

BF INVESTMENT LIMITED



KALYANI
DRIVING INNOVATION

CONTENTS

1. Board of Directors etc.	1
2. Notice	2
3. Management Discussion and Analysis	3
4. Corporate Governance	4
5. Shareholder Information	6
6. Directors' Report	9
7. Auditor's Report	11
8. Financials	14

**BOARD OF
DIRECTORS**

B. N. KALYANI
Chairman

A. B. KALYANI

B. B. HATTARKI

M. U. TAKALE

BANKERS

HDFC Bank Limited

AUDITORS

Prashant V. Deo, Chartered Accountants

REGISTERED OFFICE

BF Investment Limited
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India.
Phone : (020) 26822552 / 67042300 / 67042800
Fax : (020) 26823061
E-mail : bfinvestment@vsnl.net

Members who wish to obtain all the Notices, Annual Reports and other communications from the Company on email, are requested to update their email ID's in their Depository Account. Shareholders holding shares in Physical form, and wish to avail the above information on email, can send their request to the Company, with the details of their email ID's.



BF INVESTMENT LIMITED

Registered Office : Mundhwa, Pune Cantonment, Pune 411 036.

NOTICE

NOTICE is hereby given that the Third Annual General Meeting of the Members of BF Investment Limited will be held at Kalyani Steels Ltd compound, at Mundhwa, Pune 411 036 on Saturday, 28th Day of July, 2012 at 3.30 p.m. (IST) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended 31st March, 2012 and the Report of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. B. B. HATTARKI, who retires by rotation but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. U. TAKALE, who retires by rotation but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT THE COMPANY'S AUDITOR, PRASHANT V. DEO, CHARTERED ACCOUNTANT, (REGISTRATION NO.041609) BE AND IS HEREBY RE-APPOINTED AS AUDITOR OF THE COMPANY TO HOLD OFFICE FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY AND THAT THE BOARD OF DIRECTORS BE AND IS HEREBY AUTHORISED TO FIX AUDITORS' REMUNERATION FOR THE PERIOD."

Mundhwa,
Pune Cantonment,
Pune 411 036.
19th May, 2012

By Order of the Board of Directors
For BF Investment Limited

S. R. Kshirsagar
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Members who hold shares in dematerialised form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the meeting.
3. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Registrar & Share Transfer Agent of the Company.
4. The Share Transfer Books and the Register of Members of the Company will remain closed on Saturday, 28th July, 2012.
5. Members who wish to obtain all the Notices, Annual Reports and other communications from the Company on email, are requested to update their email id's in their Depository Account. Shareholders holding shares in Physical form, and wish to avail the above information on email, can send their request to the Company, with the details of their email id's.

Management Discussion And Analysis

The Board takes pleasure in presenting your company's third Annual Report for the year 2011-12 along with the compliance report on corporate governance. This Chapter on Management Discussion and Analysis forms a part of the compliance report on Corporate Governance.

Overview of the Global Scenario :

2012 has started with widespread concerns of another global recession. Equity market valuation in terms of price earnings ratios in all big markets is not far from low levels seen during financial crisis of 2008/2009. Fears of the crisis moving to Asia as well due to a housing collapse in China have intensified. Sentiment is not far from lows seen at start of 2009, when markets feared a depression following collapse of Lehman Brothers in late 2008.

The significant headwinds that derailed the recovery in 2011 have partly faded and some have even become tailwinds. In particular, the Chinese engine is likely to start pulling again and join US in driving world economy forward. The Euro area recession is likely to be short and euro growth may resume from Q2. That said, growth rates in western economies may remain subdued for a long time, whereas emerging markets may still see a solid growth. Down side risks stemming from euro debt crisis are predominant and this crisis would remain with us for long time and we would see bouts of financial turmoil. Due to lower commodity prices inflation is likely to fall sharply leaving room for policy easing.

2012 would be a year of improvement for the global economy and given the overall downbeat sentiment, this could turn out to be a positive surprise.

Overview of the Regional Scenario

Slower growth and lower inflationary pressure have created room for monetary and fiscal easing across Asia. This will support a gradual recovery in 2012. China is expected to avoid a hard landing and recover in 2012 supported by fiscal and monetary easing. In Japan, the recovery after the earthquake has temporarily lost steam but should regain speed in H1 2012, supported by reconstruction and stronger exports.

Overview of the Domestic Scenario

In India, the slowdown in GDP growth witnessed over last 2 quarters is likely to extend into current fiscal. The slow down has been caused by structural problems, tighter macroeconomic policies, slower growth in OECD countries, worries about global recession, as also the base effect of high growth in agriculture during F.Y. 2010-2011.

In a worsening international scenario, macroeconomic policy room is much more limited. However fiscal stimulus could come from rationalizing government expenditure by expanding investment and cutting subsidies. Investment in infrastructure could alleviate supply bottlenecks and crowd in private investment, with social safety nets cushioning the impact of rising prices.

Business Overview

The Company continues to hold various investments in Kalyani Group companies and expects to earn reasonable returns on the same.

Internal Control and Internal Audit System.

The Company has adequate internal audit and control system commensurate with its size and nature of business. The Audit and controls are as per the prevailing Laws and Company Policies. The Audit Committee appointed by the Board selectively reviews its adequacy, addresses the significant findings, and follow up needs on such issues, are given top priority and implemented suitably.

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has prescribed a set of standards on corporate governance for the listed companies.

The Company has included a compliance report on Corporate Governance in its Annual Report in the spirit of transparency in management and best board practices. This Chapter of the report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitute such a compliance report on corporate governance during 2011-2012.

1. BOARD LEVEL ISSUES :

- **Composition of the Board**

The Board of Directors of Company comprises the Chairman, who is promoter non-executive director and three non-executive directors of whom two are independent. Details are given in Table 1.

- **Number of Board Meetings**

During the period, four Board Meetings were held on 25th May, 2011, 12th August, 2011, 8th November, 2011 and 10th February, 2012.

- **Directors' Attendance Record and Directorships**

Table 1 gives the composition of the Board, the category of the Directors, their attendance record and the number of directorships.

Table 1 - Details about Board of Directors of the Company

Name of Director	Category	Number of meetings held	Number of meetings attended	Number of Directorships of Public Limited Companies	Committee Membership (s)	Committee Chairmanship (s)	Materially significant pecuniary or business relationship with Company
B. N. KALYANI (Chairman)	Promoter, Non-executive	4	3	15	3	3	None
A.B. KALYANI	Non-executive	4	4	14	5	NIL	None
B. B. HATTARKI	Non-executive Independent*	4	4	9	3	4	None
M. U. TAKALE	Non-executive Independent*	4	4	5	3	NIL	None

* *Independent Director means a director who apart from receiving director's remuneration does not have any other pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the judgement of the board may affect independence of judgement of director.*

Note :

None of Directors is a member of more than ten Board-level committees of public companies in which they are Directors, or a chairman of more than five such committees, as included for the purposes corporate governance laid down by SEBI and Listing Agreement.

- **Information placed before the Board**

1. Annual operating plans and budgets, capital budgets, updates.
2. Quarterly results of the company.
3. Minutes of meetings of committees.
4. Compliance of any regulatory, statutory nature or listing requirements and shareholder services.

The Board is presented with detailed notes along with the agenda papers.

- **Directors with materially pecuniary or business relationship with the Company**

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive and/or independent Directors for the period under report.

- **Remuneration of Directors**

None of the Directors of the Company is in receipt of any kind of remuneration. The Company does not have a Remuneration Committee. None of the Directors are related to each other except Mr. A.B. Kalyani,

son of Mr. B.N. Kalyani, Chairman of the Company and none of the employees are related to any of the Directors of the Company.

