

BF INVESTMENT LIMITED



KALYANI
DRIVING INNOVATION

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**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.

CIN : L65993PN2009PLC134021

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of BF Investment Limited will be held at Kalyani Steels Ltd., Mundhwa, Pune 411 036 on Tuesday, 16th Day of September, 2014 at 3.30 p.m. (IST) to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014, including the audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B. N. KALYANI (DIN 00089380), who retires by rotation but being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the retiring Auditor, Mr. Prashant V. Deo, Chartered Accountant, Pune (Membership No.041609), be and is hereby re-appointed as Statutory Auditor of the Company to hold office for the period of 3 (three) years i.e. from the conclusion of this Annual General Meeting until the conclusion of the 8th Annual General Meeting of the Company (subject to ratification of this appointment at every Annual General Meeting to be held hereafter) to be held during the year 2017, on such remuneration plus service tax thereon and reimbursement of out of pocket and travelling expenses etc. as may be mutually agreed between the Board of Directors of the Company and the auditors based on the recommendation of the Audit Committee

SPECIAL BUSINESS :

4. Appointment of Mr. B. B. Hattarki as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. B. B. Hattarki (DIN 00145710), who has submitted a declaration that he meets the criteria for independence as prescribed in Section 149(6) of the Act and Clause 49 of the Listing Agreement and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from 16th September, 2014 to 15th September, 2019."

5. Appointment of Mr. M. U. Takale as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. M. U. Takale (DIN 01291287), who has submitted a declaration that he meets the criteria for independence as prescribed in Section 149(6) of the Act and Clause 49 of the Listing Agreement and in respect of whom the Company has received a notice in writing

from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from 16th September, 2014 to 15th September, 2019."

6. Payment of Remuneration by way of Commission to Non Whole-time Directors.

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

"RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members be and is hereby given to the payment and distribution, for each financial year commencing from 1st April, 2014, of a remuneration by way of commission not exceeding (a) 1% (one percent) of the net profits of the Company if there is a managing or whole-time director or manager; (b) 3% (three percent) of the net profits in any other case, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, amongst the directors of the Company or any one or more of them [other than managing director(s) and / or whole-time director(s)] in such proportion and in such manner as may be decided by the Board of Directors of the Company from time to time and such payment shall be made in respect of the profits of the Company for each financial year."

By Order of the Board of Directors
For BF Investment Limited

Pune
29th May, 2014

S. R. Kshirsagar
Company Secretary

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a Poll instead of himself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. In case, a Proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such Proxy shall not act as a Proxy for any other person or member.

The Instrument appointing proxy should, however, be deposited at the Registered Office of the Company duly completed and signed not less than forty-eight (48) hours before the commencement of the meeting.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business under Item Nos.4 to 6 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
3. Corporate members are requested to send board resolution duly certified, authorising their representative to attend and vote on their behalf at the Annual General Meeting.
4. Members who hold shares in dematerialised form are requested to write their DP ID AND CLIENT ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the meeting to facilitate easy identification of membership at the meeting.
5. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depository Participants and those holding shares in physical form are to intimate the said changes to the Registrar and Transfer Agent of the Company, at their address given below.
6. The Share Transfer Books and the Register of Members of the Company will remain closed on Tuesday, 16th September, 2014, as an Annual Closure for Annual General Meeting.
7. Equity Shares of the Company are under compulsory demat trading by all investors. Those shareholders, who have not dematerialised their shareholding, are advised to dematerialise the same to avoid any inconvenience in future.
8. Brief Profile of Directors proposed to be appointed / re-appointed, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in dematerialised form are therefore requested to submit their PAN to the Depository Participants with whom they are maintaining the demat account. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent of the Company, at their address given below.
10. The Ministry of Corporate Affairs (MCA), Government of India, had taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and had issued circulars stating that service of notice / documents including Annual Report can be done by e-mail to its members.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialised holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested submit the same to the Registrar and Transfer Agent of the Company i.e. Link Intime India Private Limited, Block No. 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune - 411 001, (Maharashtra), Telephone No. 020 2616 1629 / 2616 0084.

The Notice of the Annual General Meeting along with the Annual Report 2013-14 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company / Depositories, unless any member has requested for the physical copy of the same.

11. Voting through Electronic Means :
 - i) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to

exercise their right to vote at the Fifth Annual General Meeting (AGM) by electronic means and the business shall be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The instructions for e-Voting are as under :

- A) Member receiving an e-mail from NSDL (for members whose e-mail IDs are registered with the Company / Depository Participant(s)) :
- a) Open e-mail and open PDF file viz. "BF_investment_e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and Password / PIN for e-Voting. Please note that the password is an initial password.
 - b) Launch internet browser by typing the URL : <https://www.evoting.nsdl.com>
 - c) Click on Member Login.
 - d) In case you are already registered with NSDL for e-voting then you can use your existing user ID and password else Put User ID and Password as initial Password / PIN noted in Step (a) above. Click Login.
 - e) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f) Home page of e-Voting opens. Click on e-Voting : Active Voting Cycles.
 - g) Select e-Voting Event Number ("EVEN") of BF Investment Limited.
 - h) Now you are ready for e-Voting as Cast Vote page opens.
 - i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - j) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - k) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - l) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to deulkarcs@gmail.com with a copy marked to evoting@nsdl.co.in
- B) Member receiving physical copy of the Notice of AGM (for members whose e-mail IDs are not registered with the Company/ Depository Participant(s) or members requesting physical copy) :
- a) Initial password is provided as below at the bottom of the Attendance Slip for the AGM :

e-Voting Event No.("EVIN")	User ID	Password
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 - b) Please follow all steps from Serial No. A(b) to Serial No.A(l) above, to cast vote.
- ii) In case of any queries, you may refer the Frequently asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Downloads sections of www.evoting.nsdl.com
 - iii) If you are already registered with NSDL for e-Voting, then you can use your existing User ID and Password for casting your vote.
 - iv) You can also update your mobile number and e-mail Id in the user profile details of the folio which may be used for sending future communication(s).
 - v) The e-Voting commences on Wednesday, 10th September, 2014 (9.00 a.m.) and ends on Friday, 12th September, 2014 (6.00 p.m.). During this period shareholders of the Company, holding shares either in

physical form or in dematerialized form, as on cut-off date (Record Date) of 8th August, 2014, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- vi) The voting rights of shareholders shall be in proportion to shares held by them as on the cut-off (Record Date) of 8th August, 2014.
- vii) Mr. S. V. Deulkar, of S. V. Deulkar & Co, Company Secretaries (Membership No. FCS 1321 & CP No. 965) has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- viii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and submit a Scrutinizer's Report of the votes cast in favour or against, if any, forth with to the Chairman of the Company.

12. For members who wish to vote using Ballot Paper :

Pursuant to Clause 35B of the Listing Agreement, Members who do not have access to e-voting facility may fill in the Ballot Paper enclosed with the Notice (a copy of the same is also part of the soft copy of the Notice) and submit the same in a sealed envelope to the Scrutinizer appointed by the Board of Directors of the Company, Mr. S. V. Deulkar of S. V. Deulkar & Co., Company Secretaries, at C/o BF Investment Limited, Secretarial Department, Mundhwa, Pune - 411036 so as to reach not later than 12th September, 2014 by 6:00 p.m. Ballot Paper received thereafter will be treated as invalid.

