

# BF INVESTMENT LIMITED



**KALYANI**  
DRIVING INNOVATION

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**BOARD OF DIRECTORS**

Mr. A. B. Kalyani	Chairman
Mr. B. B. Hattarki	Non-Executive Independent Director
Mr. M. U. Takale	Non-Executive Independent Director
Ms. A. A. Sathe	Non-Executive Independent Director

**COMPANY SECRETARY**

Mr. S.R. Kshirsagar

**CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER**

Mr. J.G. Patwardhan

**STATUTORY AUDITORS**

Prashant V. Deo, Chartered Accountants

**SECRETARIAL AUDITORS**

Mr. S.V. Deulkar Partner - SVD & Associates

**BANKERS**

HDFC Bank Limited

**REGISTRAR AND SHARE TRANSFER AGENT**

Link Intime India Private Limited  
'Akshay' Complex, Block No. 202, 2<sup>nd</sup> Floor,  
Near Ganesh Temple, Off Dhole Patil Road, Pune - 411 001  
Tel.: +91 (20) 2616 1629 / 2616 0084  
Fax: +91 (20) 2616 3503;  
Email: [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

**REGISTERED OFFICE**

BF Investment Limited  
Mundhwa, Pune Cantonment,  
Pune 411 036, Maharashtra, India.

**CORRESPONDENCE ADDRESS**

Cyber City, Tower 15, Level 6, Office 602,  
Magarpatta City, Hadapsar, Pune- 411 013  
Phone: +91-20-6629 2550  
E-mail : [bfinvestment@vsnl.net](mailto:bfinvestment@vsnl.net)  
Website : <http://www.bfilpune.com>  
CIN : L65993PN2009PLC134021

**INFORMATION FOR SHAREHOLDERS**

Annual General Meeting  
Day & Date : Friday, 30<sup>th</sup> September, 2016  
Time : 2.00 p.m.  
Venue : Kalyani Steels Ltd. Mundhwa, Pune - 411 036  
Date of Book Closure : 30<sup>th</sup> September, 2016



## BF INVESTMENT LIMITED

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

CIN : L65993PN2009PLC134021

### NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of BF Investments Limited will be held at Kalyani Steels Ltd at Mundhwa, Pune 411 036 on Friday, the 30<sup>th</sup> day of September, 2016 at 2.00 p.m. (IST), to transact the following business

#### ORDINARY BUSINESS :

##### ITEM NO.1:

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2016 and the Reports of the Board of Directors and Auditors thereon.

##### ITEM NO.2:

To appoint a Director in place of Mr. A.B. Kalyani, (DIN : 00089430), who retires by rotation and being eligible offers himself for re-appointment.

##### ITEM NO.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 appointment of Mr. Prashant V. Deo, Chartered Accountant, Pune (Membership No.041609), (who was appointed in the 5<sup>th</sup> Annual General Meeting, as Statutory Auditor for a period of three years upto the conclusion of the 8<sup>th</sup> Annual General Meeting to be held during the year 2017) be and is hereby ratified for the financial year 2016-17 as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company 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."

By Order of the Board of Directors  
For BF Investment Limited

Pune 411036  
20<sup>th</sup> August, 2016

S. R. Kshirsagar  
Company Secretary  
Membership No. A23653

## 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. 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.
3. 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.
4. 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.
5. The Share Transfer Books and the Register of Members of the Company will remain closed on Friday, 30<sup>th</sup> September, 2016, as an Annual Closure for Annual General Meeting.
6. 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.
7. 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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, herein after called "Regulations, 2015", are provided in the Report on Corporate Governance forming part of the Annual Report.
8. 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.
9. 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 to submit the same to the Registrar and Transfer Agent of the Company i.e. Link Intime India Private Limited, Block No. 202, 2<sup>nd</sup> 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 2015-16 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.

10. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries in writing at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.
11. All documents referred to in the Notice or in the accompanying Statement are available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 10.00 a.m. to 12.00 noon, prior to the date of the Annual General Meeting and also available for inspection at the meeting.
12. Pursuant to Section 72 of the Act read with the Companies (Share Capital and Debentures) Rules, 2014, members are entitled to make a nomination in respect of shares held by them in physical form. Shareholders desirous of

making a nomination are requested to send their requests in Form No. SH -13 in duplicate (which will be made available on request) to the Registrar and Share Transfer Agent of the Company.

### 13. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Seventh Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).
- II. The facility for voting through Polling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Polling Paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Tuesday, 27<sup>th</sup> September, 2016 (9:00 am) and ends on Thursday, 29<sup>th</sup> September, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 23<sup>rd</sup> September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:

**The instructions for shareholders voting electronically are as under:**

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

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

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- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for **BF INVESTMENT LIMITED** on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) **Note for Non - Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- VI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, 23<sup>rd</sup> September, 2016.
- VII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, 23<sup>rd</sup> September, 2016, may obtain the login ID by sending a request at [pune@linkintime.co.in](mailto:pune@linkintime.co.in) .

- VIII. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- IX. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through polling paper.
- X. Mr. Sridhar G. Mudliar, of SVD & Associates, Company Secretaries (Membership No. FCS 6156 & CP No. 2664) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XI. The Chairman shall, at the Seventh AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIII. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company <http://www.bfilpune.com> and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the National Stock Exchange of India Limited and BSE Limited, Mumbai.
14. A member shall opt for only one mode of voting i.e either through remote e-voting or by Polling Paper. If the member casts vote through all the modes, the votes in the electronic system would be considered and / or Polling Paper would be ignored.
15. In terms of Section 152 of the Companies Act, 2013, Mr. Amit B. Kalyani ( DIN : 00089430) Chairman / Director retires by rotation at the Meeting and being eligible offers himself for reappointment. The information as required under Regulations, 2015, with respect to the retiring director is as under:

Mr. A. B. Kalyani, aged 41 years, is a Mechanical Engineer from Bucknell University, Pennsylvania, USA and has been on the Board of BF Investment Limited since 2009. Mr. A.B. Kalyani is Executive Director of Bharat Forge Limited.

He initially worked with Kalyani Steels Ltd, followed by other companies within the Group. He then joined Bharat Forge in 1999 as Vice President and Chief Technology Officer, where he played a critical role responsible for implementing Unified MIS System SAP R3.

He later took charge of investor relations & fund raising such as GDR, FCCB, Rights Issue & ECBs, He was also instrumental in strategizing and execution of the several acquisitions that the Group had done in Germany.

Mr. Kalyani is currently an Executive Director on the board of Bharat Forge Limited, the flagship company of the Kalyani Group. While he is involved in the company's strategic planning & global business development initiatives, Mr. Kalyani also takes care of the overall Group strategy and is responsible for the expansion of its steel business and driving the infrastructure business foray of the Group.