- **Code of Conduct**

The Company has adopted a code of conduct for directors and senior management of the Company. The code has been circulated to all the members of the Board. The Board members have affirmed their compliance with the Code

- **Audit Committee**

The Audit Committee performs the following functions :

1. Reviewing of the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
2. Reviewing with management the annual financial statement before submission to the Board;
3. Reviewing with the management, external auditors and internal audit department, the adequacy of internal control systems;
4. Discussing with internal audit department any significant finding and follow up on such issues;
5. Discussing with the external auditors before the audit commences on the nature and scope of audit, as well as having post audit discussion to ascertain any area of concern;
6. Reviewing any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standards;
7. Reviewing details of related party transactions exceeding 1% of last year's turnover;
8. Reviewing the company's financial and risk management policies;

The Audit Committee consists of qualified and non-executive directors. It comprises of Mr. B. B. Hattarki, Mr. A. B. Kalyani and Mr. M. U. Takale. The Company has constituted internal audit department.. The committee met four times during the course of the year on 25th May, 2011, 12th August, 2011, 8th November, 2011 and 10th February, 2012. Table 2 gives attendance record. The Chairman of the Board is invited to attend the meetings of the Audit Committee as a permanent invitee. The committee has access to all records of the Company.

Table 2 - Attendance record of Audit Committee members for 2011-12

Name of the Director	No. of meetings	Meetings attended
Mr. B. B. Hattarki	4	4
Mr. A. B. Kalyani	4	4
Mr. M. U. Takale	4	4

2. MANAGEMENT :

- **Management Discussion and Analysis**

This annual report has a detailed chapter on management discussion and analysis.

- **Disclosures by Management to the Board**

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

3. SHAREHOLDERS :

- **Disclosures regarding Appointment or Re-Appointment of Directors**

Two Directors - Mr. B. B. Hattarki and Mr. M. U. Takale - are retiring by rotation and being eligible offer themselves for re-appointment. Their details are given below :

- Mr. B. B. Hattarki is a Metallurgy and Mechanical Engineer. Born on 10th October, 1941. He also serves on the Boards of Kalyani International, Gladiola Investment, Hospet Steels, Khed Developers Limited, Kalyani Steels, Kalyani Investment Company and Kalyani Mukand.

Mr. M.U. Takale serves as Non-Executive Independent Director of Kalyani Steels Limited. He is a Mechanical Engineer having more than 23 years experience in forging and automotive related industries. Mr.Takale, after having his initial graduation in Pune, completed his MS in Industrial and Systems Engineering from

Columbia University, New York, U.S.A. and MBA from Western Carolina University, NC, U.S.A. He was in U.S.A. for six years and besides obtaining degree in Engineering and Management, has had considerable exposure to technological advancements in automotive field. He also has work experience in Automotive Industry in U.S.A

- **Communication to shareholders**

The quarterly results of the Company's performance are published in leading newspapers such as Financial Express, all India editions (English) and Loksatta, Pune edition (Marathi).

- **Investor Grievances**

The Company has constituted the 'Shareholders'/Investors' Grievance Committee' for redressing shareholders'/investors' complaints. The Committee comprises of Mr. B. B. Hattarki, Mr. A. B. Kalyani and Mr. M.U. Takale, all non-executive Directors. The status on complaints is also reported to the Board of Directors, as an agenda item. Mr. S. R. Kshirsagar, Company Secretary, is the compliance officer.

- **Share Transfer**

The Company has constituted the 'Directors Executive Committee'. The Committee comprises of Mr. B. B. Hattarki, Mr. A. B. Kalyani and Mr.M. U. Takale, all non-executive Directors. The committee meets at a regular interval to consider and approve the transfer, transmission, consolidation, sub-division, issue of duplicate certificates and requests of dematerialisation of Company's shares. There are no legal proceedings against the Company on any share transfer matter.

- **Details of Non-Compliance**

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

- **General Body Meetings**

Financial Year	Date	Time	Venue
2009-10	22 nd November, 2010	10.30 A.M.	Kalyani Steels Ltd., Pune 411036
2010-11	12 th August, 2011	3.30 P.M.	Kalyani Steels Ltd., Pune 411036

SHAREHOLDER INFORMATION

- **Annual General Meeting**

Date :- Saturday, 28th July, 2012, 3.30 p.m.

Venue :- Kalyani Steels Ltd. compound, Mundhwa, Pune - 411 036, Maharashtra, India

- **Financial Calendar**

1st April to 31st March

- **Book Closure**

The books will be closed on 28th July, 2012 as annual closure for the AGM

- **Dividend Date**

The Board has not recommended any dividend on Equity Shares

- **Listing**

National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Pune Stock Exchange Ltd.

- **Stock Codes**

NSE : BFINVEST

BSE : 533303

➤ **Stock Data**

Table 1 below gives the monthly high and low prices and volumes of the Company's Equity Shares at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., for the year 2011-12.

Table 1: High and Low Prices & Trading Volumes at BSE and NSE

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Apr-11	90.90	79.35	762696	91.50	79.00	770028
May-11	82.50	72.50	231794	82.45	70.50	233956
Jun-11	80.00	60.00	253323	79.90	61.05	124993
Jul-11	73.70	61.95	486243	73.60	60.95	608337
Aug-11	66.50	39.95	164184	67.00	40.00	229682
Sep-11	59.80	38.00	748743	59.70	42.05	918780
Oct-11	55.00	48.60	83401	55.85	47.00	159632
Nov-11	52.85	40.75	165382	55.00	41.15	425084
Dec-11	49.45	38.00	85565	54.60	39.20	422761
Jan-12	54.20	43.15	184133	54.00	42.00	575473
Feb-12	57.40	46.00	765716	55.95	46.55	972232
Mar-12	58.00	42.05	179546	52.00	41.40	137555

➤ **Share Transfer Agents and Share Transfer System**

M/s. Link Intime India Private Limited 202, Akshay Complex, Near Ganesh Mandir, Dhole Patil Road, Pune 411 001 are the Registrar and Transfer Agents of the Company. They carry out the transfer, transmission, consolidation, sub-division, issue of duplicate certificates and requests of dematerialisation of Company's shares on behalf of the Company. The complaints received from shareholders, investors etc., are redressed promptly. During the year under report, no complaints were received from the shareholders.

➤ **Shareholding pattern**

The following tables 2 & 3 give the Pattern of Shareholding as on 31st March, 2012.

Table 2 : Pattern of shareholding by ownership as on 31 March, 2012

Category	No. of shares held	Shareholding %
Promoters	26709753	70.91
Financial Institutions / Bank	3427	0.01
Mutual Funds	1909	0.01
Insurance Companies	160127	0.43
Foreign Institutional Investors	895335	2.38
Bodies Corporate	3202272	8.50
Indian Public / Foreign Nationals	6410503	17.01
Non Resident Indians	284302	0.75
TOTAL	37667628	100.00

Table 3 : Pattern of shareholding by share class as on 31 March, 2012

Shareholding class	No. of shareholders	No. of shares held	Shareholding %
Up to 5000	29700	4605067	12.23
5001 to 10000	93	652864	1.73
10001 to 20000	47	649396	1.72
20001 to 30000	10	252259	0.67
30001 to 40000	5	168575	0.45
40001 to 50000	5	229175	0.61
50001 to 100000	17	1253364	3.33
100001 and above	19	29856928	79.26
TOTAL	29896	37667628	100.00

➤ **Dematerialisation**

As on 31st March, 2012, dematerialised shares accounted for 93.22% of the total equity.