- 13. A member shall opt for only one mode of voting i.e either through e-voting or by Ballot Paper. If the member casts vote through both the modes, the votes in the electronic system would be considered and the Ballot Paper would be ignored.
- 14. The results of voting along with the Scrutinizer's Report shall be placed on the Company's website <http://www.kalyanigroup.com/BFI.asp> and on the website of NSDL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company and shall be communicated to the Stock Exchanges.
- 15. Disclosure of Shareholding of Directors recommended by the Board of Directors for Appointment / Re-appointment at the Annual General Meeting pursuant to Clause 49 of the Listing Agreement :

Sr.No.	Name of Director	No. of Shares held
1	Mr. B. N. Kalyani	7204
2	Mr. B. B. Hattarki	Nil
3	Mr. M. U. Takale	Nil

Register and Transfer Agent :

LINK INTIME INDIA PRIVATE LIMITED
Block No. 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road,
Near Ganesh Mandir, Pune - 411 001
Tel-020 2616 1629 / 26160084, E-mail: pune@linkintime.co.in

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 102 of the Companies Act, 2013

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out, the material facts relating to Special Business mentioned under Item Nos.4 to 6 in the accompanying Notice dated 29th May, 2014

ITEM NOS. 4 and 5

The Company is having two Non-executive Independent Directors viz. Mr. B. B. Hattarki and Mr. M. U. Takale, on the Board of the Company liable to retire by rotation.

Pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, it is proposed to appoint these Directors as Independent Directors of the Company for a term of 5 (five) consecutive years from 16th September, 2014 to 15th September, 2019.

The Company has received a declaration in writing from all the aforesaid Directors that they meet the criteria of independence as provided in sub-Section (6) of Section 149 of the Act and Clause 49 of the Listing Agreement.

In the opinion of the Board, the aforesaid Directors fulfill the criteria specified in the Companies Act, 2013 and rules made thereunder and Clause 49 of the Listing Agreement, for their appointments as an Independent Director of the Company. The Board also considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of all of them as an Independent Director on the Board of the Company.

The Company has received notices in writing from members along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of aforesaid Directors of the Company.

Accordingly, the Board recommends the resolutions set out at Item Nos. 4 and 5 of the Notice, for the approval of the members of the Company.

Profiles of these Directors, as required by the Corporate Governance Code (Clause 49 of the Listing Agreement), are provided in the report on Corporate Governance.

Except Mr. B. B. Hattarki and Mr. M. U. Takale, being appointees, to their respective appointments, none of the Directors and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested in the resolutions set out at Item Nos. 4 and 5 of the Notice.

ITEM NO.6

The Members are aware that the Directors of the Company have over the years contributed significantly towards the steady growth of the Company and they provide to the Company the benefits of their varied experience in business, industry and allied subjects and make useful contribution through the Board Meetings and Meetings of the various Committees thereof and otherwise.

To compensate for these contributions the board may consider the payment of commission to non whole-time directors. Accordingly in view of Sections 149, 197 and any other applicable provisions of the Companies Act, 2013, coming into effect from 1st April, 2014 and taking into consideration the roles and responsibilities of the directors, it is proposed that the directors other than Managing Director and the Whole-time Directors be paid for each financial year of the Company commencing from 1st April, 2014, remuneration not exceeding (a) 1% (one percent) of the net profits of the Company, if there is managing or whole-time director or manager; (b) 3% (three percent) of the net profits in any other case, computed in accordance with the provisions of Section 198 of the Companies Act, 2013. The remuneration shall be distributed amongst all or some of the Directors in accordance with the directions of the Board of Directors. This remuneration shall be in addition to fee payable to the Directors for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, approval of the members is sought under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the Directors other than Managing Director and Whole-time Directors, as set out in the Resolution at Item No.6 of the Notice.

All the Directors, are concerned or interested in the resolution to the extent of the remuneration that may be received by them. None of the Key Managerial Personnel of the Company/ their or director's relatives is in any way concerned or interested in the resolution.

By Order of the Board of Directors
For BF Investment Limited

Pune
29th May, 2014

S. R. Kshirsagar
Company Secretary

Management Discussion And Analysis

The Board takes pleasure in presenting your Company's fifth Annual Report for the year 2013-14 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.

Economic Performance :

India, Asia's 3rd largest economy has been struggling to recover from a stagflation - type situation where economic growth has been stuck below 5 % for past several quarters while prices continue to rise at a fast pace. Elevated prices and a slowing economy have pressured household budgets and company profits alike hitting consumer demand as well as corporate profits.

Hail and heavy rains in the recent past have damaged crops which would result in a spike in food prices. Also an uncertain outlook for this summer's monsoon due to El Nino weather pattern is a major cause of concern.

Hopes of an economic revival have attracted substantially large capital inflows, triggering a rally in the country's financial markets. The BSE index is already the best performing equity index in Asia this year. The Indian Rupee too, had recently hit an eleven month high to the dollar.

Economic Outlook :

A decisive mandate in the recently concluded elections will speed up the resolution of policy bottlenecks, hasten pending reforms, improve the private sector sentiment and lay the foundation for India's entry into a phase of healthier growth.

Investment would recover as projects cleared by government get implemented. Firming external demand would boost exports, while rise in rural income coupled with decline in inflation can boost consumption. Implementing the proposed inflation targeting framework will help anchor price expectations and would improve business sentiment. Implementing the pending tax reforms and changing the spending mix away from energy subsidies towards better targeted social and economic infrastructure investment will lead to a better consolidation of the fiscal deficit which has already narrowed.

Reforming labour regulations and improving education and training systems would also promote growth and help create better quality jobs.

Business Overview

The Company continues to hold various investments in Kalyani Group companies and expects to earn reasonable returns on the same. The performance of your Company largely depends on the performance of the entities in which it holds investments. Your Company, therefore, closely monitors the working of all these entities.

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 control 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 2013-2014.

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, eight Board Meetings were held on 1st April, 2013, 24th May, 2013, 27th June, 2013, 25th July, 2013, 5th September, 2013, 29th October, 2013, 15th January, 2014 and 8th February, 2014.

- **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	Last AGM 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	8	5	No	13	3	3	None
A.B. KALYANI	Non- executive	8	8	Yes	12	3	Nil	None
B. B. HATTARKI	Non- executive Independent *	8	6	Yes	9	4	5	None
M. U. TAKALE	Non- executive Independent *	8	8	Yes	4	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 of 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 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 24th May, 2013, 25th July, 2013, 29th October, 2013 and 8th February, 2014. 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 2013-14

Name of the Director	No. of meetings	Meetings attended
Mr. B. B. Hattarki	4	2
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**

Mr. B.N. Kalyani retires by rotation and being eligible offers himself for reappointment.

- Mr.B.N.Kalyani is Chairman and Managing Director of Bharat Forge Limited. Born on 7th January,1949, Mr.Kalyani is a Mechanical Engineer from the Birla Institute of Technology, Pilani. He also has a M.S. from the Massachusetts Institute of Technology, U.S.A. Mr. Kalyani also serves on the Boards of BF Investment, Hikal, Kalyani Hayes Lemmerz, Kalyani Carpenter Special Steels, Kalyani Steels, Automotive Axles, Meritor HVS (India), Khed Economic Infrastructure, etc.

