOUNT	9	9	7	7	4	8	8	8	7
GROSS BLOCK	1,926	1,788	1,680	1,563	1,370	1,224	1,117	859	732
NET BLOCK	825	814	823	814	724	668	635	449	379
NET WORTH	991	913	790	734	708	716	644	543	449
BOOK VALUE PER SHARE (RS.)	272	251	217	202	195	197	177	149	124
EARNINGS PER SHARE (RS)	24	37	18	9	3	26	30	28	28
SHAREHOLDERS (NO'S)	3244	3,248	3,428	3,352	3,522	3,412	3,056	3,060	3,711
NO OF EMPLOYEES (NO'S)	1,050	1,289	1,352	1,172	1,015	1,414	1,572	1,285	1,168



KALYANI FORGE LIMITED

BANKERS :

State Bank of India,
Bank of Maharashtra,
IDBI Bank Ltd.
Citi Bank NA,
HDFC Bank Ltd.
Indian Overseas Bank

AUDITORS :

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

CHIEF FINANCE OFFICER :

Mr. AVINASH KHARE

COMPANY SECRETARY :

Mr. NIRNOY SUR

REGISTERED OFFICE :

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

WORKS :

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



KALYANI FORGE LIMITED

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

NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members of KALYANI FORGE LIMITED will be held at Poona Club Ltd., 6, Bund Garden Road, Pune - 411 001 on Saturday, the 29th day of June, 2013 at 11.00 a.m., to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013, Profit & Loss Account for the year ended 31st March, 2013 and together with reports of Director's and Auditor's thereon;
2. To declare a dividend on equity shares;
3. To appoint a Director in place of Mr. C H Naniwadekar who retires by rotation and being eligible, offers himself for re-election;
4. To appoint a Director in place of Mr. U R Lahoti, who retires by rotation and being eligible, offers himself for re-election;
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT, the Company's retiring auditors, M/s. P. G. Bhagwat, Chartered Accountants, Pune having Firm Registration No.-101118W, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and are hereby authorized to fix their remuneration for the said period."

SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. Viraj G Kalyani who was appointed as an Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, Mr. Viraj G Kalyani as a candidate for the office of the Director be and is hereby elected and appointed as a Director of the Company."

7. To appoint Mr. Viraj G Kalyani as Whole time Director to be designated as Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

RESOLVED THAT, pursuant to the provisions of sections 198, 269, 309, 310, and all other applicable provisions of the Companies Act, 1956 ("the Act") including any amendment or statutory modification thereto for the time being in force read with Schedule XIII of the Companies Act, 1956 (including any amendment or statutory modification thereto for the time being in force) and subject to the approval of Central Government, if necessary, and such other approvals, permissions and sanctions as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, if any, approval of the Company be and is hereby accorded to the appointment of Mr. Viraj Kalyani as the Whole Time Director - (WTD) of the Company, to be designated as Executive Director with effect from May 17, 2013 on the terms and conditions and on payment to him by way of remuneration and commission as set out in the Explanatory Statement to this Notice.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to revise from time to time during the tenure of the present appointment of Mr. Viraj Kalyani, the remuneration payable to him as the Whole Time Director designated as Executive Director subject to the limit stipulated in the Companies Act 1956 read with schedule XIII and such other provisions of the Companies Act, 1956 as may be applicable, with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during this tenure, the Company shall pay Mr. Viraj G Kalyani, the remuneration by way of salary, perquisites, commission or any other allowances as specified in Explanatory statement and in accordance with the limits specified under schedule XIII of the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration"

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

Nirnoy Sur
Company Secretary

Place : Pune
Date : 17th May, 2013

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

NOTES:

1. Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 6 and 7 above, are annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. Proxies, in order to be effective, must be deposited with the Company at its Registered Office not less than 48 hours before the time fixed for holding the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 22nd day of June, 2013, to Saturday, the 29th day of June, 2013, both days inclusive.
5. Members are requested to :
 - a) Intimate any change in their address to the Company's Registrar and Share Transfer agents, Link Intime India Pvt. Ltd, Block No.202, Second Floor, Akshay Complex, Off. Dhole Patil Road, Near Ganesh Mandir, Pune - 411 001 in case of those who are holding Equity Shares in physical form and in case of electronic holders the same has to be sent to their respective DP.
 - b) Quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares in physical form in all correspondence with the Company.
6. Members/ Proxies are requested to bring copy of Annual Report and attendance slip duly filled in.
7. Corporate members intending to send their authorized representative to attend meeting are requested to send a certified true copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the Annual General Meeting.
8. Members holding equity shares in multiple folios in the identical order of names are requested to consolidate their holding into one folio.
9. The dividend, as recommended by the Board, if declared at the Annual General Meeting will paid on or after 29th June, 2013 to those persons or their mandate:
 - a) Whose names appear as Beneficial Owners as at the end of the business hours on 22nd June, 2013 in the list of Beneficial Owners to be furnished by NSDL and CDSL in respect of the shares held in electronic form; and
 - b) Whose names appear as members in the register of members of the Company after giving effect to valid share transfers in physical form lodged with the Company /Registrar and Share Transfer Agents on or before 29th June, 2013.
10. Members holding shares in dematerialized form are requested to intimate any change in their address/name, bank details, ECS Mandates, nominations, power of attorney, etc. to their respective DPs only.
11. Members holding shares in physical form are requested to intimate any change in address, bank details, etc. to the Company's Registrar and Share Transfer Agents :

Link Intime India Pvt. Ltd,
Block No.202, Second Floor,
Akshay Complex
Off.Dhole Patil Road,
Near Ganesh Mandir,
Pune - 411 001.