➤ **Investors Correspondence Address**

1. Secretarial Department
BF Investment Ltd.,
Mundhwa, Pune Cantonment, Pune - 411 036 Maharashtra, India.
Phone No. 020 - 67042618, 26822552, Fax No. 020 - 26823061
E-mail : bfinvestment@vsnl.net
Website : www.kalyanigroup.com/BFI.asp
2. Link Intime India Private Limited
Registrar & Transfer Agents
202, Akshay Complex, Off Dhole Patil Road,
Near Ganesh Mandir, Pune 411 001.
Phone No.: 020 - 26161629, Fax No. 020 - 26163503
Email : pune@linkintime.co.in

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
BF Investment Limited

I have examined the compliance of conditions of corporate governance by **BF INVESTMENT LIMITED** ("the Company") for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the management I certify that, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Place: Pune
Date : 19th May, 2012

P. V. Deo
Chartered Accountant
Membership Number. 041609

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2012

To,

The Members,

Your Directors have pleasure in presenting their Third Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended 31st March, 2012.

1. FINANCIAL HIGHLIGHTS :

	(Rs. in Million)	
	Year ended 31 st March, 2012	Year ended 31 st March, 2011
Income from Operations	505.90	418.30
Profit before Interest and Depreciation	518.79	228.73
Less : Interest	6.00	11.68
Depreciation	1.90	2.51
Profit before tax	510.89	214.54
Provision for Taxation	75.92	81.93
Net Profit/(Loss) for the year / period	434.97	132.61
Less : Transfer to Reserve Fund	87.00	26.52
Profit for the year after taxation and appropriation	347.97	106.09
As per last account	2540.70	2434.61
Balance carried to Balance Sheet	2888.67	2540.70

2. DIVIDEND :

Your Directors do not recommend any dividend on the equity shares for the year ended 31st March, 2012.

3. OPERATIONS :

During the year ended 31st March, 2012, your Company earned a total income of Rs. 505.90 Million (previous period Rs. 418.30 Million) and earned a profit of Rs. 434.97 Million (previous year Rs. 132.61 Million).

4. SUBSIDIARIES :

The Company does not have any subsidiary Company.

5. PARTICULARS OF EMPLOYEES :

During the year under report, no employee, throughout the year or part of the year was in receipt of remuneration upto or in excess of the sums prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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

The additional information required under the provisions of 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 Report is reproduced hereunder :

I. CONSERVATION OF ENERGY : Not Applicable.

II. TECHNOLOGY ABSORPTION :

1. Research and Development (R & D) :
Not Applicable.

2. Technology Absorption, Adaptation and Innovation :

The Company has not imported any technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total Foreign Exchange Used and Earned :

Used : Nil

Earned : Nil

7. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. B. B. Hattarki and Mr. M. U. Takale, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, they offer themselves for re-appointment.

8. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

(i) That in the preparation of the accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures ;

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the year under review ;

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

(iv) That the Directors have prepared the annual accounts for the financial year ended 31st March, 2012 on a 'going concern' basis.

9. AUDITORS :

You are requested to re-appoint Auditors for the current year to hold the office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

Your directors wish to place on record their appreciation for the positive co-operation received from the Central Government, Government of Maharashtra, and the Bankers. The directors also wish to place on record their appreciation of the unstinted efforts and contributions made by the Management Team and the employees of the Company at all levels.

The Directors express their special thanks to Mr. B. N. Kalyani, Chairman for his untiring efforts for the progress of the Company.

For and on behalf of the
Board of Directors

PUNE
Dated : 19th May, 2012

B.N. KALYANI
Chairman

AUDITORS' REPORT

To

The Members of

BF Investment Limited

I have audited the attached Balance Sheet of **BF Investment Limited** as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my Audit.

1. I conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
2. As required by the Companies (Auditors' Report) Order, 2003, read with the Companies (Auditor's Report) (Amendment) Order, 2004, both issued by the Central Government in terms of section 227 (4-A) of the Companies Act, 1956, I enclose in the Annexure, a statement on the matters specified in the said order.
3. Further to my comments in the Annexure referred to in paragraph '2' above :
 - (a) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
 - (b) In my opinion, proper books of account, as required by law have been kept by the Company so far as appears from my examination of the 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 my opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this report, comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representations received from the Directors as at 31st March, 2012 and taken on record by the Board of Directors, I report that none of the Directors of the Company, was disqualified as at 31st March, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In my opinion and to the best of my knowledge and belief and according to the explanations given to me, the accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In so far as it relates to the Balance Sheet of the state of the Company's affairs as at 31st March, 2012,
 - (ii) In so far as it relates to the Profit and Loss Account, of the profit of the Company for the financial year ended on that date, and
 - (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the financial year ended on that date.

Place : Pune
Date : 19th May, 2012.

P. V. Deo
Chartered Accountant
Membership No. 41609

ANNEXURE TO AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH '2' OF THE AUDITOR'S REPORT ON THE ACCOUNTS OF BF INVESTMENT LIMITED FOR THE YEAR ENDED 31ST MARCH, 2012.

On the basis of such checks as were considered appropriate and in accordance with the information and explanations given to me, I report as under:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.
- (c) The Company has not disposed off any fixed assets during the year.
- (ii) (a) The Company did not carry inventory at the end of the year. The inventory comprising land and shares was physically verified during the year by the management. In my opinion, the frequency of verification was reasonable.
- (b) In my opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate having regard to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of the stocks above-referred. As explained to me, no discrepancies were noticed by the management on physical verification of stocks.
- (iii) The Company has not granted or taken any loans to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of Clause No. 4(iii) of the Order do not apply to the Company.
- (iv) In my opinion and according to the information and explanations given to me, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchases of inventories and fixed assets. The Company is a Core Investment Company and does not sell any other goods or services. During the course of my audit I have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) The Company has not carried out any transactions in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted deposits from the public within the meaning of Sections 58A or 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed, thereunder.
- (vii) In my opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the business in which the Company is engaged.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities, undisputed statutory dues including Income Tax, Wealth Tax, other taxes, cess and statutory dues applicable to it. As explained to me by the Management, the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and the Employees' State Insurance Act, 1948 do not apply to the Company. According to the information and explanations given to me, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, cess were outstanding as at 31st March, 2012 for a period of more than six months from the date those became payable.
- (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses as at 31st March, 2012 and has not incurred any cash loss in the year and also in the previous year.
- (xi) The Company has neither borrowed any moneys from any financial institution or bank; nor issued any debentures. Hence, the provisions of Clause No. 4(x) of the Order do not apply to the Company.
- (xii) According to the information and explanations given to me, the Company has not given any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore, the provisions of Clause No. 4(xiii) of the Order do not apply to the Company.
- (xiv) The Company has maintained proper records in which timely entries are recorded in respect of the shares dealt in.

-
- (xv) The terms and conditions of the guarantee given by the Company in respect of the loans borrowed by others from banks are not found prima facie prejudicial to the interests of the Company.
- (xvi) Since the Company has not raised any term loans, the provisions of Clause No. 4 (xvi) of the Order do not apply to the Company.
- (xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the Company, I report that no long term funds have been used to finance short term assets. Similarly, no funds raised on short term basis have been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares, within the meaning of Section 81(1A) of the Companies Act, 1956, to parties and companies covered in the register maintained under Section 301 of the said Act.
- (xix) Since the Company has not issued any secured debentures, during the year covered by this report, the clause (xix) of the Order does not apply to the Company.
- (xx) Since the Company has not raised any money by public issues during the year, clause (xx) of the Order, does not apply to the Company.
- (xxi) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud on or by the Company has been noticed or reported during the course of my audit.

Place : Pune
Date : 19th May, 2012.