Two Directors-Mr.B.B.Hattarki and Mr. M.U.Takale are proposed to be appointed as Independent Directors.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 BF Utilities Limited, Kalyani Steels Limited, Kalyani Investment Company Limited, Kalyani

International Limited, Hospet Steels Limited, Automotive Axles Limited, Khed Developers Limited, and Kalyani Mukund Limited.

- Mr. M. U. Takale, born on 18th August, 1960, is a Mechanical Engineer having more than 25 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. Mr. Takale serves on the Board of Kalyani Infotech Solutions Limited, Kalyani Steels Limited, BF Investment Limited and Kalyani Technologies Limited. Mr. Takale is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

- **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 of 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
2010-11	12 th August, 2011	3.30 P.M.	Kalyani Steels Ltd., Pune 411036
2011-12	28 th July, 2012	3.30 P.M.	Kalyani Steels Ltd., Pune 411036
2012-13	24 th July, 2013	3.30 P.M.	Kalyani Steels Ltd., Pune 411036

SHAREHOLDER INFORMATION

- **Annual General Meeting**

Date :- Tuesday, 16th September, 2014, 3.30 p.m.

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

- **Financial Calendar**

1st April to 31st March

- **Book Closure**

The books will be closed on Tuesday, 16th September, 2014 as annual closure for the AGM.

- **Dividend Date**

The Board has not recommended any dividend on Equity Shares

- **Listing**

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

- **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 2013-14.

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-13	48.85	42.10	45037	48.70	41.40	85771
May-13	48.20	40.05	45852	49.00	38.80	215181
Jun-13	44.85	39.20	25336	44.70	38.60	82214
Jul-13	44.00	36.60	52609	44.35	35.50	40754
Aug-13	41.20	28.60	34141	39.80	30.00	8147
Sep-13	33.00	27.35	27940	35.80	27.30	19411
Oct-13	42.00	29.05	28986	42.90	30.75	34517
Nov-13	43.50	36.00	24578	45.00	35.25	25727
Dec-13	47.95	36.80	77998	47.70	36.30	27758
Jan-14	55.95	38.00	126032	55.90	38.00	59892
Feb-14	43.85	36.55	82213	44.85	36.00	38950
Mar-14	73.95	38.00	594632	73.60	38.50	1009768

➤ **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, 2014.

Table 2 : Pattern of shareholding by ownership as on 31 March, 2014

Category	No. of shares held	Shareholding %
Promoters	27386976	72.71
Financial Institutions / Bank	3432	0.01
Mutual Funds	1909	0.01
Insurance Companies	160127	0.43
Foreign Institutional Investors	712438	1.89
Bodies Corporate	2884136	7.66
Indian Public / Foreign Nationals	6340147	16.81
Non Resident Indians	178463	0.48
TOTAL	37667628	100.00

Table 3 : Pattern of shareholding by share class as on 31 March, 2014

Shareholding class	No. of shareholders	No. of shares held	Shareholding %
Up to 5000	25973	4181407	11.10
5001 to 10000	108	749343	1.99
10001 to 20000	49	665457	1.77
20001 to 30000	9	231576	0.62
30001 to 40000	5	167387	0.44
40001 to 50000	3	133489	0.35
50001 to 100000	15	1131062	3.00
100001 and above	18	30407907	80.73
TOTAL	26180	37667628	100.00

➤ **Dematerialisation**

As on 31st March, 2014, dematerialised shares accounted for 93.51% 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.26823061,
E-mail : bfinvestment@vsnl.net
Website : www.kalyanigroup.com/BFI.asp
2. Link Intime India Private Limited
Registrar & Transfer Agent
Block No.202, 2nd Floor, Akshay Complex, Off Dhole Patil Road,
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, 2014, 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 : 29th May, 2014.

P. V. Deo
Chartered Accountant
Membership No. 41609

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST MARCH, 2014

To,

The Members,

Your Directors have pleasure in presenting their Fifth Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended 31st March, 2014.

1. FINANCIAL HIGHLIGHTS :

	(Rs. in Million)	
	Year ended 31 st March, 2014	Year ended 31 st March, 2013
Income from Operations	229.17	380.33
Profit before Interest and Depreciation	220.17	291.22
Less : Interest	1.02	0.60
Depreciation	4.90	2.50
Profit before tax	214.25	288.12
Provision for Taxation	14.79	24.38
Net Profit/(Loss) for the year / period	199.46	263.74
Less : Transfer to Reserve Fund	39.89	52.74
Profit for the year after taxation and appropriation	159.57	211.00
As per last account	3099.67	2888.67
Balance carried to Balance Sheet	3259.24	3099.67

2. DIVIDEND :

Your Directors do not recommend any dividend on the equity shares for the year ended 31st March, 2014.

3. OPERATIONS :

During the year ended 31st March, 2014, your Company earned a total income of Rs. 229.17 Million (previous period Rs. 380.33 Million) and earned a profit of Rs. 199.46 Million (previous period Rs. 263.74 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. N. Kalyani Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, he offers himself for reappointment.

Mr. B. B. Hattarki and Mr. M. U. Takale are proposed to be appointed as Independent Directors.

8. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2014, 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, 2014 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.

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 : 29th May, 2014

B.N. KALYANI
Chairman

INDEPENDENT AUDITORS' REPORT

To the Members of BF Investment Limited

Report on the Financial Statements

I have audited the accompanying financial statements of BF Investment Limited ('the Company') which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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') read with General Circular 15/2013 dated 13th September, 2013 and 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs, Government of India. 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I 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, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, 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:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) 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 (Auditors' Report) Order, 2003, read with the Companies (Auditor's Report) (Amendment) Order, 2004, both issued by the Central Government in terms of subsection (4A) of Section 227 of the Act, I 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, I report that:
 - 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 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 my 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 read with General Circular 15/2013 dated 13th September, 2013 and 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs, Government of India; and
 - e. on the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

Place : Pune
Date : 29th May, 2014.

P. V. Deo
Chartered Accountant
Membership No. 41609

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in the Independent Auditor's Report on the financial statements of BF Investment Limited for the year ended 31st March, 2014.

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 fixed assets disposed of by the Company during the year were not substantial and therefore, do not affect the going concern assumption.
- (ii) 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 fixed assets. The Company is a Core Investment Company and does not sell any goods or services. During the course of my audit I have not observed any continuing failure to correct major weaknesses in internal control system.
- (iii) 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.
- (iv) 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.
- (v) In my opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (vi) 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.
- (vii) (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, 2014 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.
- (viii) 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.
- (ix) The terms and conditions of the guarantees given by the Company in respect of the loans borrowed by others from banks or financial institutions are not found prima facie prejudicial to the interest of the Company.
- (x) 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.
- (xi) 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.
- (xii) 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.
- (xiii) Provisions of sub-clause No.s (ii), (iii), (x), (xi), (xiii), (xiv), (xvi), (xix) and (xx) of Clause 4 of the said Order do not apply to the Company.

Place : Pune
Date : 29th May, 2014.