Mr. A.B. Kalyani is a member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

Directorships / Committee memberships / Chairmanships of Mr. A.B. Kalyani in other companies are as under:

Name of the Company	Board position held	Name of the Committees	Chairman/ Member
Bharat Forge Limited	Executive Director	Corporate Social Responsibility Committee	Member
Kalyani Steels Limited	Director	Nomination and Remuneration Committee	Member
BF Utilities Limited	Director	Audit Committee Nomination and Remuneration Committee	Member Member



Kalyani Investment Co. Limited	Chairman	Nomination and Remuneration Committee	Member
BF-NTPC Energy Systems Limited	Director	-	-
Hikal Limited	Director	-	-
BF Elbit Advanced Systems Pvt. Ltd.	Director	-	-

Mr. A.B. Kalyani is holding 28,270 equity shares of Rs. 5/- each of the Company. He is not related to any other Director who is presently on the Board of the Company.

Save and except, Mr. A.B. Kalyani, to the extent of his shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, in the said resolution.

The Board recommends the Ordinary Resolution set out at Item No. 2 of the Notice for approval by the shareholders.

16. Disclosure of Shareholding of Directors recommended by the Board of Directors for Appointment / Re-appointment at the Annual General Meeting pursuant to Regulations, 2015 :

Sr.No.	Name of Director	No. of Shares held
1	Mr. A. B. Kalyani	28,270

By Order of the Board of Directors  
For BF Investment Limited

Pune 411036  
20<sup>th</sup> August, 2016

S. R. Kshirsagar  
Company Secretary  
Membership No. A23653

Registrar and Transfer Agent

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

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, herein after called "Regulations, 2015")

### 1. The Company's philosophy on Code of 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 2015-2016.

### 2. Board of Directors

#### a. Composition of the Board

As at March 31, 2016, the Board comprised of four Directors. The Composition of the Board is as under:

Category of Directors	No. of Directors
Executive	Nil
Non-Executive and Independent	3
Non-Executive and Non-Independent	1
Total	4

#### b. Number of Board Meetings

During the Financial Year under review, six Board Meetings were held on 21<sup>st</sup> May, 2015, 22<sup>nd</sup> July, 2015, 19<sup>th</sup> September, 2015, 30<sup>th</sup> October, 2015, 7<sup>th</sup> January, 2016, and 13<sup>th</sup> February, 2016.

#### c. Directors' attendance record and directorships held

The information on composition and category of the Board of Directors as at March 31, 2016, attendance of each Director at Board Meetings held during the Financial Year 2015-16 and the Annual General Meeting (AGM) held on September 19, 2015, Directorships and Committee positions in other public companies of which the Director is a Member / Chairman and the shareholding of Non-Executive Directors is as follows:

Sr. No.	Name of Director	No. of shares held by Non-Executive Directors	No. of Directorships in other public companies	No. of Committee positions held in other public companies*		No. of Board Meetings held	Attendance at the meetings	
				Chairman	Member		Board	AGM
	Executive Director	NA	NA	NA	NA	NA	NA	NA
	Non-Executive Directors							
1	Mr. A. B. Kalyani <sup>®</sup>	28270	7	0	1	6	4	0
	Independent and Non-Executive Directors							
2	Mr. B. B. Hattarki	0	8	4	3	6	6	1
3	Mr. M. U. Takale	0	3	0	1	6	5	0
4	Ms. A. A. Sathe <sup>**</sup>	0	1	0	0	6	5	1

Note:

<sup>®</sup> Promoter within the meaning of Securities Exchange Board of India (SEBI) (Substantial Acquisition of Shares & Takeover) Regulations, 2011.

\* For this purpose only Audit and Stakeholders' Relationship Committees of the Public Limited Companies have been considered

\*\* Appointed as Independent Director w.e.f. September 19, 2015.

**d. Criteria for performance evaluation**

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of all Directors. The annual evaluation of Directors is made on the following criteria:

- i. Attendance for the meetings and participation during the meetings;
- ii. Interaction with the Company's management team;
- iii. Area of expertise; and
- iv. Knowledge and proficiency in various subjects.

**e. Meeting of Independent Directors**

The meeting of Independent Directors was held on Wednesday, March 2, 2016 to

- (a) review the performance of non-independent Directors and the Board of Directors as a whole;
- (b) review the performance of the Chairperson of the listed entity;
- (c) access the quality, quantity and timeliness of flow of information between the management of the listed entity and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

**f. Familiarization program for Independent Directors**

The Independent Directors are given the MIS presentation on the operation of the Company. The quarterly and annual accounts are discussed and explained in details.

Information is given on regular basis concerning the areas of operation of the Company.

For details refer to our website at <http://www.bfilpune.com>

**g. Code of Conduct**

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel. The Code of Conduct is available on the Company's website viz., <http://www.bfilpune.com>. All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the CEO forms part to this Report.

**h. Information supplied to 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.

**i. 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.

**3. Audit Committee**

**a. Composition**

As at 31<sup>st</sup> March, 2016, the Audit Committee comprised of three Non-Executive Directors, majority of whom are Independent. The Company Secretary acts as the Secretary to the Committee. The representatives of Statutory Auditors are also invited to the meetings.

During the Financial Year under review, four meetings of the Committee were held on 21<sup>st</sup> May, 2015, 22<sup>nd</sup> July, 2015, 30<sup>th</sup> October, 2015 and 13<sup>th</sup> February, 2016.

The composition of the Committee and attendance at its meetings is given below:

	Name of the Director	Category	Meetings attended
1.	Mr. B. B. Hattarki (Chairman)	Independent Director	4
2.	Mr. M. U. Takale	Independent Director	4
3.	Ms. A. A. Sathe #	Independent Director	3

# Appointed as a member of Audit Committee w.e.f. 22<sup>nd</sup> July, 2015.

#### b. Terms of Reference

The terms of reference of the Audit Committee include the matters specified under Regulations 2015. Some of these are listed as under :

- i) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii) Examination of the financial statements and the auditors' report thereon;
- iv) Approval or any subsequent modification of transactions of the company with related parties;
- v) Scrutiny of inter-corporate loans and investments;
- vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- vii) Evaluation of internal financial controls and risk management systems;
- viii) Monitoring the end use of funds raised through public offers and related matters
- ix) Reviewing of the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- x) Reviewing with management the annual financial statements before submission to the Board;
- xi) Reviewing with the management, external auditors and internal auditor, the adequacy of internal control systems;
- xii) Discussing with internal auditor any significant finding and follow up on such issues;
- xiii) 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 areas of concern;
- xiv) Reviewing any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standards;
- xv) Reviewing details of related party transactions exceeding 1% of last year's turnover;
- xvi) Reviewing the Company's financial and risk management policies;

#### c. Powers of Audit Committee

- a. To investigate any activity within its terms of reference;
- b. To seek information from any employee;
- c. To obtain outside legal or other professional advice;
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### 4. Nomination and Remuneration Committee

#### a. Composition

The Nomination and Remuneration Committee comprises of three Non - Executive Directors, majority of whom are Independent. The composition is in conformity with the Companies Act, 2013 and Regulations 2015.