P. V. Deo
Chartered Accountant
Membership No. 41609

Balance Sheet as at 31st March, 2012

	Note No.	Amount ₹	As at 31 st March, 2011 Amount ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	3.1	188,338,140	188,338,140
(b) Reserves and Surplus	3.2	5,993,048,806	5,558,072,358
		<u>6,181,386,946</u>	<u>5,746,410,498</u>
2. Non-current liabilities			
		-	-
3. Current liabilities			
(a) Trade payables	3.3	16,299	19,367
(b) Other current liabilities	3.4	2,083,425	2,120,128
(c) Short-term provisions	3.5	57,675,565	60,153,552
		<u>59,775,289</u>	<u>62,293,047</u>
TOTAL		<u><u>6,241,162,235</u></u>	<u><u>5,808,703,545</u></u>
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
Tangible assets	3.6	110,951,896	12,477,684
(b) Non-current investments	3.7	3,875,308,397	3,687,140,574
(c) Long-term loans and advances	3.8	1,160,534,252	14,185
(d) Other non-current assets	3.9	305,281,760	172,694,444
		<u>5,452,076,305</u>	<u>3,872,326,887</u>
2. Current assets			
(a) Current investments	3.10	194,930,063	34,124,380
(b) Inventories	3.11	-	102,931,893
(c) Trade receivables	3.12	1,494,214	-
(d) Cash and cash equivalents	3.13	8,757,046	7,382,689
(e) Short-term loans and advances	3.14	583,149,905	1,789,231,347
(f) Other current assets	3.15	754,702	2,706,349
		<u>789,085,930</u>	<u>1,936,376,658</u>
TOTAL		<u><u>6,241,162,235</u></u>	<u><u>5,808,703,545</u></u>
Significant Accounting Policies and Notes forming part of the Accounts	1,2,3		
The notes above referred form an integral part of the Balance Sheet			

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

A. B. Kalyani
Director

B. B. Hattarki
Director

S. R. Kshirsagar
Company Secretary

Place : Pune
Date : 19th May, 2012.

Place : Pune
Date : 19th May, 2012.

Statement of Profit And Loss for the Year Ended 31st March, 2012

	Note No.	Amount ₹	Year ended 31 st March, 2011. Amount ₹	
I	Revenue from operations	3.16	235,084,368	244,172,292
II	Other income	3.17	270,814,408	174,124,939
III	Total revenue (I+II)		505,898,776	418,297,231
IV	Expenses			
	(a) Changes in inventories	3.18	2,561,690	11,600
	(b) Employee benefit expenses	3.19	1,810,295	2,290,708
	(c) Finance costs	3.20	5,995,000	11,679,206
	(d) Depreciation and amortisation expense	3.6	1,895,991	2,517,042
	(e) Other expenses	3.21	17,113,014	18,770,088
	Total expenses		29,375,990	35,268,644
V	Profit before exceptional items and tax (III - IV)		476,522,786	383,028,587
VI	Exceptional items	3.22	34,371,841	(168,533,776)
VII	Profit before tax (V + VI)		510,894,627	214,494,811
VIII	Tax expense:			
	(a) Current tax expense		(75,920,000)	(80,916,000)
	(b) Tax expense for earlier years		1,821	(789,794)
	(c) Deferred tax		-	(176,231)
			(75,918,179)	(81,882,025)
IX	Profit for the year (VII + VIII)		434,976,448	132,612,786
X	Earnings per share (of ₹ 5/- each):			
	(a) Basic		11.55	3.52
	(b) Diluted		11.55	3.52
	Significant Accounting Policies and Notes forming part of the Accounts	1,2,3		
	The notes above referred form an integral part of the Statement of Profit and Loss			

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

A. B. Kalyani
Director

B. B. Hattarki
Director

S. R. Kshirsagar
Company Secretary

Place : Pune
Date : 19th May, 2012.

Place : Pune
Date : 19th May, 2012.

Cash Flow Statement for the Year Ended 31st March, 2012

	Note No.	Amount ₹	Year ended 31 st March, 2011. Amount ₹
A. Cash flow from operating activities :			
Net Profit after tax and exceptional items		434,976,448	132,612,786
Adjusted for :			
Tax expense		75,918,179	81,882,025
Depreciation		1,895,991	2,517,042
Interest - Other		5,995,000	11,679,206
Profit on sale of investments		(19,145,733)	-
Loss on sale of investments		-	3,444,472
Provision for diminution in value of investmets		-	153,959,154
Provision for diminution in the value of investments written back		(33,329,984)	-
Share in profit of partnership firm		(511)	-
Exceptional items		(1,041,857)	14,574,622
		30,291,085	268,056,521
Operating Profit before working capital changes :		465,267,533	400,669,307
Changes in :			
Trade and other receivables		(86,568,508)	15,150,155
Inventories		2,561,690	11,600
Liabilities and Provisions		7,617,443	1,921,680
		(76,389,375)	17,083,435
Cash generation from operations :		388,878,158	417,752,742
Direct Taxes paid		(86,053,380)	(101,440,839)
Cash flow before exceptional items :		302,824,778	316,311,903
Exceptional items		1,041,857	(14,574,622)
Net Cash from operating activities :		303,866,635	301,737,281
B. Cash flow from investing activities :			
Purchase of Fixed Assets		-	(6,627,786)
Purchase of Investments		(348,368,564)	(872,455,707)
Sale of Investments		51,870,775	412,999,774
Share in profit of partnership firm		511	-
Net cash used in investing activites :		(296,497,278)	(466,083,719)
C. Cash flow from financing activities :			
Interest - Other		(5,995,000)	(11,679,206)
Net cash used in financing activities :		(5,995,000)	(11,679,206)
Net changes in cash and cash equivalents (A+B+C) :		1,374,357	(176,025,644)
Cash and Cash Equivalents, at the beginning :		7,382,689	183,408,333
Cash and Cash Equivalents, at the close :		8,757,046	7,382,689
Significant Accounting Policies and Notes forming part of the Accounts	1,2,3		
The notes above referred form an integral part of the Cash Flow Statement			

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

A. B. Kalyani
Director

B. B. Hattarki
Director

S. R. Kshirsagar
Company Secretary

Place : Pune
Date : 19th May, 2012.

Place : Pune
Date : 19th May, 2012.

Notes forming part of the Financial Statements for the year ended 31st March, 2012.

1. Company Overview :

The Company is a Non Deposit taking Core Investment Company, as defined in the Core Investment Companies (Reserve Bank) Directions, 2011. Since the Company is not a Systemically Important Non Deposit taking Core Investment Company, it is not required to obtain Certificate of Registration under Sec. 45-IA of the Reserve Bank of India Act, 1934.

2. Statement of Significant Accounting Policies :

2.1 Method of Accounting :

- a) The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.
- b) Financial statements are prepared on historical cost convention. These costs are not adjusted to reflect the impact of the changes in the purchasing power of money.

2.2 Use of Estimates :

The preparation of the financial statements in conformity with the GAAP requires that the Management makes estimates and assumptions, which affect the reported amounts of assets and liabilities, disclosure of contingent liabilities, as at the date of the financial statements, and the reported amounts of revenue and expenses during the year under report. Contingencies are recorded, when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from those estimates.

2.3 Fixed Assets and Depreciation :

a) Fixed Assets :

Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. Fixed Assets are shown net of accumulated depreciation, wherever applicable and amortization.

b) Depreciation and Amortisation :

- i) Depreciation on fixed assets other than buildings is being provided for under the Written Down Value Method, on pro-rata basis, in consonance with the provisions of Section 205(2)(a) of the Companies Act, 1956, by adopting the rates specified in Schedule XIV, thereto.
- ii) Depreciation on buildings is being provided for under the 'Straight Line Method' on pro-rata basis, in consonance with the provisions of Section 205(2)(a) of the Companies Act, 1956, by adopting the rates specified in Schedule XIV, thereto.

2.4 Investments :

- a) Long Term Investments are carried at cost. Provision for diminution is made to recognize a decline other than temporary, in value of investments.
- b) Short Term Investments are carried at lower of cost and fair value.

2.5 Inventory Valuation :

Inventories comprising shares of companies and land are valued at lower of cost and net realizable price.

2.6 Revenue Recognition :

- a) The Company recognises income on accrual basis. However, revenue recognition is postponed in respect of specific items of income, where the ultimate collection, thereof is uncertain.
- b) Interest income is accrued over the period of the loan / investment.
- c) Dividend is accrued in the year in which it is declared whereby a right to receive is established.
- d) Profit / loss on sale of investments is recognised on the contract date.