P. V. Deo
Chartered Accountant
Membership No. 41609

Financial Statements

Balance Sheet as at 31st March, 2014

	Note No.	Amount ₹	As at 31 st March, 2013 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	6,456,249,297	6,256,786,432
		<u>6,644,587,437</u>	<u>6,445,124,572</u>
2. Current liabilities			
(a) Trade payables	3.3	14,157	5,073,255
(b) Other current liabilities	3.4	1,736,242	2,196,160
(c) Short-term provisions	3.5	8,281,068	13,706,347
		<u>10,031,467</u>	<u>20,975,762</u>
TOTAL		<u><u>6,654,618,904</u></u>	<u><u>6,466,100,334</u></u>
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
Tangible assets	3.6	17,152,375	8,177,163
Capital Work in Progress		-	13,623,650
(b) Non-current investments	3.7	4,957,936,698	4,628,401,068
(c) Long-term loans and advances	3.8	1,161,979,252	1,160,534,252
(d) Other non-current assets	3.9	-	249,675,936
		<u>6,137,068,325</u>	<u>6,060,412,069</u>
2. Current assets			
(a) Current investments	3.10	103,189,595	245,520,895
(b) Cash and cash equivalents	3.11	208,152,473	7,217,467
(c) Short-term loans and advances	3.12	204,265,633	152,641,794
(d) Other current assets	3.13	1,942,878	308,109
		<u>517,550,579</u>	<u>405,688,265</u>
TOTAL		<u><u>6,654,618,904</u></u>	<u><u>6,466,100,334</u></u>
Significant Accounting Policies and Notes forming part of the Financial Statements	1,2,3		
The notes above referred form an integral part of the Financial Statements			

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

B. B. Hattarki
Director

M. U. Takale
Director

S. R. Kshirsagar
Company Secretary

Place : Pune
Date : 29th May, 2014.

Place : Pune
Date : 29th May, 2014.

Statement of Profit And Loss for the Year Ended 31st March, 2014

		Note No.	Amount ₹	Year ended 31 st March, 2013 Amount ₹
I	Revenue from operations	3.14	66,887,535	145,966,877
II	Other income	3.15	162,280,780	234,365,020
III	Total revenue (I+II)		229,168,315	380,331,897
IV	Expenses			
	(a) Finance costs	3.16	1,024,000	589,000
	(b) Depreciation	3.17	4,892,105	2,504,334
	(c) Other expenses	3.18	18,858,365	24,481,558
	Total expenses		24,774,470	27,574,892
V	Profit before exceptional items and tax (III - IV)		204,393,845	352,757,005
VI	Exceptional items	3.19	9,859,395	(64,631,204)
VII	Profit before tax (V + VI)		214,253,240	288,125,801
VIII	Tax expense:			
	(a) Current tax expense		(14,793,000)	(26,254,000)
	(b) Tax saving for earlier years		2,625	1,865,825
	(c) Deferred tax		-	-
			(14,790,375)	(24,388,175)
IX	Profit for the year (VII + VIII)		199,462,865	263,737,626
X	Earnings per share (of ₹ 5/- each):			
	(a) Basic	3.22	5.30	7.00
	(b) Diluted	3.22	5.30	7.00
	Significant Accounting Policies and Notes forming part of the Financial Statements	1,2,3		
	The notes above referred form an integral part of the Financial Statements			

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

B. B. Hattarki
Director

M. U. Takale
Director

S. R. Kshirsagar
Company Secretary

Place : Pune
Date : 29th May, 2014.

Place : Pune
Date : 29th May, 2014.

Cash Flow Statement for the Year Ended 31st March, 2014

	Note No.	Amount ₹	Year ended 31 st March, 2013 Amount ₹
A. Cash flow from operating activities :			
Net Profit after tax and exceptional items		199,462,865	263,737,626
Adjusted for :			
Tax expense		14,790,375	24,388,175
Depreciation		4,892,105	2,504,334
Impairment Loss		-	4,718
Interest - Other		1,024,000	589,000
Profit on sale of investments		(328,138,214)	(19,108,927)
Dividend received on investments		(146,737,325)	(220,203,723)
Share in profit of partnership firm		(2,252)	(2,090)
		<u>(454,171,311)</u>	<u>(211,828,513)</u>
Operating Profit before working capital changes :		(254,708,446)	51,909,113
Changes in :			
Trade and other receivables		194,972,328	488,054,742
Liabilities and Provisions		1,357,307	7,488,493
		<u>196,329,635</u>	<u>495,543,235</u>
Cash generation from operations :		(58,378,811)	547,452,348
Direct Taxes paid		(27,091,977)	(70,676,195)
Net Cash from operating activities :		<u>(85,470,788)</u>	<u>476,776,153</u>
B. Cash flow from investing activities :			
Purchase of Fixed Assets		(3,513,101)	(19,123,650)
Sale of Fixed Assets		3,393,866	-
Purchase of Investments		(1,268,324,084)	(902,847,886)
Sale of Investments		1,409,133,536	224,038,991
Share in profit of partnership firm		2,252	2,090
Net cash used in investing activities :		<u>140,692,469</u>	<u>(697,930,455)</u>
C. Cash flow from financing activities :			
Interest - Other		(1,024,000)	(589,000)
Dividend received on investments		146,737,325	220,203,723
Net cash used in financing activities :		<u>145,713,325</u>	<u>219,614,723</u>
Net changes in cash and cash equivalents (A+B+C) :		200,935,006	(1,539,579)
Cash and Cash Equivalents, at the beginning :		7,217,467	8,757,046
Cash and Cash Equivalents, at the close :		208,152,473	7,217,467
 Significant Accounting Policies and Notes forming part of the Financial Statements The notes above referred form an integral part of the Financial Statements	1,2,3		

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

B. B. Hattarki
Director

M. U. Takale
Director

S. R. Kshirsagar
Company Secretary

Place : Pune
Date : 29th May, 2014.

Place : Pune
Date : 29th May, 2014.

Notes forming part of the Financial Statements for the year ended 31st March, 2014.

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.

Operating Cycle of the Company is considered to be of 12 months.

2. Statement of Significant Accounting Policies :

2.1 Basis of accounting and preparation of financial statements :

These accounts have been prepared under historical cost convention and comply with the Accounting Standards, as prescribed by the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956, read with the General Circular No.s 15/2013 dated 13th September 2013 and 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs, Government of India. All income and expenses having a material bearing on the financial statements are recognized on the accrual basis.

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 Investment Property :

Investment Properties are carried at cost less depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for fixed assets. Impairment of investment property is determined in accordance with the policy stated for impairment of assets.

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 Taxation :

- a) Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

- b) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

- c) Credit in respect of Minimum Alternate Tax (MAT) paid by the Company is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during period within which it is eligible to claim MAT credit as per the provisions of the Income Tax Act, 1961.

2.8 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 statement of profit and loss.

2.9 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.

2.10 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 account.

Contingent assets are neither recognized nor disclosed.

2.11 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, 2014 Amount ₹	As at 31 st March, 2013 Amount ₹
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3. Other Notes :

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	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 Honourable 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, 2014 and 31st March, 2013 is set out below.