Telephone – 020 26160084 Fax – 020 26053503
E-mail:pune@linkintime.co.in

12. Equity Shareholders who have not dematerialized are advised to dematerialize their shareholding, to avoid inconvenience in future and to reap benefits of de-materialization.
13. **Sending the annual report on E-mail of shareholders is allowed and thus you are requested to send your e mail ID if you want the annual report to be sent on e-mail. If you choose to receive the annual report on your e-mail then no separate annual report would be sent to you by post.**

It would be your responsibility to report any changes in the e-mail ID that you have registered with us or your decision to receive the annual report by post instead. Any member may insist for physical copies of the annual report and the same would be sent to them free of cost.

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

Place : Pune
Date : 17th May, 2013

Nirnoy Sur
Company Secretary



Annexure to Notice

As required by Section 173 of the Companies Act, 1956, (hereinafter referred to as “the Act”) the following Explanatory Statements set out all material facts relating to the business mentioned under item No. 6 and 7 of the accompanying Notice dated 17th May, 2013.

Item No. 6

Mr. Viraj Gaurishankar Kalyani, (aged 23 years) was appointed by the Board of Director of the Company as additional director at its meeting held on 17th May, 2013 with effect from 17th May, 2013. In terms of section 260 of the Act and Article 141 of the Company’s Articles of Association, Mr. Viraj G Kalyani is eligible to hold the office of Director only till the date of the 34th Annual General Meeting, but is eligible for re- appointment. Notice has been received by the Company as required by section 257 of the Act along with a deposit of Rs. 500/- from a member of the Company, signifying the intention to propose candidature of Mr. Viraj G Kalyani for the office of Director.

Earlier Mr. Viraj G Kalyani was Executive Vice President of the Company and was responsible for certain areas of the Company viz, sales, marketing, production, personnel, administration.

The Board recommends the appointment of Mr. Viraj G Kalyani and passing of the resolution as set out in item No. 6 of the Notice as an Ordinary Resolution.

Mr. Viraj G Kalyani is the son of Mrs. Rohini G Kalyani, Vice Chairperson and Managing Director and Gaurishankar N Kalyani, Non-Executive Director and is the grandson of Mr. Neelkanth A Kalyani, Chairman of the Company and they are indirectly interested in the resolution.

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

Item No. 7

Mr. Viraj G Kalyani (aged 23 years) is a Graduate from the Jerome Fisher Program in Management and Technology at University of Pennsylvania, a four-year dual-degree program, with a Bachelor of Science in Economics, concentration in Finance at the Wharton School and a Bachelor of Science in Engineering, Major in Mechanical Engineering at the School of Engineering and Applied Science. He joined Kalyani Forge Ltd as Executive Vice President in the year 2012 and contributed towards implementation of current expansion plan, business systems, and research for potential new business opportunities’ and diversification. Mr. Viraj G Kalyani has been recognized for his professionalism, commitment to excellence and his contribution to the Kalyani Group Companies.

The Board considers it desirable that the Company should continue to avail itself of the services of Mr. Viraj G Kalyani as Whole-time Director and accordingly recommends the Resolutions at item No. 7 for approval by the members.

The Board of Directors at their meeting held on 17th May, 2013 accepted the recommendation of the remuneration committee the remuneration payable to Viraj G Kalyani for his services as Whole-time Director as detailed below, subject to the limits stipulated under the Companies Act, 1956:-

(I) SALARY :

Rs. 1,13,000/- (Rupees One Lac thirteen Thousand only) per month.

(II) COMMISSION :

Commission not exceeding 4% of the net profits of the co. in a particular year, computed according to Section 349 & 350 of the Act, which put together with salary and perquisites shall be subject to the overall ceiling laid down in section 309 and schedule XIII of the Companies Act, 1956 and the overall limit under section 198.

(III) PERQUISITES :

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

PERQUISITES

CATEGORY ‘A’

(I) RESIDENTIAL ACCOMODATION :-

Housing: Rent Free Accomodation or House Rent Allowance will be subject to ceiling of 40% of the Salary

(II) MEDICAL REIMBURSEMENT :-

Expenses incurred for the whole-time Director and the family subject to a ceiling of 15 days Salary in a year or 45 days Salary over a period of three years.

**(III) ANNUAL LEAVE TRAVEL CONCESSION :-**

For the Whole-time Director and his family once in a year incurred in accordance with the rules of the Company, subject to the limit of one month salary in a year or 90 days salary over a period of three years.

EXPLANATION : For the purpose of Category 'A' "family" means the spouse, the -dependent children and dependent parents of the Whole-time Director.

(C) CLUB FEES : - Fees of clubs up to Rs. 25,000 per annum, subject to a maximum of two clubs exclude admission and life membership fees.