2.7 Employee Benefits :

a) Post-employment benefits plan :

Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately, to the extent the benefits are already vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service costs, and as reduced by the fair value of the scheme assets. Any asset resulting from this calculation is limited to the present value of the available refunds and reductions in future contributions to the scheme.

b) Short term employee benefits :

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave.

c) Long term employee benefits :

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as liability at the present value of the defined benefit obligation at the balance sheet date, with actuarial valuation being carried out at each balance sheet date.

2.8 Taxation :

a) Provision for income tax is made on the basis of taxable income for the current accounting year, in accordance with the provisions of the Income Tax Act, 1961.

b) Deferred Tax resulting from timing differences of material amounts between Book Profits and Tax Profits is accounted for at the applicable rate of Tax to the extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized.

2.9 Impairment :

The management has a policy to review at each balance sheet date, the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific to the asset. Reversal of impairment loss is recognized immediately as income in the profit and loss account.

2.10 Earnings per share :

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item, if any. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

2.11 Provisions, Contingent Liabilities and Contingent Assets :

Provisions are made for present obligations arising out of past events, which are likely to result in an outflow of resources embodying economic benefits at an amount, which can be reliably estimated.

Items not classified as provisions as envisaged above are treated as contingent liabilities, which are disclosed by way of a note and are not provided for in the books of accounts.

Contingent assets are neither recognized nor disclosed.

2.12 Cash flow statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

	As at 31 st March, 2012 Amount ₹	As at 31 st March, 2011 Amount ₹
--	--	--

3. Notes on Accounts :

3.1 SHARE CAPITAL :

Authorised :

40,000,000 (40,000,000) Equity Shares of ₹ 5/-, each	200,000,000	200,000,000
TOTAL :	200,000,000	200,000,000

Issued, Subscribed and Paid up :

37,667,628 (37,667,628) Equity Shares of ₹ 5/-, each, fully paid up ^(a)	188,338,140	188,338,140
TOTAL :	188,338,140	188,338,140

(a) These shares have been allotted to the shareholders of BF Utilities Limited, on 15th March, 2010, in terms of the Composite Scheme of Arrangement sanctioned by the High Court of judicature at Bombay on 5th February, 2010.

(b) The Company has only one class of shares referred to as equity shares having a par value of ₹ 5/-. Each holder of equity shares is entitled to one vote per share.

(c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2012 and 31st March, 2011 is set out below.

	As at 31 st March, 2012.		As at 31 st March, 2011.	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance at the beginning of the year	37,667,628	188,338,140	37,667,628	188,338,140
Add: Shares issued during the year	-	-	-	-
Balance at the close of the year	37,667,628	188,338,140	37,667,628	188,338,140

(e) Details of shareholders holding more than 5% of the aggregate issued and subscribed shares

Name of the shareholders	As at 31 st March, 2012.		As at 31 st March, 2011.	
	No. of Shares	%	No. of Shares	%
Ajinkya Investment and Trading Company	10,292,103	27.32	10,292,103	27.32
KSL Holdings Pvt. Ltd.	4,353,472	11.56	4,353,472	11.56
Kalyani Investment Company Ltd.	6,062,342	16.09	6,062,342	16.09
Sundaram Trading and Investment Pvt. Ltd.#	3,494,122	9.28	-	-

#Did not hold more than 5% as at 31st March, 2011

	As at 31 st March, 2012 Amount ₹	As at 31 st March, 2011 Amount ₹
3.2 RESERVES AND SURPLUS :		
Capital Reserve :		
As per last account	2,367,523,376	2,367,523,376
Capital Redemption Reserve :		
As per last account	1,340	1,340
Reserve Fund [Under Sec. 45IC(1) of the Reserve Bank of India Act, 1934] :		
As per last account	648,975,338	622,452,338
Add : Set aside this financial year	86,996,000	26,523,000
	<u>735,971,338</u>	<u>648,975,338</u>
General Reserve :		
As per last account	870,000	870,000
Surplus in the Statement of Profit and Loss :		
As per last account	2,540,702,304	2,434,612,518
Add : Profit for the year transferred from the Statement of Profit and Loss	434,976,448	132,612,786
Amount available for appropriation	2,975,678,752	2,567,225,304
Less : Appropriations		
Amount transferred to Reserve Fund	86,996,000	26,523,000
	<u>2,888,682,752</u>	<u>2,540,702,304</u>
TOTAL :	<u><u>5,993,048,806</u></u>	<u><u>5,558,072,358</u></u>
3.3 TRADE PAYABLES :		
For expenses	16,299	19,367
TOTAL :	<u><u>16,299</u></u>	<u><u>19,367</u></u>
3.4 OTHER CURRENT LIABILITIES :		
Withholding taxes	271,418	203,481
Provision for expenses	1,812,007	1,916,647
TOTAL :	<u><u>2,083,425</u></u>	<u><u>2,120,128</u></u>
3.5 SHORT TERM PROVISIONS :		
Provision for Taxation, net of advance tax paid	57,262,890	59,401,269
Provision for Employees' Gratuity (Refer Note No. 3.25)	254,620	285,116
Provision for Employees' Leave Encashment (Refer Note No. 3.25)	158,055	467,167
TOTAL :	<u><u>57,675,565</u></u>	<u><u>60,153,552</u></u>

3.6 FIXED ASSETS

	Tangible Assets				As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
	Freehold Land	Buildings	Plant and Equipments	Vehicles		
	₹	₹	₹	₹		
GROSS BLOCK, AT COST :						
As at 31 st March, 2011.	-	7,664,341	47,810	9,197,527	16,909,678	7,712,151
Additions#	100,370,203	-	-	-	100,370,203	9,197,527
As at 31 st March, 2012.	100,370,203	7,664,341	47,810	9,197,527	117,279,881	16,909,678
DEPRECIATION AND AMORTIZATION :						
As at 31 st March, 2011.	-	2,019,999	30,755	2,381,240	4,431,994	1,914,952
For the year	-	124,432	6,822	1,764,737	1,895,991	2,517,042
As at 31 st March, 2012.	-	2,144,431	37,577	4,145,977	6,327,985	4,431,994
NET BLOCK :						
As at 31 st March, 2011.	-	5,644,342	17,055	6,816,287	12,477,684	
As at 31 st March, 2012.	100,370,203	5,519,910	10,233	5,051,550	110,951,896	

Addition to Freehold Land represents Inventory of land capitalised during the year