	As at 31 st March, 2014.		As at 31 st March, 2013.	
	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, 2014.		As at 31 st March, 2013.	
	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.	5,054,091	13.42	4,353,472	11.56
Kalyani Investment Company Ltd.	-	-	6,062,342	16.09
Sundaram Trading and Investment Pvt. Ltd.	9,543,068	25.33	3,907,953	10.37

	As at 31 st March, 2014 Amount ₹	As at 31 st March, 2013 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	788,719,338	735,971,338
Add : Set aside this financial year	39,893,000	52,748,000
	<u>828,612,338</u>	<u>788,719,338</u>
General Reserve :		
As per last account	870,000	870,000
Surplus in the Statement of Profit and Loss :		
As per last account	3,099,672,378	2,888,682,752
Add : Profit for the year transferred from the Statement of Profit and Loss	199,462,865	263,737,626
Amount available for appropriation	3,299,135,243	3,152,420,378
Less : Appropriations		
Amount transferred to Reserve Fund	39,893,000	52,748,000
	<u>3,259,242,243</u>	<u>3,099,672,378</u>
TOTAL :	<u><u>6,456,249,297</u></u>	<u><u>6,256,786,432</u></u>
3.3 Trade Payables :		
Dues to Micro and Small Enterprises	-	-
Others	14,157	5,073,255
TOTAL :	<u><u>14,157</u></u>	<u><u>5,073,255</u></u>
3.4 Other Current Liabilities :		
Statutory liabilities	433,276	693,035
Accrued expenses	1,302,966	1,503,125
TOTAL :	<u><u>1,736,242</u></u>	<u><u>2,196,160</u></u>
3.5 Short Term Provisions :		
Provision for Taxation, net of advance tax paid	8,281,068	13,706,347
TOTAL :	<u><u>8,281,068</u></u>	<u><u>13,706,347</u></u>

3.6 FIXED ASSETS

	Tangible Assets			As at 31 st March, 2013 ₹
	Office Equipments	Vehicles	Total	
	₹	₹	₹	
GROSS BLOCK, AT COST :				
As at 31 st March, 2013.	15,282	14,697,527	14,712,809	9,245,337
Additions	-	16,759,655	16,759,655	5,500,000
Disposals	-	(9,197,527)	(9,197,527)	(32,528)
As at 31st March, 2014	15,282	22,259,655	22,274,937	14,712,809
DEPRECIATION AND AMORTIZATION :				
As at 31 st March, 2013.	13,860	6,521,786	6,535,646	4,183,554
For the year	569	4,767,104	4,767,673	2,379,902
In respect of disposals	-	(6,180,757)	(6,180,757)	(27,810)
As at 31st March, 2014	14,429	5,108,133	5,122,562	6,535,646
NET BLOCK :				
As at 31 st March, 2013.	1,422	8,175,741	8,177,163	
As at 31st March, 2014	853	17,151,522	17,152,375	

3.7 Non Current Investments, at Cost :

Other than trade :

(i) Investment Property^(a) : (At cost, less accumulated depreciation)

	Freehold Land	Buidings	Total	As at 31 st March, 2013 ₹
	₹	₹	₹	₹
	GROSS BLOCK, AT COST :			
As at 31 st March, 2013.	100,370,203	7,664,341	108,034,544	108,034,544
Additions	25,477,630	-	25,477,630	-
Adjustments	-	-	-	-
As at 31st March, 2014	125,847,833	7,664,341	133,512,174	108,034,544
DEPRECIATION AND AMORTIZATION :				
As at 31 st March, 2013	-	2,268,863	2,268,863	2,144,431
For the year	-	124,432	124,432	124,432
Adjustments	-	-	-	-
As at 31st March, 2014	-	2,393,295	2,393,295	2,268,863
NET BLOCK :				
As at 31 st March, 2013.	100,370,203	5,395,478	105,765,681	
As at 31st March, 2014	125,847,833	5,271,046	131,118,879	

(a) Reclassified as Investment Property during the year, Until the previous year, these were classified as Fixed Assets.

Net Carried Over 131,118,879 105,765,681

			As at 31 st March, 2014 Amount ₹	As at 31 st March, 2013 Amount ₹
3.7 NON-CURRENT INVESTMENTS, AT COST : (Contd.)				
Other than trade :				
		Net Brought Over	131,118,879	105,765,681
(ii) 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)	Equity Shares of ₹ 10/- each fully paid in Kalyani Investment Company Limited	-	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 :				
7,807,338	(5,807,338)	Equity Shares of ₹ 2/- each fully paid in Bharat Forge Ltd.	1,766,005,873	1,255,705,873
1,187,903	-	Equity Shares of ₹ 5/- each fully paid in BF Utilities Ltd.	643,064,202	-
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
		Subtotal (ii) :	<u>3,006,467,811</u>	<u>2,191,987,631</u>
(iii) 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	(16,183,636)	Equity Shares of ₹ 10/- each fully paid in Epicenter Technologies Pvt. Ltd.	183,236,491	183,236,491
		Less : Provision for diminution in value	<u>(110,183,558)</u>	<u>(110,183,558)</u>
			73,052,933	73,052,933
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	<u>(28,758,980)</u>	<u>(28,758,980)</u>
			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. ^(a)	250,000	250,000
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	<u>(55,852,619)</u>	<u>(55,852,619)</u>
			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
			<u>11,906,930</u>	<u>11,906,930</u>
Investments in Other Companies :				
61,532,490	(61,532,490)	Equity Shares of ₹ 10/- each fully paid in Khed Economic Infrastructure Pvt. Ltd.	615,324,900	615,324,900
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
			<u>639,336,680</u>	<u>639,336,680</u>
		Subtotal (iii) :	<u>1,105,615,155</u>	<u>1,105,615,155</u>
(iv) 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
3,500,000	(3,500,000)	11 % Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Pvt. Ltd.	35,000,000	35,000,000
		Subtotal (iv) :	<u>65,000,000</u>	<u>65,000,000</u>
(v) Debentures, Unquoted :				
Investments in Associates :				
6,497,000	(11,600,000)	0% Fully Convertible Debentures of ₹ 100/- each fully paid of Kalyani Financial Services Ltd.	649,700,000	1,160,000,000
		Subtotal (v) :	<u>649,700,000</u>	<u>1,160,000,000</u>
(vi) In a Partnership Firm :				
		M/s Sundaram Enterprises <small>(Refer Note No. 3.26)</small>	34,853	32,601
		Subtotal (vi) :	<u>34,853</u>	<u>32,601</u>
		TOTAL :	<u>4,957,936,698</u>	<u>4,628,401,068</u>

	As at 31 st March, 2014 Amount ₹	As at 31 st March, 2013 Amount ₹
Book Value of Quoted Investments in securities :	3,006,467,811	2,191,987,631
Book Value of Unquoted Investments in securities :	1,820,350,008	2,330,647,756
Market Value of Quoted Investments in securities :	7,539,422,148	4,130,943,015
Aggregate provision for diminution of in value of investments :	194,795,157	194,795,157

(a) Pledged for loan taken by another company

3.8 Long Term Loans and Advances) (Unsecured, Good)

Intercompany loans	1,160,520,067	1,160,520,067
Security deposits	1,459,185	14,185
TOTAL :	<u>1,161,979,252</u>	<u>1,160,534,252</u>

3.9 Other Non-Current Assets :

Interest receivable, Good	-	249,675,936
TOTAL :	<u>-</u>	<u>249,675,936</u>

3.10 Current Investments, at lower of Cost and Fair Value :

Other than trade :

In Units of Mutual Funds, Unquoted :