CATEGORY 'B'

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent that these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on the perquisites.

CATEGORY 'C'

Free use of a company's car with driver for use on Company's business and telephone at residence. This will not be considered as the perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the company to the Whole-time Director.

MINIMUM REMUNERATION

If in any financial year during the currency of the tenure of the Whole-time Director, the Company has either loss or inadequate profit to pay the substantive remuneration as mentioned above, the Company shall pay Whole-time Director minimum remuneration as permissible under Schedule XIII to the Companies Act, 1956

Chairperson of Board Committees :

Nil

Membership of Board Committee :

Nil

Equity Shareholding :

Mr. Viraj G Kalyani Holds 31635 equity shares in the Company.

Mr. Viraj G Kalyani is son of Mrs. Rohini G Kalyani, Vice Chairperson and Managing Director and Gaurishankar N Kalyani, Non-Executive Director and is the grandson of Mr. Neelkanth A Kalyani, Chairman of the Company and they are indirectly interested in the resolution.

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

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

Place : Pune
Date : 17th May, 2013

Nirnoy Sur
Company Secretary

Registered Office :

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

DIRECTORS' REPORT

For the year ended 31st March, 2013

To
The Members,

The Directors have the pleasure of presenting the Thirty Fourth Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 2013.

1. FINANCIAL RESULTS :

(Rs.Millions)

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

2. DIVIDEND :

Your Directors recommend dividend of Rs.2.5 per equity share of Rs.10 each (25%) for year ended 31st March, 2013.

3. PERFORMANCE REVIEW :

We are happy to report working results for the year under review. After providing for depreciation, the profit for the year is **Rs.13,72,55,703**

4. DIRECTORS :

Pursuant to Section 256 of the Companies Act, 1956 read with articles 160,161 of Articles of Association of the Company, Mr. C H Naniwadekar and Mr. U R Lahoti, Directors retire by rotation and are eligible for re-appointment at the ensuing Annual General Meeting.

Mr. Viraj G Kalyani was appointed as an Additional Director with effect from 17th May, 2013. As an Additional Director, Mr. Viraj G Kalyani holds office upto the date of the ensuing Annual General Meeting and being eligible, offers himself for appointment as Director afresh.

The brief profile of the Directors seeking re-appointment, forms part of the Corporate Governance Report.

5. TRANSFER TO GENERAL RESERVE :

During the year a sum of **Rs. 88,28,000** has been transferred to the General Reserve Account.

6. AUDITORS :

The Auditors of the Company M/s.P.G. Bhagwat, Chartered Accountants, Pune, who retire at the ensuing Annual General Meeting and are eligible for reappointment. They have confirmed their eligibility under Section 224 of the Companies Act, 1956 for reappointment as Auditors of the Company.

7. AUDITORS' REPORT :

The observations made in the Auditors' Report, read together with the relevant notes thereon, are self explanatory and hence does not call for any comments under Section 217(3) of the Companies Act, 1956.

8. DIRECTORS' RESPONSIBILITY STATEMENT :

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- i) that in the preparation of the annual accounts for the Financial Year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that the Directors have selected such accounting policies and applied them consistently and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2013, and of the profit of the Company for the year ended on that date;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv) that the annual accounts have been prepared on a going concern basis.

9. CORPORATE GOVERNANCE :

As per Clause 49 of the Listing Agreement with the Stock exchanges, a separate section on corporate governance practice followed by the Company, together with a certificate from the Company's Auditors confirming compliance, is set out in the annexure forming part of this report.

10. PARTICULARS OF EMPLOYEES :

There is no employee whose particulars are required to be given under section 217(2A) (a) of the Companies Act 1956 read with Notification dated 31st March, 2011 by Ministry of Corporate Affairs.

11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 are given in Annexure I to the Directors' Report.

12. APPOINTMENT OF COST AUDITOR :

Mr. S C Jog, a Practicing Cost Accountant was appointed as Cost Auditor with the approval of Government of India to conduct cost audit of the accounts of the Company relating to for the year ended 31st March, 2013 pursuant to Section 233B of the Companies Act, 1956.

13. NOTES ON TAXATION :

In the opinion of Directors, the provision for Income –Tax is sufficient to meet Income Tax demands. Shortfall, if any, will be met, if necessary, out of reserves.

14. RESEARCH & DEVELOPMENT :

As part of KFL's overall strategy, throughout the year the Company remained focused on developing value added products for all market segments. R & D activities also focused on process cost reductions through increased yields.

Details of the R & D Activities undertaken are enumerated in Annexure I to this report.

15. APPRECIATION :

Your Directors would like to thank to the Bankers, Central and State Government, Stock Exchanges, other Regulatory Agencies, Investors, Shareholder and Employees of the Company and wish to acknowledge and place on record their sincere appreciation for the continuous excellent support given by them to the Company and their confidence in its management. Industrial relations continued to be cordial and peaceful.

For and on behalf of the Board of Director

Place : Pune
Date : 17th May, 2013

Rohini G. Kalyani
Vice Chairperson & Managing Director

ANNEXURE – I TO THE DIRECTORS’ REPORT :

Information as per Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors’ Report for the year ended 31st March, 2013.