During the Financial Year under review, two meetings of the Committee were held on 22<sup>nd</sup> July, 2015 and 4<sup>th</sup> September, 2015.

The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member	Category	Number of meetings attended
1.	Mr. B. B. Hattarki, Chairman	Independent Director	2
2.	Mr. A. B. Kalyani	Non Executive Director	2
3.	Mr. M. U. Takale	Independent Director	2

## b. Terms of Reference

The terms of reference of the Nomination and Remuneration Committee include the matters specified under Regulations 2015 as well as those in Section 178 of the Companies Act, 2013 and *inter-alia* include the following:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of the director.
- ii. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management position in accordance with the criteria laid down in this Policy.
- iii. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

## c. Remuneration to Directors

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a Policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.

**Details of the remuneration paid to the Directors during Financial Year 2015-16:**

Information on remuneration of Directors for the year ended 31<sup>st</sup> March, 2016.

Name of the Director	Relationship with other Directors	Sitting Fees	Salary and Perquisites	Commission	Total
Mr. A. B. Kalyani	None	15000	N.A.	N.A.	15000
Mr. B. B. Hattarki	None	25000	N.A.	N.A.	25000
Mr. M. U. Takale	None	20000	N.A.	N.A.	20000
Ms. A. A. Sathe	None	25000	N.A.	N.A.	25000

## d. BOARD DIVERSITY AND REMUNERATION POLICY

The Board Diversity and Remuneration Policy is available on the Company's website <http://www.bfilpune.com>. The Policy provides for criteria for determining qualifications, positive attributes & independence of director as well as remuneration policy for directors, key managerial personnel and other employees.

In terms of the said Policy, a director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices. An Independent director should also meet the requirements of the Companies Act, 2013 and Regulations, 2015 concerning independence of directors.

### Remuneration to Non-Executive Directors

The Non-Executive Directors draw remuneration in the form of commission, upto an aggregate amount not exceeding 1% of the net profits of the Company for the year, as may be decided by the Board of Directors from time to time.

### Remuneration to Key Managerial Personnel and other Employees

Remuneration to Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals. The Remuneration will be such, so as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

## 5. Share Transfers Cum Shareholders' / Investors' Grievance and Stake Holders' Relationship Committee

The Share Transfer Cum Shareholders' / Investors' Grievance and Stake Holders' Relationship Committee has been constituted to look into investors' complaints like transfer of shares, non-receipt of Balance Sheet, etc. and redressal thereof. The Committee is headed by Mr. M.U. Takale, Independent Director, with Mr. B.B. Hattarki, Independent Director being the other Members of the Committee.

During the Financial Year under review, Eighteen Share Transfers Cum Shareholders' / Investors' Grievance and Stake Holders' Relationship Committee Meetings were held. The present Committee members attended the said Meeting.

Mr. S.R. Kshirsagar, Company Secretary is the Compliance Officer.

The Compliance Officer can be contacted at:

**BF Investment Limited**

Cyber City, Tower 15, Level 6, Office 602,  
Magarpatta City, Hadapsar,  
Pune 411 013  
Tel.: (020) 66292550  
E-mail: [bfinvestment@vsnl.net](mailto:bfinvestment@vsnl.net)

The Company has designated exclusive e-mail id for the investors as [bfinvestment@vsnl.net](mailto:bfinvestment@vsnl.net) to register their grievances, if any. This has been initiated by the Company to resolve such Investors' Grievances immediately. The Company has displayed the said e-mail id on its website for the use of investors.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Considering the requirement of the Companies Act, 2013, the Board constituted 'Corporate Social Responsibility (CSR) Committee'. The Committee comprises of Mr. B. B. Hattarki, Chairman - Independent Director, Mr. A. B. Kalyani - Non-Executive Director and Mr. M. U. Takale - Independent Director. During the year 2015-16, the Corporate Social Responsibility Committee met on 30<sup>th</sup> October, 2015.

Role of CSR Committee :

Formulation and recommendation to the Board, Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

Recommend the amount of expenditure to be incurred on the activities referred above.

Monitor Corporate Social Responsibility Policy of the Company from time to time.

The Committee's core responsibility is to assist the Board in discharging its social responsibility by formulating and monitoring implementation of the framework of the CSR Policy. CSR Policy for the Company is available on the Company's website <http://www.bfilpune.com>.

Particulars relating to the attendance at the CSR Committee meetings held during the year are given below :

Name of the Director	Category	No. of meetings held	No. of meetings attended
Mr. B. B. Hattarki	Independent	1	1
Mr. A. B. Kalyani	Non Executive	1	1
Mr. M. U. Takale	Independent	1	1

**CSR Spending**

During the year the Company has spent Rs.43.67 Lacs on CSR activities in the areas of education. This CSR spend pertains to funds allocated during FY 2014-15. The CSR amounts for the year 2015-16 will be spent in due course.

**RISK MANAGEMENT COMMITTEE**

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner. The Company has formulated Risk Management Policy to identify and then manage threats / risks that could have impact on the goals and objectives of the Company.

Considering the requirement of the Companies Act, 2013, Risk Management Committee' was formed to identify, monitor and minimise risks as also to identify business opportunities. Within the framework of the Risk Management Policy, the Committee reviews risks trends, exposure, potential impact analysis and mitigation plan. The Committee comprises of Mr. B. B. Hattarki, Mr. M. U. Takale and Mr. Amit B. Kalyani, Directors of the Company. One meeting of the Committee was held during the year.

**6. General Body Meeting**

Previous General Meetings of the shareholders of the Company were held as under:

Financial Year	Date	Type of Meeting	Venue	Time
2012-13	24 <sup>th</sup> July, 2013	Annual General Meeting	Kalyani Steels Ltd., Pune 411036	3.30 P.M.
2013-14	16 <sup>th</sup> September, 2014	Annual General Meeting	Kalyani Steels Ltd., Pune 411036	3.30 P.M.
2014-15	19 <sup>th</sup> September, 2015	Annual General Meeting	Kalyani Steels Ltd., Pune 411036	11.30 A.M.

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In the previous General Meetings, no Special Resolution was proposed for approval of shareholders.