			As at 31 st March, 2012 Amount ₹	As at 31 st March, 2011 Amount ₹
3.7 NON-CURRENT INVESTMENTS, AT COST :				
Other than trade :				
(i) Equity Instruments, Quoted :				
Investments in Associates :				
17,052,421	(17,052,421)	Equity Shares of ₹5/- each, fully paid in Kalyani Steels Ltd.	309,573,731	309,573,731
1,705,242	(1,705,242)	Equity Shares of ₹10/- each fully paid in Kalyani Investment Company Limited	338,884,022	338,884,022
Investments in Joint Ventures :				
5,367,806	(5,367,806)	Equity Shares of ₹10/- each fully paid in Automotive Axles Ltd.	260,686,926	260,686,926
Investments in Other Companies :				
5,807,338	(5,807,338)	Equity Shares of ₹2/- each fully paid in Bharat Forge Ltd.	1,255,705,873	1,255,705,873
436,450	(436,450)	Equity Shares of ₹10/- each fully paid in Hikal Ltd.	15,868,800	15,868,800
569,600	569,600	Equity Shares of ₹10/- each fully paid in Kalyani Forge Ltd.	11,268,279	11,268,279
-	(300)	Equity Shares of ₹10/- each fully paid in Ahmednagar Forgings Ltd.	-	875
-	(400)	Equity Shares of ₹10/- each fully paid in MM Forgings Ltd.	-	6,005
-	(84)	Equity Shares of ₹10/- each fully paid in Finolex Industries Ltd.	-	1,940
-	(100)	Equity Shares of ₹10/- each fully paid in EL Forge Ltd.	-	875
Subtotal (i) :			2,191,987,631	2,191,997,326
(ii) Equity Instruments, Unquoted :				
Investments in Associates :				
32,999,000	(32,999,000)	Equity Shares of ₹10/- each fully paid in KSL Holdings Pvt. Ltd.	329,990,000	329,990,000
16,183,636	(13,805,936)	Equity Shares of ₹10/- each fully paid in Epicenter Technologies Pvt. Ltd.	183,236,491	159,459,491
Less : Provision for diminution in value			(110,183,558)	(143,513,542)
			73,052,933	15,945,949
579,000	(579,000)	Equity Shares of ₹10/- each fully paid in Kalyani Agro Corporation Ltd.	2	2
3,195,398	(3,195,398)	Equity Shares of ₹10/- each fully paid in Carpenter Kalyani Special Alloys Pvt. Ltd.	31,953,980	31,953,980
Less : Provision for diminution in value			(28,758,980)	(28,758,980)
			3,195,000	3,195,000
2,940,000	(2,940,000)	Equity Shares of ₹10/- each fully paid in Kalyani Financial Services Ltd.	47,883,609	47,883,609
25,000	(25,000)	Equity Shares of ₹10/- each fully paid in Nandi Engineering Ltd. ⁵	250,000	250,000
Carried over }			454,371,544	397,264,560
			2,191,987,631	2,191,997,326

			As at 31 st March, 2012 Amount ₹	As at 31 st March, 2011 Amount ₹
		Brought Over	2,191,987,631	2,191,997,326
			454,371,544	397,264,560
Investments in Associates : Contd.				
1,131,793	(1,131,793)	Equity Shares of ₹10/- each fully paid in Synise Technologies Ltd.	55,852,620	55,852,620
		Less : Provision for diminution in value	(55,852,619)	(55,852,619)
			1	1
Investments in Joint Ventures :				
1,190,694	(1,190,694)	Equity Shares of ₹10/- each fully paid in Meritor HVS India Ltd.	11,906,930	11,906,930
1,000,000	(1,000,000)	Equity Shares of ₹10/- each fully paid in Seinumero Machine Tools Ltd.	10,000,000	10,000,000
Investments in Other Companies :				
52,000,000	(52,000,000)	Equity Shares of ₹10/- each fully paid in Khed Economic Infrastructure Pvt. Ltd.	520,000,000	520,000,000
500	(500)	Equity Shares of ₹10/- each fully paid in Kalyani Carpenter Special Steels Ltd.	11,800	11,800
2,399,998	(2,399,998)	Equity Shares of ₹10/- each fully paid in Kalyani Hayes Lemmerz Ltd.	23,999,980	23,999,980
-	(608,824)	Equity Shares of ₹10/- each fully paid in Moksha Yug Access Pvt. Ltd.	-	10,008,000
		Less : Provision for diminution in value	-	(8,078,028)
			-	1,929,972
-	(100)	Equity Shares of ₹10/- each fully paid in Goradia Forge Ltd.	-	-
-	(100)	Equity Shares of ₹10/- each fully paid in Patheja Forging Ltd.	-	1
-	(100)	Equity Shares of ₹10/- each fully paid in Thapar Exports Ltd.	-	1
-	(100)	Equity Shares of ₹10/- each fully paid in Western Paques Ltd.	-	1
-	(26,000)	Equity Shares of ₹10/- each fully paid in Canaan International Credicap Ltd.	-	260,000
		Less : Provision for diminution in value	-	(259,999)
			-	1
		Subtotal (ii) :	1,020,290,255	965,113,248
(iii) Preference Shares, Unquoted :				
Investments in Associates :				
3,000,000	(3,000,000)	6 % Non-cumulative Redeemable Preference Shares of ₹10/- each, fully paid in Kalyani Financial Services Ltd.	30,000,000	30,000,000
(iv) Debentures, Unquoted :				
Investments in Associates :				
6,330,000	(5,000,000)	8% Fully Convertible Debentures of ₹100/- each fully paid of Kalyani Financial Services Ltd.	633,000,000	500,000,000
(v) In a Partnership Firm :				
		M/s Sundaram Enterprises	30,511	30,000
		TOTAL :	3,875,308,397	3,687,140,574
		Book Value of Quoted Investments :	2,191,987,631	2,191,997,326
		Book Value of Unquoted Investments :	1,683,320,766	1,495,143,248
		Market Value of Quoted Investments :	6,432,582,911	7,276,763,031
		Aggregate provision for diminution of in value of investments :	194,795,157	236,463,168
3.8 LONG TERM LOANS AND ADVANCES : (UNSECURED, GOOD)				
		Intercompany Loans	1,160,520,067	-
		Security Deposits	14,185	14,185
		TOTAL :	1,160,534,252	14,185
3.9 OTHER NON-CURRENT ASSETS :				
		Interest Receivable, Good (Refer Note No. 3.27)	305,281,760	172,694,444
		TOTAL :	305,281,760	172,694,444
3.10 CURRENT INVESTMENTS, AT LOWER OF COST AND FAIR VALUE :				
Other than trade :				
In Units of Mutual Funds, Unquoted :				
670	(522)	Units of ₹1,000/- each of Templeton India Short Term Income Retail Plan - Monthly Dividend Reinvestment	752,182	582,695
-	(7,187)	Units of ₹1000/- each of DSP Blackrock Liquidity Fund -Institutional Plan - Growth Option	-	10,000,000
-	(41,659)	Units of ₹100/- each of ICICI Prudential Liquid Fund - Growth Option	-	10,000,000
2,071	(10,186)	Units of ₹1000/- each of Reliance Money Manager Fund Institutional Plan - Growth Option	2,756,315	13,541,685
91,795	-	Units of ₹ 100 /- each of Birla Sunlife Saving Fund Institutional - Growth	18,500,000	-
		Carried over	22,008,497	34,124,380