A) CONSERVATION OF ENERGY :

- a. The company is striving continuously to conserve energy by adopting innovative measures to reduce wastage and achieve optimum utilization of energy. As a result of these measures company has earned substantial amount of Power factor incentive from MSEB which is resulted in reduction of power cost.
- b. Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the schedule thereto :

Sr. No.	Description	2012-13	2011-12
1)	Power And Fuel Consumption		
I)	Electricity		
a)	Purchased Units (KWH)	2,49,14,766	2,86,98,913
	Total Amount (Rs)	18,95,49,830.00	18,20,47,732.00
	Rate/Unit (Rs)	7.61	6.35
B)	Own Generation		
I)	Through Diesel Generator	2,05,220	3,26,784
II)	Through Steam Generator (KWH)	-	-
II)	Coal		
III)	Fuel Oil (LDO+Fuel Oil)		
	Quantity (Ltrs)	12,12,903	15,14,440
	Total Amount (Rs)	4,73,64,278.00	5,61,38,420.00
	Average Rate /Litre (Rs.)- LDO	60.00	52.71
2)	CONSUMPTION PER UNIT OF PRODUCTION		
	Product : High Quality Closed Tolerance Die Forgings		
	UNIT : M.T.	15,179	17,382.00
	ELECTRICITY (KWH)	1,641.40	1,651.17
	FUEL OIL(KL/TON)	0.08	0.09
	COAL	NIL	NIL

*We could maintain total cost with percentage in use in costs of LDO and Furnace oil

B) TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per Form-B of the Annexure to the Rules :

i) Specific areas in which R&D was carried out by the Company

- a) The focus of the company’s R&D efforts was on the following areas :
 - 1) Development of new innovative technology for the manufacture of existing dies, machined components and their intermediates.



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

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

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

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

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

iii) Future Plan of Action :

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

iv) Expenditure on R & D :

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

v) Technology Absorption, Adaptation and Innovation :

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

C) FOREIGN EXCHANGE USED AND EARNED :

	(Rs in Million)
Used	96.52
Earned	559.46

For and on behalf of the Board of Director

Place : Pune
Date : 17th May, 2013

Rohini G. Kalyani
Vice Chairperson & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

A) Economic Scenario and Industry Structure :

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

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

B) Opportunities & Threats :

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

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

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

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

C) Outlook :

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

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

D) New Business Development :

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



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

E) Risks and Concerns :

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

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

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

F) Internal Controls and Adequacy :

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

G) Financial and Operational Performance :

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

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

H) Manpower Development in HR and Industrial relations :

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

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

I) Cautionary Statements :

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

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

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

2. BOARD OF DIRECTORS :

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

b. NUMBER OF BOARD MEETINGS

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

c. DIRECTORS ATTENDANCE RECORD AND DIRECTORSHIPS HELD

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

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



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

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

d. Code of Conduct

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

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

Mr. C H Naniwadekar

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

He does not hold any equity share in the Company.

Mr. Umesh R Lahoti

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

He does not hold any equity share in the Company.

Mr. Viraj G Kalyani

Born on 12th April, 1990, Viraj G Kalyani Graduated from the Jerome Fisher Program in Management and Technology at University of Pennsylvania, a four-year dual-degree program, with a Bachelor of Science in Economics, Concentration in Finance at the Wharton School and a Bachelor of Science in

Engineering, Major in Mechanical Engineering at the School of Engineering and Applied Science. He joined Kalyani Forge Ltd as Executive Vice President in the year 2012 and contributed towards implementation of current expansion plan, business systems, and research for potential new business opportunities' and diversification. Mr. Viraj G Kalyani is recognized for his professionalism, commitment to excellence and his contribution to the Kalyani Group Companies.

He holds 31635 equity shares in the Company.

3. AUDIT COMMITTEE :

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

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

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

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

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

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

Composition and attendance at Audit Committee meeting:

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

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

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

4. REMUNERATION COMMITTEE :

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

The Committee consists of four Non-Executive Independent Directors.

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

a) *Composition of Remuneration Committee:

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

*Composition of Remuneration Committee was reconstituted w.e.f. 25th May, 2012

b) **Meetings of Remuneration Committee**

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

Remuneration Policy

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

c) **Remuneration to Directors**

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

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

(Amount in Rupees)

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

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

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

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

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

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

The committee consists of three Non-Executive Independent Directors.

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

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

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

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

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

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

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

6. DETAILS OF THE ANNUAL GENERAL MEETINGS :

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

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

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



7. DISCLOSURES :

a) Materially Significant Related Party Transactions

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

b) Accounting Treatment

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

c) Statutory Compliance, Strictures and Penalties

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

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

8. Secretarial Audit :

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

Cost Audit :