No Resolutions passed at the above General Meetings were required to be passed through postal ballot.

During the year, Company has not conducted any Postal Ballot process.

At present, no resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting.

## 7. DISCLOSURES

### i. Mandatory Requirements

The Company has complied with the mandatory requirements of Regulations 2015.

#### a. Related Party Transactions

During the Financial Year under review, there was no materially significant related party transaction made by the Company, as defined in Regulations 2015 that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Note no. 4.24 to the Standalone Financial Statements in the Annual Report.

#### b. Details of capital market non-compliance, if any

There have been no instances of non-compliances by the Company on any matters related to capital markets, during the last three years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, the Securities Exchange Board of India (SEBI) or any other statutory authority, on any matter related to capital markets.

#### c. Whistle Blower Policy

The Company has formulated and implemented the Whistle Blower Policy / Vigil Mechanism. This has provided a mechanism for Directors and Employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The aforesaid policy has also been uploaded on the Company's website at <http://www.bfilpune.com>.

#### d. Policy for determining 'material' subsidiaries

As required under Regulations 2015, the Company has formulated a policy for determining 'material' subsidiaries, which has been put up on the website of the Company at <http://www.bfilpune.com>.

#### e. Related Party Transactions Policy

As required under Regulations 2015, the Company has formulated a Related Party Transactions Policy which has been put up on the website of the Company at <http://www.bfilpune.com>.

#### f. Disclosure 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 discussions nor do they vote on such matters.

### ii. Non-Mandatory Requirements

The extent of adoption of non-mandatory requirements is as follows:

#### a. Shareholders' Rights

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation, and since the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any communication of half yearly performance to the shareholders.

#### b. Statutory Auditors' qualifications

There are no qualifications on the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2016, made by the Statutory Auditors in their Audit Report.

### iii. Other Requirements

#### Disclosure in respect of unclaimed shares

The Company sends communications to shareholders to update their communication address with the company so as to dispatch the unclaimed share certificates.

As on 31<sup>st</sup> March, 2016, the total unclaimed equity shares are 163,495, the share certificates of which have been returned undelivered.

## 8. PARTICULARS OF RE-APPOINTMENT OF DIRECTORS

The brief resumes and other details relating to the Directors who are proposed to be re-appointed, as required to be disclosed under Regulations 2015, are as under :

In terms of Section 152 of the Companies Act, 2013, Mr. Amit B. Kalyani ( DIN : 00089430) Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. A. B. Kalyani, aged 41 years, is a Mechanical Engineer from Bucknell University, Pennsylvania, USA and has been on the Board of BF Investment Limited since 2009. Mr. A.B. Kalyani is Executive Director of Bharat Forge Limited.

He initially worked with Kalyani Steels Ltd, followed by other companies within the Group. He then joined Bharat Forge in 1999 as Vice President and Chief Technology Officer, where he played a critical role responsible for implementing Unified MIS System SAP R3.

He later took charge of investor relations & fund raising such as GDR, FCCB, Rights Issue & ECBs, He was also instrumental in strategizing and execution of the several acquisitions that the Group had done in Germany.

Mr. Kalyani is currently an Executive Director on the board of Bharat Forge Limited, the flagship company of the Kalyani Group. While he is involved in the company's strategic planning & global business development initiatives, Mr. Kalyani also takes care of the overall Group strategy and is responsible for the expansion of its steel business and driving the infrastructure business foray of the Group.

Mr. A.B. Kalyani is a member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee.

Directorships / Committee memberships / Chairmanships of Mr. A.B. Kalyani in other companies are as under:

Name of the Company	Board position held	Name of the Committees	Chairman/ Member
Bharat Forge Limited	Executive Director	CSR Committee	Member
Kalyani Steels Limited	Director	Nomination & Remuneration Committee	Member
BF Utilities Limited	Director	Audit Committee Nomination & Remuneration Committee	Member Member
Kalyani Investment Co. Limited	Chairman	Nomination & Remuneration Committee	Member
BF-NTPC Energy Systems Limited	Director	-	-
Hikal Limited	Director	-	-
BF Elbit Advanced Systems Pvt. Ltd.	Director	-	-

Mr. A.B. Kalyani is holding 28,270 equity shares of Rs. 5/- each of the Company. He is not related to any other Director who is presently on the Board of the Company.

## 9. MEANS OF COMMUNICATION

### a. Quarterly results

The Extracts of Quarterly, Half Yearly and Annual Results are published in national and local newspapers, namely The Financial Express (all editions) (English) and Loksatta (Marathi), having wide circulation.

The Company's Results and official news releases are displayed on the Company's website namely <http://www.bfilpune.com>. Since the Results of the Company are displayed on Company's Website and Stock Exchanges, half yearly reports are not sent individually to the shareholders.

### b. The NSE Electronic Application Processing System (NEAPS) of the National Stock Exchange of India Ltd. (NSE) and BSE Corporate Compliance and Listing Centre (the 'Listing Centre') of the BSE Ltd. (BSE)

The NEAPS and the Listing Centre of BSE are web based application designed by NSE and BSE respectively for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Quarterly Results, etc. are filed electronically on NEAPS and the Listing Centre of BSE.

### c. MANAGEMENT DISCUSSION AND ANALYSIS

The para on Management Discussion and Analysis in the Directors' Report forms part of this Report on Corporate Governance.



## 10. GENERAL SHAREHOLDER INFORMATION

### a. Annual General Meeting

#### Annual General Meeting

Corporate Identification Number (CIN)	L65993PN2009PLC134021
Annual General Meeting	Date : Friday, 30 <sup>th</sup> day of September, 2016 Time : 2.00 p.m. Venue : Kalyani Steels Ltd., Mundhwa, Pune - 411 036, Maharashtra, India
Book Closure	30 <sup>th</sup> day of September, 2016 as annual closure for the AGM.
Last date of receipt of proxy forms	Wednesday, 28 <sup>th</sup> September, 2016
Financial Year 2014-15	During the year the financial results were announced as under: First quarter : 22 <sup>nd</sup> July, 2015 Second quarter : 30 <sup>th</sup> October, 2015 Third quarter : 13 <sup>th</sup> February, 2016 Annual : 16 <sup>th</sup> May, 2016
International Security Identification Number (ISIN)	INE878K01010
Bombay Stock Exchange Limited (BSE)	533303
National Stock Exchange of India Limited, (NSE)	BFINVEST
Designated E-mail address for investor services	<a href="mailto:bfinvestment@vsnl.net">bfinvestment@vsnl.net</a>
Correspondence Address	Cyber City, Tower 15, Level 6, Office 602, Magarpatta City, Hadapsar Pune 411 013

### b. Listing Fees

The annual listing fees for the year under review have been paid to the Stock Exchanges, where your Company's shares are listed.