		As at 31 st March, 2012 Amount ₹	As at 31 st March, 2011 Amount ₹
	Brought over	22,008,497	34,124,380
In Units of Mutual Funds, Unquoted : Contd.			
8,471	- Units of ₹ 1,000/- each of Daiwa Liquid Fund - Institutional Plan - Growth Option	10,000,000	-
1,642,887	- Units of ₹10/- each of DWS Ultra Short Term Fund - Institutional Plan - Growth Option	20,000,000	-
1,834,467	- Units of ₹ 10/- each of JM Money Manager Fund Super Plus Plan - Growth Option	27,500,000	-
1,459,964	- Units of ₹ 10/- each of JP Morgan India Liquid Fund - Super Institutional Plan - Growth Option	20,000,000	-
2,827	- Units of ₹ 1,000/- each of L&T Liquid Institutional Plus - Cumulative Plan	6,000,000	-
323,688	- Units of ₹ 10/- each of L&T Ultra Short Term Fund - Institutional - Cumulative - Plan	5,300,457	-
777,209	- Units of ₹ 10/- each of Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	20,000,000	-
6,830	- Units of ₹ 1,000/- each of Religare Ultra Short Term Fund - Institutional Plan - Growth Option	10,000,000	-
18,097	- Units of ₹ 1,000/- each of Taurus Ultra Short Term Bond Fund - Institutional Plan - Growth Option	22,500,000	-
1,479,816	- Units of ₹ 10/- each of Templeton India Ultra Short Bond Fund Institutional Plan - Growth Option	20,066,235	-
8,445	- Units of ₹ 1,000/- each of UTI Treasury Advantage Fund - Institutional Plan (Growth Option)	11,554,874	-
	TOTAL :	<u>194,930,063</u>	<u>34,124,380</u>
3.11 INVENTORIES :			
(As taken, valued and certified by the Directors)			
	Shares of Companies	-	2,561,690
	Land	-	100,370,203
	TOTAL :	<u>-</u>	<u>102,931,893</u>
3.12 TRADE RECEIVABLES :			
(UNSECURED, GOOD)			
	Outstanding for a period exceeding six months	-	-
	Others	1,494,214	-
	TOTAL :	<u>1,494,214</u>	<u>-</u>
3.13 CASH AND CASH EQUIVALENTS :			
	Cash on hand	6,703	11,902
	Balances with banks In current and deposit accounts	8,750,343	7,370,787
	TOTAL :	<u>8,757,046</u>	<u>7,382,689</u>
	Deposit accounts with more than 12 months maturity	-	-
	The deposits maintained by the Company with banks comprise of time deposits which can be withdrawn by the Company at any point without prior notice or penalty on principal		
3.14 SHORT TERM LOANS AND ADVANCES (UNSECURED) :			
	Intercompany Loans (Refer Note No. 3.27)		
	Good	548,494,300	1,770,891,794
	Doubtful	16,126,220	978,000
	Less : Provision	<u>(16,126,220)</u>	<u>(978,000)</u>
	Other Loans and Advances		
	Good	34,655,605	18,339,553
	Doubtful	1,453,967	20,690,470
	Less : Provision	<u>(1,453,967)</u>	<u>(20,690,470)</u>
	TOTAL :	<u>583,149,905</u>	<u>1,789,231,347</u>
3.15 OTHER CURRENT ASSETS :			
	Interest Receivable, Good (Refer Note No. 3.27)	754,702	2,706,349
	TOTAL :	<u>754,702</u>	<u>2,706,349</u>

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
3.16 REVENUE FROM OPERATIONS :		
Sale of Shares	1,494,214	-
Interest received on loans	182,417,272	238,118,116
Interest received on debentures	50,778,740	-
Interest received on bank deposits	394,142	6,054,176
TOTAL :	<u>235,084,368</u>	<u>244,172,292</u>
3.17 OTHER INCOME :		
Dividend received on long term investments	251,627,746	172,583,110
Dividend received on short term investments	34,487	128,347
Profit on sale of long term investments (Net)	16,416,026	-
Profit on sale of short term investments (Net)	2,729,707	1,413,263
Share in profit of partnership firm	511	-
Miscellaneous Income	5,931	219
TOTAL :	<u>270,814,408</u>	<u>174,124,939</u>
3.18 CHANGES IN INVENTORIES :		
(Increase)/Decrease in Inventories		
Stock at commencement		
Shares of Companies	2,561,690	2,573,290
Land	100,370,203	100,370,203
Less : Capitalised and transferred to Fixed Assets	<u>(100,370,203)</u>	-
	-	100,370,203
	<u>2,561,690</u>	<u>102,943,493</u>
Stock at close		
Shares of Companies	-	2,561,690
Land	-	100,370,203
	-	102,931,893
TOTAL :	<u>2,561,690</u>	<u>11,600</u>
3.19 EMPLOYEE BENEFIT EXPENSES :		
Salaries, Allowances, Bonus	1,702,547	1,645,464
Contributions to Provident and Other Funds	95,148	632,644
Welfare Expenses	12,600	12,600
TOTAL :	<u>1,810,295</u>	<u>2,290,708</u>
3.20 FINANCE COSTS :		
Interest - Other	5,995,000	11,679,206
TOTAL :	<u>5,995,000</u>	<u>11,679,206</u>
3.21 OTHER EXPENSES :		
Rates and Taxes	2,624,126	202,940
Professional Fees	11,877,789	12,701,498
Loss on Sale of Long Term Investments (Net)	-	3,444,472
Audit Fees (Refer Note No. 3.24)	254,383	209,570
Sundry Expenses	2,356,716	2,211,608
TOTAL :	<u>17,113,014</u>	<u>18,770,088</u>
3.22 EXCEPTIONAL ITEMS :		
Provision for doubtful advances (made)/written back (Net)	2,581,580	(19,149,300)
Provision for diminution in the value of investments (made)/written back (Net)	34,701,484	(149,384,476)
Expenses on conveyance of property	<u>(2,911,223)</u>	-
TOTAL :	<u>34,371,841</u>	<u>(168,533,776)</u>

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
3.23 Contingent Liabilities not provided for :		
Corporate Guarantee given on behalf of other company	90,000,000	90,000,000
Liability on account of conveyance deed of the ownership premises of the Company at Antariksha Bhawan, New Delhi has not been executed as yet. The Company has incurred expenditure of Rs.2,911,223 during the year ended 31 st March, 2012 on conveyance of the property, which has been recognised in the Statement of Profit and Loss.	Unascertainable	Unascertainable
3.24 Payment to Auditor, inclusive of Service Tax :		
As auditor	185,394	154,420
For tax audit	28,090	27,575
For certification	28,090	27,575
For reimbursement of expenses	12,809	-
TOTAL :	<u>254,383</u>	<u>209,570</u>

3.25 Disclosure pursuant to Accounting Standard on 15 (Revised) on "Employee Benefits"

a) Defined contribution plans :

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds.

The Company recognized ₹ 95,148/- (Previous Year : ₹ 177,420/-) for the provident and superannuation fund contributions in the profit and loss account. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

b) Defined benefits plans :

The Company makes annual contributions to the Employees' Group Gratuity cum Life Insurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for the qualified employees. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' salary payable for each completed year of service or part thereof, in excess of six months, for continuous service upto 15 years and equivalent to one month's salary payable for each completed year of service or part thereof, in excess of six months, for continuous service of more than 15 years. Vesting occurs upon completion of five years of service.

The present value of defined benefit obligation and the related current service costs were measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the financial statements for the year ended 31st March, 2012.

Sr. No.	Particulars	Year ended 31 st March, 2012 ₹	Year ended 31 st March, 2011 ₹
I	Change in benefit obligations :		
	Projected benefit obligation, at the beginning of the year	1,087,499	628,823
	Effect of Demerger	-	-
	Interest cost	83,737	49,830
	Past service cost	-	35,574
	Current service cost	58,409	61,292
	Benefits paid	-	-
	Actuarial (gain) / loss	(53,518)	311,980
	Present benefit obligation, at the end of the year	1,176,127	1,087,499
II	Fair value of plan assets :		
	Fair value of plan assets, at the beginning of the year	802,383	797,692
	Effect of Demerger	-	-
	Expected return on plan assets	63,007	59,827
	Employer's contributions	75,421	-
	Benefits paid	-	-
	Actuarial gain / (loss)	(19,304)	(55,136)
	Fair value of plan assets, at the end of the year	921,507	802,383
III	Amount recognized in the balance sheet :		
	Present benefit obligation, at the end of the year	1,176,127	1,087,499
	Fair value of plan assets, at the end of the year	921,507	802,383
	Funded status	(254,620)	(285,116)
	Unrecognized actuarial gain / loss	-	-
	Net asset / (liability) recognized in the balance sheet	(254,620)	(285,116)
IV	Amounts recognized in the profit and loss account :		
	Current service cost	58,409	61,292
	Past service cost	-	35,574
	Interest cost	83,737	49,830
	Expected return on plan assets	(63,007)	(59,827)
	Net actuarial (gain) / loss recognized	(34,214)	367,116
	Expenses recognized in the profit and loss account	44,925	453,985
V	Actuarial assumptions :		
	Discount rate	8.50 %	7.70 %
	Salary escalation rate	7.50 %	7.50 %
	Expected rate of return on plan assets	7.50 %	7.50 %
	Expected average remaining working lives of employees (years)	4.48	5.02

c) Other Long Term Employee Benefits :

The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

Sr. No.	Particulars	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
1	Present Value of Obligation	1,176,127	467,167
2	Fair Value of Plan Assets	921,507	-
3	Net asset/(liability) recognized in the Balance Sheet	(254,620)	(467,167)

3.26 Segment Reporting :

The Company is a core investment company and all activities of the Company revolve around this business. Hence no separate segment is considered reportable.