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

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

9. Means of Communication :

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

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

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

b) Listing on Stock Exchanges and Scrip Code

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

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

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

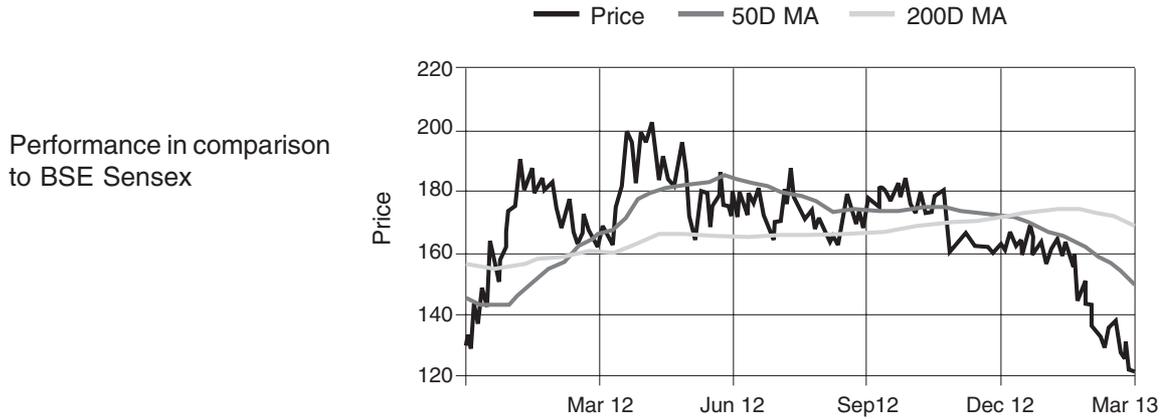
c) Market Price Data

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

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



d) Performance in comparison to the Board-based Indices



e) Registrar & Share Transfer Agent and Share Transfer System

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

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

f) Share Transfer System :

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

g) Shareholding pattern as on 31st March, 2013 :

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

Non Executive Directors Shareholding

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

h) Distribution of Shareholding as on 31st March,2013

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

i) Dematerialization of shares and liquidity :

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

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

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

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

k) Plant Location :

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

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

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

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

Financial Reporting for :

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

**m) Unclaimed Dividend-**

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

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

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

Factory:-

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

For effective and efficient Investor Grievance Management, the Company has dedicated E-mail Id investors@kforge.com,

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

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

**VC&MD & CFO CERTIFICATION**

To,
The Board of Directors,

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

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

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

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

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

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

We have indicated to the auditor and the Audit Committee-

Significant changes in internal controls during the period;

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

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

For Kalyani Forge Limited,

Rohini G. Kalyani,
Vice Chairperson & Managing Director

Place : Pune
Date : 17th May, 2013

Avinash Khare
Chief Finance Officer



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

To,

THE MEMBERS OF
KALYANI FORGE LTD.

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

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

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

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

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

Nachiket Deo
Partner
Membership Number 117695

Pune
Date : 17th May, 2013

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

For Kalyani Forge Limited

Place : Pune
Date : 17th May, 2013

Rohini G. Kalyani
Vice Chairperson & Managing Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KALYANI FORGE LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

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



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

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

Pune
Date : 17th May, 2013

Nachiket Deo
Partner
Membership Number 117695

ANNEXURE

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

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

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

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

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



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

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

Pune
Date : 17th May, 2013

Nachiket Deo
Partner
Membership Number 117695

Balance Sheet as at 31st March, 2013

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

Notes forming part of the financial statements 27

As per our attached report of even date.

For and on behalf of the Board of Directors

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

ROHINI G. KALYANI
Vice Chairperson & Managing Director

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

NIRNOY SUR
Company Secretary
Pune: 17th May 2013

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



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

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

Notes forming part of the financial statements 27

As per our attached report of even date.

For and on behalf of the Board of Directors

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

ROHINI G. KALYANI
Vice Chairperson & Managing Director

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

NIRNOY SUR
Company Secretary
Pune: 17th May 2013

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

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2012-13

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

As per our attached report of even date.

For and on behalf of the Board of Directors

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

ROHINI G. KALYANI
Vice Chairperson & Managing Director

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

NIRNOY SUR
Company Secretary
Pune: 17th May 2013

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

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

PARTICULARS	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
NOTE 1 : SHARE CAPITAL		
Authorised share capital		
75,00,000 (75,00,000) Equity shares of Rs 10/- each	7,50,00,000	7,50,00,000
50,00,000 (50,00,000) Cumulative Redeemable Preference Shares of Rs 10/- each	5,00,00,000	5,00,00,000
25,00,000 (25,00,000) Unclassified Shares of Rs 10/- each	2,50,00,000	2,50,00,000
	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued share capital		
36,40,000 (36,40,000) Equity shares of Rs. 10/- each	3,64,00,000	3,64,00,000
Subscribed & fully paid Up Share Capital		
36,38,000 (36,38,000) Equity shares of Rs. 10/- each fully Paid up	3,63,80,000	3,63,80,000
Forfeited Equity Shares		
Forfeited Equity Shares (Amount Paid Up)		
2,000 (2,000) Equity Shares	10,000	10,000
Total	<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	31st March, 2013		31st March, 2012	
	No. of Shares	In Rs.	No. of Shares	In Rs.
At the beginning of the period	36,38,000	3,63,80,000	36,38,000	3,63,80,000
Issued / Reduction if any during the period	-	-	-	-
Outstanding at the end of the period	<u>36,38,000</u>	<u>3,63,80,000</u>	<u>36,38,000</u>	<u>3,63,80,000</u>