Save and except as disclosed elsewhere in the Annual Report, your Company has complied with all requirements of the Stock Exchange(s) and the SEBI on matters related to Capital Markets. There were no penalties imposed or strictures passed against your Company by the statutory authorities in this regard.

### c. Shareholding Pattern as on 31<sup>st</sup> March, 2016.

	Category	No. of Shares	% of Shareholding
1.	Promoter and Promoter Group	27,386,976	72.71
2.	Mutual Funds / UTI	333,916	0.89
3.	Financial Institutions / Banks	6,251	0.02
4.	Bodies Corporate	2,869,768	7.62
5.	Foreign Portfolio Investors	264,780	0.70
6.	Clearing Members	266,007	0.71
7.	Non Resident Indians	133,727	0.35
8.	General Public	6,406,203	17.00
	<b>Total</b>	<b>37,667,628</b>	<b>100.00</b>

### d. Distribution of Shareholding as on 31<sup>st</sup> March, 2016.

Pattern of shareholding by share class as on 31 <sup>st</sup> March, 2016			
Shareholding class	No. of shareholders	No. of shares Held	Shareholding %
Up to 5,000	23,691	4,108,759	10.91
5,001 to 10,000	105	732,887	1.95
10,001 to 20,000	42	564,985	1.50
20,001 to 30,000	6	162,384	0.43
30,001 to 40,000	5	169,428	0.45
40,001 to 50,000	5	239,233	0.63
50,001 to 100,000	17	1,260,024	3.35
100,001 and above	19	30,429,928	80.78
<b>TOTAL</b>	<b>23,890</b>	<b>37,667,628</b>	<b>100.00</b>

Dematerialisation of shares and liquidity (as on 31 <sup>st</sup> March, 2016)	<b>35,295,088</b> (representing 93.70% of the total issued share capital)
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any Convertible instruments.

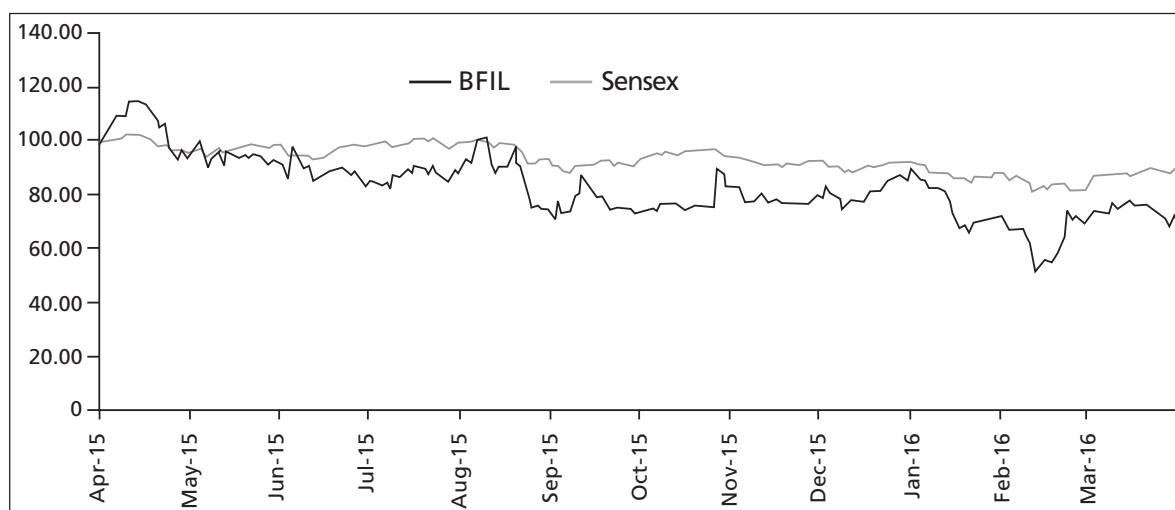
e. **Market Price Data**

Monthly high / low during the year 2015-16 on the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) are as under:

Stock Exchange	BSE			NSE		
	High Rs.	Low Rs.	Traded Volume	High Rs.	Low Rs.	Traded Volume
Apr-15	205.90	152.10	526,380	206.55	152.60	1,368,267
May-15	178.80	149.90	122,042	178.50	150.10	284,513
Jun-15	178.80	141.20	300,423	175.00	140.15	646,803
Jul-15	161.00	139.20	244,218	161.00	139.00	594,799
Aug-15	185.00	110.00	613,049	184.50	109.20	1,469,453
Sep-15	157.50	120.00	308,377	159.90	119.30	759,446
Oct-15	164.30	125.30	1,217,251	164.45	125.40	3,559,880
Nov-15	150.50	126.50	578,402	150.60	126.60	1,461,598
Dec-15	153.00	127.00	840,097	152.65	126.15	2,151,267
Jan-16	157.70	111.50	413,307	158.50	110.80	1,001,925
Feb-16	134.40	85.00	951,527	134.50	84.20	3,656,069
Mar-16	140.50	114.50	1,215,965	140.50	114.00	3,068,007

f. **Performance in comparison to broad-based indices - BSE Sensex**

Quotes on BSE Sensex Index



Note : Share prices of BF Investment Limited and BSE Sensex have been indexed to 100 as on first working day of financial year 2015-16 i.e. 1<sup>st</sup> April, 2015.

#### g. Share Transfer System

- I. The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agents in physical form are processed within 15 days of receipt of valid and complete documents in all respects. After such processing, the Registrar and Share Transfer Agent will issue share certificate to the concerned shareholder within 15 days of receipt of certificate for transfer. Shares under objection are returned within a stipulated period of time. The transfer applications are approved periodically by the senior management of the Company.
- II. A certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.
- III. **Registrar and Share Transfer Agent (R&T Agent)**

The entire work of the Company, relating to processing of transfer of shares has been given to an outside agency i.e., Link Intime India Private Limited being a SEBI Registered R & T Agent. The contact details are as follows -

Link Intime India Private Limited

Registrar & Transfer Agent  
Block No.202, 2<sup>nd</sup> Floor, Akshay Complex,  
Off Dhole Patil Road,  
Pune 411 001.  
Phone No.: 020-26161629 Fax No.020-26163503  
Email : [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

#### h. Compliance Officer

Mr. S. R. Kshirsagar, Company Secretary, is the Compliance Officer for complying with requirements of Securities Laws and SEBI ((Listing Obligations and Disclosure Requirements) Regulations, 2015.