3.27 Related Party Disclosures :

a) Related Parties and their relationships :

i) Associates	Kalyani Steels Limited Kalyani Financial Services Limited Epicenter Technologies Private Limited
ii) Joint Ventures	Automotive Axles Limited Meritor HVS India Limited Seinumero Machine Tools Limited M/s Sundaram Enterprises

b) Transactions with Related Parties :

Particulars	Associates ₹	Joint Venture ₹	Total ₹
Dividend Received	34,104,842 (21,315,527)	128,096,435 (140,881,871)	162,201,277 (116,571,047)
Unsecured Loan given	28,400,000 (270,300,000)	- -	28,400,000 (270,300,000)
Unsecured Loan refund received	700,000 (645,825,293)	- -	700,000 (645,825,293)
Interest Received	51,526,466 (61,324,997)	- -	51,526,466 (61,324,997)
Investment in Fully Convertible Debentures	133,000,000 (500,000,000)	- -	133,000,000 (500,000,000)
Share in profit of partnership firm	- -	511 -	511 -
Capital Contribution	23,777,000 -	- (30,000)	23,777,000 (30,000)

(Figures in bracket indicate previous year)

c) Balances with Related Parties :

Particulars	Associates ₹	Joint Venture ₹	Total ₹
Unsecured Loan given	27,700,000 (83,381,207)	- -	27,700,000 (83,381,207)
Balance on Capital with partnership firm	- -	30,511 -	30,511 -
Interest on Loan receivable#	46,762,279 (68,407,254)	- -	46,762,279 (68,407,254)
# Current	672,954 -	- -	672,954 -
# Non Current	46,089,325 (68,407,254)	- -	46,089,325 (68,407,254)

(Figures in bracket indicate previous year)

3.28 Investment in Capital of Partnership Firm :

The Company is a partner in M/s Sundaram Enterprises. The names of partners, their capital contributions and their respective profit/loss sharing ratios are under.

Name of the Partner	Capital Contribution		Profit/Loss sharing ratio	
	31 st March, 2012 ₹	31 st March, 2011 ₹	31 st March, 2012 %	31 st March, 2011 %
BF Investment Ltd.	30,511	30,000	60%	60%
Kalyani Investment Company Ltd.	10,170	10,000	20%	20%
Sundaram Trading and Investment Pvt. Ltd.	5,085	5,000	10%	10%
Gulbakshi Realty Pvt. Ltd.	5,085	5,000	10%	10%
TOTAL :	50,851	50,000	100%	100%

3.29 Disclosure of Joint Ventures :

Name of the Joint Venture	Organizational Structure	Country of Incorporation	Proportion of Ownership Interest	
			Year ended 31 st March, 2012	Year ended 31 st March, 2011
M/s Sundaram Enterprises	Partnership Firm	India	60.00%	60.00%
Meritor HVS (India) Ltd.	Company	India	49.00%	49.00%
Automotive Axles Ltd.	Company	India	35.52%	35.52%
Seinumero Machine Tools Ltd.	Company	India	50.00%	50.00%

The details of the aggregate amounts of the assets, liabilities, income and expenses of Joint Ventures, related to the Company's interest therein, based on the latest available annual accounts of the Joint Ventures are as under. Annual Accounts of Seinumero Machine Tools Ltd. are not available.

(a) M/s Sundaram Enterprises	Financial Year of JV ended 31 st March, 2012		Financial Year of JV ended 31 st March, 2011	
	Total ₹	Share of the Company ₹	Total ₹	Share of the Company ₹
Assets	152,491	91,495	150,000	90,000
Liabilities	101,640	60,984	100,800	60,480
Income	2,391	1,435	-	-
Expenses	740	444	800	480

(b) Meritor HVS (India) Ltd.	Financial Year of JV ended 30 th September, 2011		Financial Year of JV ended 30 th September, 2010	
	Total ₹	Share of the Company ₹	Total ₹	Share of the Company ₹
Assets	2,557,005,893	1,252,932,888	1,556,286,018	762,580,149
Liabilities	2,076,457,553	1,017,464,201	1,166,777,655	571,721,051
Income	11,499,987,391	5,634,993,822	7,424,116,710	3,637,817,188
Expenses	11,098,284,663	5,438,159,485	7,115,029,320	3,486,364,367

(c)	Automotive Axles Ltd.	Financial Year of JV ended 30 th September, 2011		Financial Year of JV ended 30 th September, 2010	
		Total ₹	Share of the Company ₹	Total ₹	Share of the Company ₹
	Assets	4,913,611,772	1,745,314,901	3,751,939,932	1,332,689,064
	Liabilities	2,474,941,336	879,099,163	1,713,201,329	608,529,112
	Income	10,130,034,270	3,598,188,173	6,720,272,175	2,387,040,677
	Expenses	9,554,467,286	3,393,746,780	6,279,527,844	2,230,488,290

3.30 The Company does not owe any moneys to the suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006.

3.31 Legal title to all the assets vested and transferred to the Company in pursuance of the Composite Scheme of Arrangement approved by the High Court of judicature at Bombay, as per Order dated 5th February, 2010 as already reported could not necessarily be transferred in the name of the Company as at 31st March, 2012. The Company is in the process of completing the required legal processes.

3.32 3,000,000 6 % Non-cumulative Redeemable Preference Shares of ₹10/- each, fully paid in Kalyani Financial Services Limited are redeemable on or before 31st December, 2013.

3.33 Each of the 6,330,000 (Previous Year : 5,000,000) 8% Fully Convertible Debentures of ₹ 100/- each fully paid of Kalyani Financial Services Limited are compulsorily convertible into Equity Shares of ₹ 10/- each fully paid up at a premium of ₹ 20/- per share on or before 31st March, 2021.

3.34 The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

A. B. Kalyani
Director

B. B. Hattarki
Director

S. R. Kshirsagar
Company Secretary

Place : Pune
Date : 19th May, 2012.

Place : Pune
Date : 19th May, 2012.

This Page is Kept Blank Intentionally

BF INVESTMENT LIMITED

Registered Office : Mundhwa, Pune Cantonment, Pune 411 036

NAME OF MEMBER/PROXY *

DP. ID.**

Folio No.

Client Id.**

No. of Shares held

I hereby record my presence at the Third Annual General Meeting held at Kalyani Steels Limited Compound, at Mundhwa, Pune 411 036 on Saturday, 28th Day of July, 2012 at 3.30 P.M.

SIGNATURE OF THE SHAREHOLDER/PROXY *

* Strike out whichever is not applicable

** Applicable for Members holding shares in Dematerialised form

Note : Please handover this slip at the entrance of the Meeting venue.

PROXY

BF INVESTMENT LIMITED

Registered Office : Mundhwa, Pune Cantonment, Pune 411 036

I/We of

being a Member(s) of BF INVESTMENT LIMITED, Pune, hereby appoint

of

or failing him/her of

.....as my/our proxy to attend and vote for me/us on my/our behalf at the Third Annual General Meeting of the Company to be held on Saturday, 28th Day of July, 2012 at 3.30 P.M.

Signed atthis day of 2012.

DP. ID.**

Folio No.

Client Id.**

No. of Shares held

Please affix Revenue Stamp of proper value

** Applicable for Members holding shares in Dematerialised form.

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

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

BOOK-POST



KALYANI
DRIVING INNOVATION

BF INVESTMENT LIMITED

MUNDHWA, PUNE CANTONMENT, PUNE 411 036
MAHARASHTRA, INDIA.

website : www.kalyanigroup.com/BFI.asp