93,658	- Units of ₹ 100/- each of ICICI Prudential Liquid Regular Plan Growth	17,500,000	-
57,015	- Units of ₹ 100/- each of ICICI Prudential Money Market Fund Regular Plan Growth	10,000,000	-
-	(18,802) Units of ₹ 1,000/- each of Baroda Pioneer Liquid Fund Plan A - Growth	-	25,000,000
-	(7,537) Units of ₹ 1,000/- each of Baroda Pioneer Treasury Advantage Fund Plan A-Growth	-	10,000,000
-	(113,053) Units of ₹ 100/- each of Birla Sunlife Saving Fund Growth Regular Plan	-	25,000,000
-	(129,755) Units of ₹ 100/- each of Birla Sunlife Floating Rate Fund Short Term Plan - Growth Regular Plan	-	20,000,000
-	(14,174) Units of ₹ 1,000/- each of Canara Robeco Liquid Fund Regular Growth	-	20,000,000
-	(6,308) Units of ₹ 1,000/- each of DSP BlackRock Money Manager Fund Regular Plan Growth	-	10,000,000
-	(45,788) Units of ₹ 100/- each of ICICI Prudential Flexible Income Regular Plan Growth	-	10,000,000
-	(461,186) Units of ₹ 10/- each of IDFC Ultra Short Term Fund Growth Regular Plan	-	7,500,000
-	(790,304) Units of ₹ 10/- each of JM High Liquidity Fund Growth Option	-	25,000,000
831,893	(1,661,936) Units of ₹ 10/- each of JP Morgan India Liquid Fund - Super Institutional Growth	13,709,595	25,000,000
-	(750,447) Units of ₹ 10/- each of Kotak Flexi Debt Scheme Plan A - Growth	-	10,520,895
-	(10,621) Units of ₹ 1,000/- each of Kotak Liquid Scheme Plan A - Growth	-	25,000,000
-	(539,197) Units of ₹ 10/- each of Kotak Floater Long Term Growth	-	10,000,000
4,367	- Units of ₹ 1,000/- each of LIC Nomura Liquid Fund Growth Plan	10,000,000	-
428,967	- Units of ₹ 10/- each of Peerless Liquid Fund Super Institutional Growth	6,000,000	-
5,181	- Units of ₹ 1,000/- each of Reliance Liquid Fund Cash Plan Growth Option Growth Plan	10,600,000	-
4,175	- Units of ₹ 1,000/- each of Reliance Liquidity Fund Growth Plan - Growth Option	8,000,000	-
-	(413,690) Units of ₹ 10/- each of Reliance Medium Term Fund-Growth Plan-Growth Option	-	10,000,000
-	(7,735) Units of ₹ 1,000/- each of Religare Ultra Short Term Fund - Growth	-	12,500,000
3,563	- Units of ₹ 1,000/- each of SBI Magnun Insta Cash Fund Regular Plan Growth	10,000,000	-
4,290	- Units of ₹ 1,000/- each of TATA Liquid Fund Plan A Growth	10,000,000	-
3,876	- Units of ₹ 1,000/- each of Templeton India Treasury Management Account Super Institutional Plan	7,380,000	-
	TOTAL :	<u>103,189,595</u>	<u>245,520,895</u>

	As at 31 st March, 2014 Amount ₹	As at 31 st March, 2013 Amount ₹
3.11 Cash and Cash Equivalents :		
Balances with banks		
In current accounts	2,999,365	2,123,329
In term deposit accounts ^(a)	205,098,168	5,087,732
Cash on hand	54,940	6,406
TOTAL :	<u><u>208,152,473</u></u>	<u><u>7,217,467</u></u>
 (a) Deposit accounts with less 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		
 3.12 Short Term Loans and Advances : (Unsecured)		
Intercorporate loans		
Good	185,553,780	136,353,780
Doubtful	16,126,220	16,126,220
Less : Provision	<u>(16,126,220)</u>	<u>(16,126,220)</u>
	-	-
Other loans and advances		
Good	18,711,853	16,288,014
Doubtful	1,453,967	1,453,967
Less : Provision	<u>(1,453,967)</u>	<u>(1,453,967)</u>
	-	-
TOTAL :	<u><u>204,265,633</u></u>	<u><u>152,641,794</u></u>
 3.13 Other Current Assets :		
Interest receivable, Good	1,942,878	308,109
TOTAL :	<u><u>1,942,878</u></u>	<u><u>308,109</u></u>

	Year ended 31 st March, 2014 ₹	Year ended 31 st March, 2013 ₹
3.14 Revenue from Operations :		
Interest received on loans	62,329,290	145,576,326
Interest received on bank deposits	4,558,245	390,551
TOTAL :	<u><u>66,887,535</u></u>	<u><u>145,966,877</u></u>
3.15 Other Income :		
Dividend received on long term investments	146,737,325	220,183,884
Dividend received on short term investments	-	19,839
Profit on sale of short term investments (Net)	15,519,647	14,108,927
Share in profit of partnership firm	2,252	2,090
Miscellaneous income	21,556	50,280
TOTAL :	<u><u>162,280,780</u></u>	<u><u>234,365,020</u></u>
3.16 Finance Costs :		
Interest - Other	1,024,000	589,000
TOTAL :	<u><u>1,024,000</u></u>	<u><u>589,000</u></u>
3.17 Depreciation and Amortization :		
Tangible assets	4,767,673	2,379,902
Investment property	124,432	124,432
TOTAL :	<u><u>4,892,105</u></u>	<u><u>2,504,334</u></u>
3.18 Other Expenses :		
Rates and taxes	2,012,582	1,635,057
Professional fees	10,946,450	19,965,759
Brand fees	561,800	-
Audit fees <small>(Refer Note No. 3.21)</small>	247,730	245,534
Donation	2,500,000	-
Sundry expenses	2,589,803	2,635,208
TOTAL :	<u><u>18,858,365</u></u>	<u><u>24,481,558</u></u>
3.19 Exceptional Items :		
Accrued interest written off <small>(Refer Note No. 3.27)</small>	(302,759,172)	(69,631,204)
Profit on sale of long term investments (Net)	312,618,567	5,000,000
TOTAL :	<u><u>9,859,395</u></u>	<u><u>(64,631,204)</u></u>

	As at 31 st March, 2014 Amount ₹	As at 31 st March, 2013 Amount ₹
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3.20 Contingent Liabilities not provided for :

i) Corporate Guarantees given, in respect of loans borrowed by other companies ^(a)		
Guarantee Amount	950,000,000	950,000,000
Balance outstanding	835,579,160	388,935,167
(a) Commitments of the Company under the Corporate Guarantee/s, inter alia, include undertaking not to dispose or encumber its present and future assets without the prior written consent of the lenders.		
ii) The Company has issued a Letter of Comfort not amounting to Corporate Guarantee, to Axis Bank Limited, UAE, in respect of non-fund based limits aggregating to Euro 7,500,000 (Previous Year : Nil) sanctioned to Kenersys Europe GmbH, whereby the Company has undertaken to ensure that the borrower company would fulfill the debt service obligation, when due.		
iii) Conveyance deed of the ownership premises of the Company at Antariksha Bhawan, New Delhi has not been executed as yet. Liability, if any on that account has not been ascertained.		