Number and nature of complaints received and redressed during the year 2015-16

Nature of Complaints	No of complaints		No of pending complaints as on 31 <sup>st</sup> March, 2016
	received	redressed	
Non-receipt of shares lodged for transfer/transmission	NIL	NIL	NIL
Non-receipt of annual report	NIL	NIL	NIL
Change of Address	NIL	NIL	NIL

#### i. SEBI Complaints redress System (SCORES)

The investor complaints are processed in a centralized web-based complaints redressed system. The salient features of this system include centralized database of all complaints, online upload of Action Taken Report (ATRs) by the concerned companies and online viewing by investors of action taken on the complaints and its current status.

#### IV. Shareholder References

##### (a) Permanent Account Number (PAN)

Shareholders holding shares in the physical form are informed that as per SEBI's Guidelines, it is mandatory to furnish copy of PAN Card in the following cases:

- i. Transferees' PAN Cards for transfer of shares,
- ii. Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
- iii. Legal heirs' PAN Cards for transmission of shares,
- iv. Joint holders' PAN Cards for transposition of shares.

##### (b) Email Address

In order to enable us to further extend our support towards paperless compliance as a part of Green Initiative in the Corporate Governance, which was introduced by the Ministry of Corporate Affairs (MCA) in the year 2011, the shareholders who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.

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In respect of shares held in physical form, shareholders are requested to register their e-mail addresses with the Company / R & T Agent (with Depository Participants in case of shares held in dematerialized form).

**(c) Dematerialization of shares**

Shareholders are requested to dematerialize their physical share holdings through any of the nearest Depository Participants (DPs) in order to avoid hassles involved with physical shares such as possibility of loss / mutilation of share certificate(s), and to ensure safe and speedy transaction in securities.

**(d) Register Your National Electronic Clearing Services (NECS) Mandate**

The Reserve Bank of India (RBI) has initiated NECS for credit of Dividend directly to the Bank Account of shareholders. Shareholders holding shares in electronic mode are requested to register their latest Bank Account details with their Depository Participant and in physical form with the Company's R & T Agent viz. Link Intime India Private Limited.

**(e) Address for correspondence**

Shareholders' correspondence should be addressed to Link Intime India Private Limited, Registrar and Share Transfer Agent, at the address mentioned above. Shareholders can also email their queries / grievances to the following email address: [bfinvestment@vsnl.net](mailto:bfinvestment@vsnl.net).

**(f) CEO, CFO and Company Secretary's Certification**

The CEO, CFO and Company Secretary's Certificate signed by Mr. J.G. Patwardhan and Mr. S. R. Kshirsagar respectively, was placed before the meeting of the Board of Directors held on 20<sup>th</sup> August, 2016.

**CAUTIONARY STATEMENT**

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

For BF Investment Limited

Place: Pune  
Date: 20<sup>th</sup> August, 2016

M. U. Takale  
Director  
DIN: 01291287

B. B. Hattarki  
Director  
DIN: 00145710

**DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT**

To the members of BF Investment Limited

Pursuant to Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board Members and Senior Management Personnel are aware of the provisions of the Code of Conduct laid down by the Board as amended on 13<sup>th</sup> February, 2016.

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

For BF Investment Limited

Place: Pune  
Date: 20<sup>th</sup> August, 2016

J.G. Patwardhan  
CEO / CFO

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## AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF 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 31<sup>st</sup> March, 2016, as stipulated in

- Clause 49 of the Listing Agreements of the Company for the period 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015.
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 for the period from 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016.

The compliance of conditions of corporate governance is the responsibility of the Company's management. My examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of the Chartered Accountants of India and was limited to review of 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 and the representations made to me by the management, I certify that, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as applicable.

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.

Pune: 20<sup>th</sup> August, 2016.

**P.V. Deo**  
Chartered Accountant  
Membership No. 41609

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### TO THE BOARD OF DIRECTORS OF BF INVESTMENT LIMITED

#### CERTIFICATION BY CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY OF THE COMPANY

(under Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

We the undersigned, in our respective capacities as Chief Executive Officer / Chief Financial Officer and Company Secretary of BF Investment Limited, ("the Company") to the best of our knowledge and belief certify that :

- a) we have reviewed the standalone financial statements and the cash flow statements of BF Investment Ltd. for the year 2015-16 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by BF Investment Ltd. during the year 2015-16 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting of BF Investment Ltd. and that we have evaluated the effectiveness of the internal control systems of BF Investment Ltd. pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee, with respect to BF Investment Ltd.:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
  - iii) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Pune: 20<sup>th</sup> August, 2016

**J. G. PATWARDHAN**  
CEO & CFO

**S. R. Kshirsagar**  
Company Secretary

## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting their Seventh Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL PERFORMANCE :

Particulars	(Rs. in Million)	
	Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015
Total Income	249.90	207.31
Total Expenditure	26.93	16.76
Profit before taxation	222.97	190.56
Provision for tax (including Deferred Tax)	7.65	3.05
Net Profit	215.32	187.51
Balance of Profit/(Loss) from previous year	3409.24	3259.24
Add Profit for the year	215.32	187.51
Balance available for appropriation	3624.56	3446.75
Appropriations :		
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	43.06	37.50
Balance carried to Balance Sheet	3581.50	3409.24

### SHARE CAPITAL

The paid-up Equity Share Capital as on 31<sup>st</sup> March, 2016 stood at Rs.188.33 Million. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on 31<sup>st</sup> March, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

### DIVIDEND

Your Directors do not recommend any dividend on the equity shares for the year ended March 31, 2016.

### MANAGEMENT DISCUSSION AND ANALYSIS

The main object of the Company is to make strategic investments in the Kalyani Group Companies. 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.

### COMPANY PERFORMANCE

During the Financial Year under review, your Company earned total income of Rs.24.99 Crores (previous years Rs.20.73 Crores). The net profit after tax is Rs.21.53 Crores (previous years Rs.18.75 Crores).

### OPERATIONS OF THE COMPANY

The main operations of the Company are that of investments and majority of the investments of the Company are in the nature of strategic investments in Kalyani Group Companies. The investment pattern of the Company also complies with the requirement for the Company continuing to qualify as a Non Deposit taking Core Investment Company. The main source of income for the Company is in the form of dividends as declared by these companies.

### HUMAN RESOURCES

As on 31<sup>st</sup> March, 2016, the Company has 2 employees, including the CEO / CFO.

### CONCERNS AND THREATS

- Fluctuations in the securities market and global economic scenario, may pose a risk of devaluation of the investments made by the Company.
- Main source of income for the Company is dividend from the Kalyani Group Companies.
- The risks and concerns associated with the businesses / operations of these investee companies, which may impact the performance of these companies, could result in variation in dividends declared by these companies.
- Non recovery of principal of the amounts lent and interest thereon.