2 Terms/Rights attached to the equity shares

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

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

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

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

NIL

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

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

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

NIL

PARTICULARS

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

NOTE 2 : RESERVES AND SURPLUS

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

NOTE 3 : LONG - TERM BORROWINGS

Secured : Term Loan From Banks

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

Unsecured : Other Long Term Borrowing

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

Terms of Repayment

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

PARTICULARS

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

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

Nature of security

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

Note 4 : Deferred tax liabilities (net)

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

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

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

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

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

PARTICULARS

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

NOTE 6 : TRADE PAYABLES

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

NOTE 7 : OTHER CURRENT LIABILITIES

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

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

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

Others

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

**NOTE : 9 - TANGIBLE ASSETS**

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

Net Block

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

Notes :

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

NOTE 10 : INTANGIBLE ASSETS

Fixed Assets	Licences Assets	Total
Gross Block		
As At 31 March 2011		
Additions	10,45,000	10,45,000
Recoupment / Adjustment	-	-
Deductions	-	-
As At 31 March 2012	10,45,000	10,45,000
Gross Block		
As At 31 March 2012	10,45,000	10,45,000
Additions	51,42,401	51,42,401
Inter Transfers	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
As At 31 March 2013	61,87,401	61,87,401
Depreciation		
Upto 31 March 2011		
For The Year	37,489	37,489
Inter Transfers	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
As At 31 March 2012	37,489	37,489
Depreciation		
Upto 31 March 2012	37,489	37,489
For The YEAR 2012-2013	1,88,299	1,88,299
Inter Transfers	-	-
Recoupment / Adjustment	-	-
Deductions	-	-
As At 31 March 2013	2,25,788	2,25,788
Net Block		
As At 31 March 2012	10,07,511	10,07,511
As At 31 March 2013	59,61,613	59,61,613

Note:

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

PARTICULARS

Face Value Per Unit	As at 31st March 2013		As at 31st March 2012	
Rs.	Nos.	Rs.	Nos.	Rs.

NOTE 11 : NON-CURRENT INVESTMENTS

NON TRADE - Unquoted

The Shamrao Vithal Co-operative Bank Ltd

Total

25	2,000	50,000	2,000	50,000
		<u>50,000</u>		<u>50,000</u>

PARTICULARS

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

NOTE 12 : LONG-TERM LOANS AND ADVANCES**Capital advances**

Secured, considered good

Unsecured, considered Good

-	12,37,000
12,83,45,754	5,24,29,136
<u>12,83,45,754</u>	<u>5,36,66,136</u>

Loans to employees

Secured, considered good

Unsecured, considered Good

-	-
10,30,461	20,31,016
<u>10,30,461</u>	<u>20,31,016</u>

Out of the above

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

-

Tax paid in advance (net of provision)

1,77,37,679	1,31,10,223
--------------------	-------------

Total

<u>14,71,13,894</u>	<u>6,88,07,375</u>
----------------------------	--------------------

PARTICULARS

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

NOTE 13 : OTHER NON-CURRENT ASSETS

Long-term trade receivables

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

Others

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

NOTE 14 : INVENTORIES

(Note No. 27 : 1.4)

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

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

NOTE 15 : TRADE RECEIVABLES

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

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

Other receivables

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

PARTICULARS

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

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

2,72,175	59,844
----------	--------

Balance with Bank

Current accounts and cash credit

3,77,85,515	8,37,40,396
-------------	-------------

Unpaid dividend accounts

6,12,740	5,76,761
----------	----------

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

Other bank balances

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

In Margin Money Deposit pledged as security with Banks

2,03,72,459	1,84,46,439
-------------	-------------

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

Total

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

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

Unsecured, considered Good

2,56,27,334	1,85,43,025
-------------	-------------

Loans and advance to employees

Unsecured, considered good

29,77,449	28,68,028
-----------	-----------

Balance with collectorate of central excise and customs

3,97,17,385	62,38,513
-------------	-----------

VAT/ Excise Receivable

1,10,16,108	4,67,10,743
-------------	-------------

Tax paid in advance (net)