3.21 Payment to Auditor, inclusive of Service Tax :

As auditor	185,394	185,394
For tax audit	28,090	28,090
For certification	28,090	28,090
For reimbursement of expenses	6,156	3,960
TOTAL :	247,730	245,534

3.22 Earning per Share (Face Value of ₹ 5 each) :

Profit for the year after taxation	199,462,865	263,737,626
Weighted Average Number of Equity Shares, outstanding during the period	37,667,628	37,667,628
Basic Earning per Share in rupees	5.30	7.00
Diluted Earning per Share in rupees	5.30	7.00

3.23 Segment Reporting :

The Company is a Non Deposit taking Core Investment Company, as defined in the Core Investment Companies (Reserve Bank) Directions, 2011 and all activities of the Company revolve around this business. Hence no separate segment is considered reportable.

3.24 Related Party Disclosures :

a) Related Parties and their relationships, where there are related party transactions or balances :

i) Associates	Kalyani Steels Ltd. Epicenter Technologies Private Limited Kalyani Financial Services Limited Nandi Engineering Limited
ii) Joint Ventures	Automotive Axles Limited Meritor HVS India Limited M/s Sundaram Enterprises
iii) Investing enterprise in respect of which the Company is an associate	Sundaram Trading and Investment Pvt. Ltd.

b) Transactions with Related Parties :

Particulars	Associates	Joint Venture	Investing enterprise in respect of which the Company is an associate	Total
	₹	₹	₹	₹
Dividend Received	25,578,632 (17,052,421)	88,130,722 (178,700,930)	- (-)	113,709,354 (195,753,351)
Unsecured Loan given	300,000,000 (-)	- (-)	- (-)	300,000,000 (-)
Unsecured Loan - Repayment received	290,000,000 (-)	- (-)	- (415,640,520)	290,000,000 (415,640,520)
Interest Received	2,949,337 (1,108,000)	- (-)	- (65,221,458)	2,949,337 (66,329,458)
Investment in Fully Convertible Debentures	- (527,000,000)	- (-)	- (-)	- (527,000,000)
Share in profit of partnership firm	- (-)	2,252 (2,090)	- (-)	2,252 (2,090)
Sale of investment	- (-)	- (-)	651,402,444 (-)	651,402,444 (-)
Capital Contribution	- (35,000,000)	- (-)	- (-)	- (35,000,000)

(Figures in bracket indicate previous year)

c) Balances with Related Parties :

Particulars	Associates	Joint Venture	Investing enterprise in respect of which the Company is an associate	Total
	₹	₹	₹	₹
Unsecured Loan given	37,700,000 (27,700,000)	- (-)	- (-)	37,700,000 (27,700,000)
Balance on Capital with partnership firm	- (-)	34,853 (32,601)	- (-)	34,853 (32,601)
Interest on Loan receivable#	370,159 (245,885)	- (-)	- (-)	370,159 (245,885)
# Current	370,159 (245,885)	- (-)	- (-)	370,159 (245,885)
# Non Current	- (-)	- (-)	- (-)	- (-)

(Figures in bracket indicate previous year)

3.25 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 as under :

Name of the Partner	Capital Contribution		Profit/Loss sharing ratio	
	31 st March, 2014 ₹	31 st March, 2013 ₹	31 st March, 2014 %	31 st March, 2013 %
BF Investment Ltd.	34,853	32,601	60 %	60%
Kalyani Investment Company Ltd.	11,617	10,866	20 %	20%
Sundaram Trading and Investment Pvt. Ltd.	5,809	5,433	10 %	10%
Gulbakshi Realty Pvt. Ltd.	-	5,433	-	10%
Axiom Project Consultants Pvt. Ltd. ^(a)	5,809	-	10 %	-
TOTAL :	58,088	54,333	100 %	100%

(a) In pursuance of the Order passed by the High Court of Judicature at Bombay, on 25th October, 2013 in the Scheme of Arrangement between Gulbakshi Realty Pvt. Ltd. (Demerged Company) and Axiom Project Consultants Pvt. Ltd. (Resulting Company), balance on the Capital Account of Gulbakshi Realty Pvt. Ltd., forming part of its Real Estate Undertaking, was transferred and vested into Axiom Project Consultants Pvt. Ltd. with retrospective effect from 1st April, 2012.

3.26 Disclosure of Joint Ventures :

Name of the Joint Venture	Organizational Structure	Country of Incorporation	Proportion of Ownership Interest	
			Year ended 31 st March, 2014	Year ended 31 st March, 2013
M/s Sundaram Enterprises	Partnership Firm	India	60.00%	60.00%
Meritor HVS (India) Ltd.	Company	India	48.99%	48.99%
Automotive Axles Ltd.	Company	India	35.52%	35.52%

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 :

(a) M/s Sundaram Enterprises	Financial Year of JV ended 31 st March, 2014		Financial Year of JV ended 31 st March, 2013	
	Total ₹	Share of the Company ₹	Total ₹	Share of the Company ₹
Assets	162,958	97,775	157,523	94,514
Liabilities	104,870	62,922	103,190	61,914
Income	5,435	3,261	5,032	3,019
Expenses	1,680	1,008	1,550	930

(b) Meritor HVS (India) Ltd.	Financial Year of JV ended 30 th September, 2013		Financial Year of JV ended 30 th September, 2012	
	Total ₹	Share of the Company ₹	Total ₹	Share of the Company ₹
Assets	2,011,050,879	985,213,826	2,382,396,878	1,167,136,231
Liabilities	1,376,920,672	674,553,437	1,812,802,689	888,092,037
Income	7,248,564,048	3,551,071,527	10,894,363,919	5,337,148,884
Expenses	6,999,234,416	3,428,924,940	10,508,776,348	5,148,249,533

(c) Automotive Axles Ltd.	Financial Year of JV ended 30 th September, 2013		Financial Year of JV ended 30 th September, 2012	
	Total ₹	Share of the Company ₹	Total ₹	Share of the Company ₹
Assets	4,254,128,508	1,511,066,446	4,942,692,688	1,755,644,443
Liabilities	1,449,292,607	514,788,734	2,229,473,405	791,908,953
Income	6,441,647,865	2,288,073,322	9,426,702,139	3,348,364,600
Expenses	6,314,670,736	2,242,971,045	8,976,518,141	3,188,459,244

3.27 Exceptional Items :

- a) In view of the continued illiquid financial position of Nandi Economic Corridor Enterprises Ltd. (NECE) and the representation in that respect made by NECE, the Company has written off accrued interest aggregating to ₹ 302,137,802 (Previous Year : ₹ 69,631,204) charged to and receivable from NECE, on prudent basis. On similar considerations, interest aggregating to ₹ 621,370 (Previous Year : Nil) charged to and receivable from Nandi Infrastructure Corridor Enterprise Ltd. (NICE) has also been written off. These amounts have been reflected as exceptional items in the Statement of Profit and Loss. The Principal amounts outstanding on the loans granted to the above companies are considered good and fully realizable by the Directors. The accrued interest written off comprised the following.