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## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adequate internal control systems to ensure operational efficiency and accuracy in financial reporting and compliance of various laws and regulations.

The internal control system is supported by the internal audit process. The internal audit is conducted in house. The Audit Committee of the Board reviews the Internal Audit process and the adequacy and effectiveness of internal audit and controls periodically.

### **CAUTIONARY STATEMENT**

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

### **SUBSIDIARY COMPANIES**

The Company does not have any subsidiary company as on 31<sup>st</sup> March, 2016.

### **PARTICULARS OF INFORMATION FORMING PART OF THE BOARD'S REPORT PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013, RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The details are given in 'Annexure I'

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of Annual Return in Form MGT - 9 is annexed herewith as 'Annexure II' to this Report.

### **NUMBER OF MEETINGS OF THE BOARD**

During the year under review, six Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements), Regulations 2015 hereinafter called "Regulations, 2015".

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, in respect of Directors' Responsibility Statement, your Directors' state that:

- a) in the preparation of the Annual Financial Statements for the year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- b) accounting policies as mentioned in Note - 3 to the Financial Statements have been selected and applied consistently. Further judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Financial Statements have been prepared on a going concern basis;
- e) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 2015.

### **COMPANY'S POLICY ON DIRECTORS' AND KMP'S APPOINTMENT AND REMUNERATION**

Director's appointment and remuneration is done as per the policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The policy is appended as 'Annexure III' to this Report

## ACCOUNTS AND AUDIT

### a. Statutory Auditors

The Board of Directors has recommended ratification of re-appointment of Mr. Prashant V. Deo, Chartered Accountant, Pune (Membership Number 041609), as Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting (AGM) till the conclusion of next Annual General Meeting.

### b. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. SVD & Associates, Company Secretaries, (Membership No. FCS 1321 CP No. 965), to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as 'Annexure IV' to this Report.

### c. CONSOLIDATED ACCOUNTS

The Consolidated Accounts for the year ended 31<sup>st</sup> March, 2016 are enclosed.

## EXPLANATION ON COMMENTS ON STATUTORY AUDITORS' AND SECRETARIAL AUDITORS' REPORTS

There are no qualifications, reservations or adverse remarks or disclaimers made by Mr. Prashant V. Deo, Statutory Auditors, in his Audit Report. M/s. SVD & Associates, Practicing Company Secretary, in their Secretarial Audit Report have made certain qualifications. The auditors qualifications and Boards explanation thereto are summarized as under:

Auditors Qualifications	Boards' explanation
<b>Secretarial Audit -</b>	
a. The Company has not expended any amount for Corporate Social Responsibility activities as per Section 135 of the Act for the Financial 2015-16	The Company has identified the areas and the projects for spending the amounts allocated for CSR activities for Financial 2015-16. The Company has spent on CSR activities amounts due for FY 2014-15.
b. The Board appointed Mr. Amit Kalyani as the Chairman of the Company on 22 <sup>nd</sup> July, 2015 however the Company could not yet file/upload Form DIR-12 for the said change in designation due to technical error at MCA Website for uploading the said Form DIR-12.	This is due to technical problems solely attributable to MCA site. The Company made all efforts to file DIR-12 referred herein.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186

During the year, the Company has invested Rs.37 Crores (net) in preference shares of a Company. The closing balances of investments which would be covered under Section 186 of the Companies Act, 2013, are disclosed in the Schedule of Non-Current Investments in the Financial Statements. The company has granted short term loans of Rs.5.50 Cr. (net).

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013

Pursuant to the provisions of Section 134 of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business. Hence, no particulars are being provided in Form AOC - 2. Related Party Disclosures as per AS -18 have been provided in Note no. 4.24 to the Standalone Financial Statements.

## STATE OF COMPANY'S AFFAIRS

Discussion on state of Company's affairs has been covered in the Management Discussion and Analysis.

## AMOUNTS PROPOSED TO BE CARRIED TO RESERVES

Particulars of the amounts proposed to be carried to reserves have been covered as part of the financial performance of the Company.

## MATERIAL CHANGES AND COMMITMENTS BETWEEN THE DATE OF THE BALANCE SHEET AND THE DATE OF REPORT

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the report, except as disclosed elsewhere in this report.



## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### A. Conservation of Energy and Technology Absorption

The Company has no particulars to report regarding conservation of energy, technology absorption as required under Section 134 (3) (m) of the Companies Act, 2013, read with Rules thereunder.

### B. Foreign exchange earnings and outgo

Sr. No.	Particulars	Amount in ₹
i	Foreign Exchange earned in terms of actual inflows during the year	Nil
ii	Foreign Exchange outgo during the year in terms of actual outflows	Nil

## RISK MANAGEMENT POLICY

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The details of the CSR Policy and initiatives taken by the Company towards CSR during the year are annexed as 'Annexure V' to this Report.

## BOARD EVALUATION

Pursuant to provisions of the Companies Act, 2013, Rules thereunder and 'Regulations, 2015', the Board has carried out evaluation of its own performance and that of its Committees and individual Directors.

## PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

The information is given at the relevant places in the Financial Statements.

## CHANGE IN THE NATURE OF BUSINESS, IF ANY

There has been no change in the nature of business during the Financial Year under review.

## DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

### Directors appointed during the year

Name of Director	Designation	Term of appointment
Ms. A.A. Sathe *	Independent Director	Five consecutive years commencing from September 19, 2015 up to September 18, 2020
Mr. A. B. Kalyani	Director	Re-appointed with effect from September 19, 2015, subject to retirement by rotation

\*Appointed as Independent Director in accordance with Section 149 of Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015.

### Employees designated as Key Managerial Personnel (KMP) during the year

NIL

### Directors and KMP's resigned during the year

None of the KMPs resigned during the year ended 31<sup>st</sup> March, 2016. Mr. B. N. Kalyani, Chairman of the Board resigned on 12<sup>th</sup> May, 2015.

### Directors proposed to be re-appointed at the ensuing Annual General Meeting

Mr. A.B. Kalyani retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The brief resumes and other details relating to Director who is proposed to be re-appointed, as required to be disclosed under Regulations 2015, form part of the Notes and Statement setting out material facts annexed to the Notice of the Annual General Meeting.

## NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

None.

**DETAILS OF DEPOSITS WHICH ARE NOT IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER V OF THE COMPANIES ACT, 2013**

None.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

The Company has neither received nor is aware of any such order from Regulators, Courts or Tribunals during the year.

**DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has suitable internal control system comprising of proper checks and balances, policies and procedures. This include code of conduct, whistle blower policy, MIS and internal audit mechanism.

The Audit Committee along with Management reviews the internal audit and internal controls on a regular basis.