-	-
---	---

Other loans & advances

Prepaid Expenses

31,26,915	89,05,646
-----------	-----------

Others Advances

1,09,33,297	1,05,52,295
-------------	-------------

Total

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

NOTE 18 : OTHER CURRENT ASSETS

Export incentive receivable

1,53,65,157	4,45,83,640
-------------	-------------

Interest receivable

11,96,236	12,52,377
-----------	-----------

Deposits

7,19,040	11,02,300
----------	-----------

Other receivables

4,05,332	4,05,332
----------	----------

Total

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

PARTICULARS	2012-13	2011-12
	Rs.	Rs.
NOTE 19 : REVENUE FROM OPERATIONS		
Sale of products (gross)	2,82,10,05,880	2,99,18,35,537
Less : Excise duty	23,99,82,276	26,68,97,990
Net Sales	2,58,10,23,604	2,72,49,37,547
Operating income		
Die development charges	78,06,000	8,00,000
Job Work Receipt	19,425	23,17,382
Export incentives	59,00,039	1,71,72,500
Gain on foreign exchange fluctuations, net	78,78,745	3,54,29,873
	2,16,04,209	5,57,19,755
Total	2,60,26,27,813	2,78,06,57,302
NOTE 20 : OTHER INCOME		
Interest		
On income tax refund	-	2,01,270
On others	19,44,505	19,24,613
Dividend	-	6,000
Discount received	4,21,946	13,48,397
Miscellaneous income	1,16,60,773	77,18,209
Surplus on sale of assets	8,39,777	1,12,975
Provisions no longer required written back	12,00,000	10,95,913
Total	1,60,67,001	1,24,07,377
NOTE 21 : COST OF MATERIALS CONSUMED		
(a) Raw materials consumed		
Opening stocks	12,79,27,608	11,95,60,102
Less : Value of obsolete and non-moving material written-down (net of realisable value)	-	-
Add : Purchases (Net)	1,26,34,06,162	1,40,53,57,542
Less : Stocks at close	9,66,38,173	12,79,27,608
Net Raw Material Consumed	1,29,46,95,597	1,39,69,90,036
(b) Dies consumed		
Opening stocks		
Dies	1,09,38,389	10,39,582
Die Blocks, Die Steel and Dies under fabrication	70,26,222	1,37,72,331
	1,79,64,611	1,48,11,913
Add : Purchases and processing charges	2,11,73,170	1,94,68,676
	3,91,37,781	3,42,80,589
Less : Stock at close		
Dies	1,57,58,955	1,09,38,389
Die Blocks, Die Steel and Dies under fabrication	78,74,868	70,26,222
	2,36,33,823	1,79,64,611
Net Dies consumed	1,55,03,957	1,63,15,978
Total	1,31,01,99,555	1,41,33,06,014

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

(Increase)/decrease in stocks

Stocks at close:		
Work-in-process	12,25,68,921	11,30,44,405
Finished goods	1,82,83,381	1,63,57,166
Scrap	1,74,62,865	1,17,51,511
	15,83,15,167	14,11,53,082
Less : Opening stocks		
Work-in-process	11,30,44,405	10,06,42,644
Finished goods	1,63,57,166	2,32,25,502
Scrap	1,17,51,511	1,23,18,862
	14,11,53,082	13,61,87,008
	(1,71,62,085)	(49,66,074)
Shares, Units of Mutual Funds		
Stock at close	18,89,636	18,89,636
Less: Stock at commencement	18,89,636	18,89,636
	-	-
Increase/(Decrease) in excise duty on stocks		
Excise duty on opening inventories	14,19,252	11,50,357
Excise duty on closing inventories	19,20,977	14,19,252
	5,01,725	2,68,895
Total	(1,66,60,359)	(46,97,179)

PARTICULARS

2012-13

2011-12

Rs.

Rs.

NOTE 23 : EMPLOYEE BENEFITS EXPENSE

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

NOTE 24 : FINANCE COSTS

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

NOTE 25 : DEPRECIATION AND AMORTIZATION EXPENSE

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

PARTICULARS	2012-13	2011-12
	Rs.	Rs.
NOTE 26 : OTHER EXPENSES		
Manufacturing Expenses		
Stores, spares and tools consumed	16,61,63,607	17,87,86,958
Processing charges	15,29,59,793	12,21,53,933
Power and fuel	24,02,39,689	24,43,19,656
Repairs to building	25,33,969	90,11,143
Repairs to machinery	6,73,25,252	5,79,35,406
Octroi Duty	2,07,857	40,536
Freight Charges	1,03,52,538	99,31,330
Other manufacturing expenses	27,03,700	23,43,046
	64,24,86,404	62,45,22,008
Selling Expenses		
Freight and forwarding	3,27,85,130	2,83,40,994
Royalty, technical and license fees etc.	25,000	25,000
Other selling expenses	35,57,134	62,82,169
	3,63,67,264	3,46,48,163
Administration Expenses		
Rent	3,70,665	4,55,098
Rates and taxes	24,91,076	19,19,661
Insurance (Including Keyman Insurance)	75,93,173	66,90,854
Other repairs and maintenance	18,39,108	2,46,084
Travelling and conveyance	55,46,149	49,15,791
Vehicle Expenses (Including on hired vehicles)	1,99,14,292	2,09,34,754
Professional & consultancy fees	66,92,680	69,52,645
Auditor's remuneration	10,25,000	10,25,000
Directors' Fees expenses	1,93,000	1,56,500
Donation	3,000	-
Non executive directors' commission	5,10,000	7,60,000
Miscellaneous expenses	1,98,81,071	2,33,73,516
Loss on assets sold, demolished, discarded and scrapped	95,246	5,14,212
Provision for doubtful debts	42,48,078	13,91,402
	7,04,02,538	6,93,35,517
Total	74,92,56,206	72,85,05,688

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

NOTE NO. 27

1. Statement on Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements :

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

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

1.2 Use of Estimates

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

1.3 Fixed Assets and depreciation :

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



asset.

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

1.4 Inventories :

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

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

1.5 Research & Development expenditure:

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

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

1.7 Employee Benefits :

a) Short terms employee benefits.