	Year ended 31 st March, 2014 ₹	Year ended 31 st March, 2013 ₹
Interest accrued during the current year written off	53,083,236	69,631,204
Interest accrued during the earlier years written off	249,675,936	-
TOTAL :	302,759,172	69,631,204

- b) Profit on sale of long term investments includes profit of ₹ 312,518,422/- on sale of 1,705,242 Equity Shares of ₹10/- each of Kalyani Investment Co. Ltd., an associate of the Company.
- 3.28 Legal title to all the assets vested and transferred to the Company in pursuance of the Composite Scheme of Arrangement approved by the Honourable 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, 2014. The Company is in the process of completing the required legal processes.
- 3.29 3,000,000 6 % Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial Services Limited are redeemable on or before 30th December, 2016.
- 3.30 3,500,000 11 % Non-cumulative Redeemable Preference Shares of ₹10/- each, fully paid in KSL Holdings Pvt. Ltd. are redeemable on the expiry of 10 years from the date of allotment, i.e. on 28th September, 2022, with an option to the said Company to redeem the said preference shares, in one or more tranches, at any time on or after 28th December, 2012.
- 3.31 Of the 6,497,000 0% Fully Convertible Debentures (FCD) of ₹ 100/- each fully paid of Kalyani Financial Services Limited, 1,227,000 FCDs 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, while 5,270,000 FCDs are compulsorily convertible into such number of fully paid Equity Shares of ₹ 10/- each at such a price as shall be fixed by the said Company on or before 27th September, 2022.
- 3.32 Deferred Tax asset in respect of unabsorbed depreciation and losses under the Income Tax Act, 1961 aggregating to ₹ 9,470,000 (Previous Year : ₹ Nil) has not been recognized on considerations of prudence.
- 3.33 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

B. B. Hattarki
Director

M. U. Takale
Director

S. R. Kshirsagar
Company Secretary

Place : Pune
Date : 29th May, 2014.

Place : Pune
Date : 29th May, 2014.

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BF INVESTMENT LIMITED

Registered Office : Mundhwa, Pune Cantonment, Pune 411 036
CIN : L65993PN2009PLC134021

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)	
Registered Address	
E-mail Id	
Folio No. / DP ID & Client ID	

I/We, being the member (s) of _____ . shares of the above named Company, hereby appoint :

- (1) Name _____ Address _____
E-mail ID _____ Signature _____ or failing him / her
- (2) Name _____ Address _____
E-mail ID _____ Signature _____ or failing him / her
- (3) Name _____ Address _____
E-mail ID _____ Signature _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Fifth Annual General Meeting of the Company, to be held on Tuesday, the 16th day of September, 2014 at 3.30 p.m. (I.S.T.) at the Registered Office of the Company at Mundhwa, Pune - 411 036 and at any adjournment thereof in respect of such resolutions as are indicated below :

Item No.	Resolution (For details, refer Notice of Fifth Annual General Meeting dated 29 th May, 2014)	Vote *(Optional See Note 4)		
		For	Against	Abstain
1.	Adoption of the Financial Statements of the Company for the year ended 31 st March, 2014 and the reports of the Board of Directors and Auditors thereon.			
2.	Appointment of Mr. B. N. Kalyani, as a Director, who retires by rotation, and being eligible, offers himself for re-appointment			
3.	Appointment of Mr. P. V. Deo, Chartered Accountant, Pune as Auditor of the Company			
4.	Appointment of Mr. B. B. Hattarki as an Independent Director			
5.	Appointment of Mr. M. U. Takale as an Independent Director			
6.	Payment of Commission to Non Whole-time Directors			

Signed this _____ day of _____ 2014

Signature of member : _____

Signature of Proxy holder(s) : _____

Please affix
Revenue
Stamp of
proper value

(Please refer notes overleaf)

Notes :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. * It is optional to indicate your preference by placing the tick (✓) mark at the appropriate box. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

BF INVESTMENT LIMITED

Registered Office : Mundhwa, Pune Cantonment, Pune 411 036
CIN : L65993PN2009PLC134021

BALLOT PAPER (In lieu of E-voting)

Sr. No.	Particulars	Details
1	Name of the First Named Shareholder	
2	Postal Address	
3	Registered Folio No. / * DP ID & Client ID	
4	Class of Shares	

(*Applicable to investors holding shares in dematerialised form)

I / We hereby exercise my / our vote in respect of the Ordinary / Special Resolution(s) enumerated below, by recording my/our assent or dissent to the said Resolution(s) in the following manner :

No.	Item Description (For details, refer Notice of Fifth Annual General Meeting dated 29 th May, 2014)	No. of Equity Shares held	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1.	Adoption of the Financial Statements of the Company for the year ended 31 st March, 2014 and the reports of the Board of Directors and Auditors thereon.			
2.	Appointment of Mr. B. N. Kalyani, as a Director, who retires by rotation, and being eligible, offers himself for re-appointment			
3.	Appointment of Mr. P. V. Deo, Chartered Accountant, Pune as Auditor of the Company			
4.	Appointment of Mr. B. B. Hattarki as an Independent Director			
5.	Appointment of Mr. M. U. Takale as an Independent Director			
6.	Payment of Commission to Non Whole-time Directors			

Place : _____

Date : _____

Signature of the Shareholder(s)

INSTRUCTIONS

1. Members may fill up the Ballot Paper by placing the tick (✓) mark at the appropriate box above and submit the same in a sealed envelope to the Scrutinizer, Mr. S. V. Deulkar of S. V. Deulkar & Co. Company Secretaries, C/o. BF Investment Limited, Secretarial Department, Mundhwa, Pune - 411 036 so as to reach not later than 12th September, 2014 by 6:00 p.m. Ballot Paper received thereafter will be treated as invalid.
2. The Company will not be responsible if the envelope containing the Ballot Paper is lost in transit.
3. Unsigned, incomplete or incorrectly ticked Ballot Papers are liable to be rejected and the decision of the Scrutinizer on the validity of the Ballot Papers will be final.
4. In the event member casts his votes through both the processes i.e. E-voting and Ballot Paper, the votes in the electronic system would be considered and the Ballot Paper would be ignored.
5. The right of voting by this Ballot Paper shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the Registrar & Transfer Agent of the Company. Members are requested to keep the same updated.
7. There will be only one Ballot Paper for every Folio/ DP ID & Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Paper should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot Paper signed by a joint holder shall be treated as valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Paper signed by other joint holders.
9. Where the Ballot Paper has been signed by an authorized representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorisation / Board resolution to vote should accompany the Ballot Paper.
10. Instructions for e-voting procedure are available in the Notice of Annual General Meeting and are also placed on the website of the Company.



KALYANI
DRIVING INNOVATION

BF INVESTMENT LIMITED

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

website : www.kalyanigroup.com/BF1.asp

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1. Name of the Company : BF INVESTMENT LIMITED
2. Annual financial statements for the year ended : 31st March, 2014
3. Type of Audit observation : Un-qualified / ~~Matter of Emphasis~~
4. Frequency of observation : Whether appeared first time / repetitive / since how long period - Not Applicable
5. To be signed by –

a) CEO/Managing Director


A. B. Kalyani (Director)

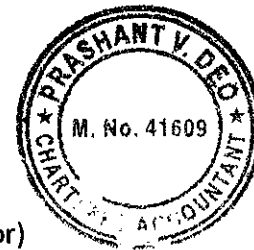


b) CFO

: Not Applicable

c) Auditor of the company


P. V. Deo (Statutory Auditor)



d) Audit Committee Chairman


Mr. B. B. Hattarki (Audit Committee Chairman)