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

b) Provident Fund -

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

c) Gratuity –

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

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

d) **Superannuation:-**

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

e) **Privilege Leave Benefits :**

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

f) **Termination Benefits :-**

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

1.8 Foreign Currency Transactions

a) Initial recognition –

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

b) Conversion –

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

c) Exchange Differences: -

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

d) Option Contracts –

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

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

1.9 Investments:

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

1.10 Revenue Recognition :

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



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

1.11 Cash Flow Statement :

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

1.12 Borrowing Costs :

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

1.13 Taxation :

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

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

1.14 Earnings per share :

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

1.15 Impairment of Assets :

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

1.16 Provisions and Contingent Liability :

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

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

2	Contingent Liability not provided for in respect of :	As at 31st March, 2013 Rs.	As at 31st March, 2012 Rs.
	i. Bills discounting	1,17,62,517	1,29,61,060
	ii. Claims against the Company, not acknowledged as debts	60,30,000	1,32,25,000
	iii. Disputed Income Tax demand, matter under appeal	1,21,70,773	2,09,53,702
	iv. Disputed Excise demand, matter under appeal	76,28,035	72,92,845
	v. In respect of export obligation under EPCG	92,70,959	87,79,660
3	The Company has imported capital goods under the Export Promotion Capital Goods Scheme of the Govt. of India at concessional rate of duty against an undertaking to fulfil export obligation (in respect of non redeemed EPCG Licenses) aggregating USD 15.07 Million (Equivalent to Rs.82,81,62,869 at 1 USD=Rs.54.95) over a period of Eight years from issue of license, while maintaining average exports as given in the respective Licenses. Non fulfilment of the balance obligations, in the due manner entails options/rights to the Government to confiscate Capital Goods imported under the said Licenses and other penalties under the above referred scheme.		
4	Estimated Amount of contracts remaining to be executed on Capital Account and Not provided for (net of advances)	5,96,33,514	11,72,18,717
5	Payments to Auditors	2012-13 Rs.	2011-12 Rs.
	i. Statutory audit	6,50,000	6,50,000
	Tax Audit	1,25,000	1,25,000
	In Other Capacity :		
	For certification & Others	1,35,000	1,35,000
	For Expenses	15,000	15,000
	ii. Cost Audit	1,00,000	1,00,000
	Total	10,25,000	10,25,000
6	a) Guarantees given by the Company's Bankers on behalf of the Company, against sanctioned guarantee limits aggregating Rs.3,00,00,000 (Previous year Rs.3,00,00,000) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock in trade, stores and spares etc., book debts subject to prior charge in their favour. Amount outstanding as on 31st March ,2013 is Rs. 2,40,48,390/- (Previous year Rs. 2,11,41,890).		
	b) The non-fund based facilities have been sanctioned amounting to Rs. 27,40,00,000 with a charge of hypothecation on stock, book debts and other current assets on pari-passu among the consortium members and second charge over fixed assets of company. Amount outstanding as on 31st March 2013 is Rs.4,53,55,828 (Previous year - Rs.6,78,64,161).		

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

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

Funded Scheme - Gratuity.

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



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

Particulars

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

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

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

9. CIF Value of Imports and Expenditure in Foreign Currencies

Particulars

2012-13
Rs.2011-12
Rs.

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

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

11. Earnings in Foreign Currencies

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

12. Exchange Differences on account of fluctuation in Foreign Currency rates. **2012-13** 2011-12
Rs. Rs.

- a) Exchange Differences on account of fluctuations in Foreign Currency Rates

i) On settlement / revalorisation of Current Assets & Current Liabilities	78,78,745	3,54,29,873
---	------------------	-------------

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

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

13. Total Expenditure on Research & Development (including allocable overheads) during the year is Rs. 37,60,502/- (Previous year Rs. 65,74,000/-)
14. (a) The Company has a single Product, viz : “Forgings”. Consequently, there are no Reportable Segments of the Company as per the Accounting Standard (AS-17) “Segment Reporting” prescribed by Companies (Accounting Standards) Amendment Rules, 2006.
- (b) Disclosures of transactions with Related Parties as required by Accounting Standard - 18 “Related Party Disclosures” is given below. Related parties as defined under clause 3 of the Accounting Standard have been identified on the basis of representations made by the Key Managerial Personnel, information available with the company and taken on record by the Board.

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

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

16. **Turnover and Stock**

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

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

As per our attached report of even date.

For and on behalf of the Board of Directors

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

ROHINI G. KALYANI
Vice Chairperson & Managing Director

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

NIRNOY SUR
Company Secretary
Pune: 17th May 2013

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

KALYANI FORGE LIMITED

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

PROXY

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

Signed this _____ day of _____ 2013.
No. of shares held : _____ Folio No. _____
DP. ID.** _____ Client ID** _____

Please Affix
Rs.1
Revenue
Stamp
here

**Applicable for Members holding shares
in Dematerialised Form

Signature(s) of 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

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

ATTENDANCE SLIP

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

L.F. No.(s)

NAME OF THE SHAREHOLDER / PROXY* _____

ADDRESS _____

No. of shares held : _____ Folio No. _____

D.P.ID.** _____ Client ID** _____

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

SIGNATURE OF THE SHAREHOLDER / PROXY _____

*strike our whichever is not applicable;

** Applicable for Members holding shares in Dematerialised Form