**COMPOSITION OF AUDIT COMMITTEE**

The composition of the Audit Committee has been mentioned in the Corporate Governance Report annexed to this Report.

**VIGIL MECHANISM**

The Company has formulated and implemented the Whistle Blower Policy / Vigil Mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The aforesaid policy has also been uploaded on the Company's website.

**CASH FLOW**

A Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016 is attached to the Balance Sheet.

**CORPORATE GOVERNANCE**

A report on the Corporate Governance, along with the certificate of compliance from the Auditors, forms part of the Annual Report.

**OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

In terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a Policy to prevent Sexual Harassment of Women at Workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

**ACKNOWLEDGMENTS**

Your Directors wish to place on record, their appreciation for the contribution made and support provided to the Company by the shareholders, employees and bankers, during the year under the report.

For and on behalf of the Board of Directors

Pune: 20<sup>th</sup> August, 2016

**B.B. Hattarki**  
Director  
DIN:00145710

**M. U. Takale**  
Director  
DIN:01291287

## ANNEXURE I TO THE DIRECTORS' REPORT

### INFORMATION FORMING PART OF THE DIRECTORS' REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Particulars	Name of Director	Ratio
I.	The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year	N.A. as no remuneration except sitting fee is paid to any Director	
II.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<b>Name of Director / KMP</b>	<b>Percentage +/- in the remuneration</b>
		Mr. J. G. Patwardhan * - CEO & CFO Mr. S.R. Kshirsagar * - Company Secretary	NIL NIL
III.	The percentage increase in the median remuneration of employees in the financial year	NIL	
IV.	The number of permanent employees on the rolls of Company	NIL	
V.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	NIL	
		NIL	
VI.	Affirmation	The Board affirms that the remuneration is as per the Nomination and Remuneration policy of the Company.	
VII.	Statement showing the names of the top ten employees in terms of remuneration drawn and the names of every employee who -  (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two Lakhs Rupees;  (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lakhs Fifty Thousand Rupees per month;  (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	No employee falls in this category.	

\* on deputation

For and on behalf of the Board of Directors

B.B. Hattarki  
Director  
DIN:00145710

M. U. Takale  
Director  
DIN:01291287

Pune: 20<sup>th</sup> August, 2016

## ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT - 9

(as at Financial Year ended 31<sup>st</sup> March, 2016)

### EXTRACT OF ANNUAL RETURN

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i	CIN	L65993PN2009PLC134021
ii	Registration Date	26 <sup>th</sup> May, 2009
iii	Name of the Company	BF Investment Limited
iv	Category / Sub-Category of the Company	Company limited by shares
v	Address of the Registered Office and contact details	Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India. Correspondence address: Cyber City, Tower 15, Level 6, Office 602, Magarpatta City, Hadapsar, Pune- 411 013 Phone : (020) 66292550 E-mail : bfinvestment@vsnl.net Website : http://www.bfilpune.com
vi	Whether listed company	Yes
vii	Name, address and contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 'Akshay' Complex, Block No. 202, 2 <sup>nd</sup> Floor, Near Ganesh Temple, Off. Dhole Patil Road, Pune 411 001 Tel: +91(20) 2616 1629 / 2616 0084 Fax: +91(20) 2616 3503 Email: pune@linkintime.co.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company stated below:

Sr. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Loans and investments	-	100%

#### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Kalyani Steel Ltd. Pune Cantonment, Mundhwa, Pune - 411 036	L27104MH1973PLC016350	Associate	39.06	2(6)
2.	Epicenter Technologies Pvt. Ltd. Salasar Business Park, Off 150 ft. Flyover Road, Near Maxus Mall, Bhayander (West) Thane - 401 101	U72900MH2000PTC140702	Associate	27.72	2(6)
3.	Kalyani Financial Services Ltd. Industry House, S.No.49,Opp.Kalyani Steels Ltd , Pune - 411 036	U65910PN1986PLC039645	Associate	49.99	2(6)
4.	Nandi Engineering Ltd. No. 1, Midford House, Midford Garden, Off M.G Road, Bangalore - 560 001	U85110KA1996PLC019618	Associate	40.00	2(6)
5.	KSL Holdings Pvt. Ltd. C/O Kalyani Steels Limited, Mundhwa, Pune - 411036	U65993PN2001PTC015938	Associate	49.99	2(6)
6.	Kalyani Agro Corporation Ltd. C/O Kalyani Steels Ltd, 1st Floor, Mundhwa, Pune - 411036	U01111MH1991PLC062106	Associate	46.00	2(6)
7.	Carpenter Kalyani Special Alloys Private Limited 72-76 Mundhwa Pune Pune Mh 411036	U27106PN1998PTC012742	Associate	45.51	2(6)
8.	Synise Technologies Limited Omkar, Plot No. A - 8, Shivirth Nagar, Kothrud Pune Mh 411038 In	U72200PN1997PLC112581	Associate	46.77	2(6)
9	Meritor HVS (India) Ltd. Hootagalli Indl. Area off. Hansur Road, Mysore - 570018	U29221KA1998PLC023383	Joint Venture	48.99	2(6)
10	Automotive Axles Ltd. Hootagalli Indl. Area off. Hansur Road, Mysore - 570018	L51909KA1981PLC004198	Joint Venture	35.52	2(6)

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

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (1/4/2015)				No. of shares held at the end of the year (31/3/2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
(1) Indian									
a. Individual									
a) Individuals / Hindu Undivided Family	102934	8	102942	0.28	102934	8	102942	0.28	0.00
b) Central Government / State government(s)	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	27284034	0	27284034	72.43	27284034	0	27284034	72.43	0.00
d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(1)</b>	<b>27386968</b>	<b>8</b>	<b>27386976</b>	<b>72.71</b>	<b>27386968</b>	<b>8</b>	<b>27386976</b>	<b>72.71</b>	<b>0.00</b>
(2) Foreign									
a) Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>27386968</b>	<b>8</b>	<b>27386976</b>	<b>72.71</b>	<b>27386968</b>	<b>8</b>	<b>27386976</b>	<b>72.71</b>	<b>0.00</b>
<b>(B) Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds / UTI	296545	190	296735	0.79	333726	190	333916	0.88	0.09
b) Financial Institutions / Banks	19167	1704	20871	0.06	4547	1704	6251	0.02	-0.04
c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) Insurance Companies	160127	0	160127	0.43	160127	0	160127	0.43	0.00
f) Foreign Institutional Investors	23973	50	24023	0.05	0	0	0	0.00	-0.05
g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
h) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
i) Any other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1)</b>	<b>499812</b>	<b>1944</b>	<b>501756</b>	<b>1.33</b>	<b>498400</b>	<b>1894</b>	<b>500294</b>	<b>1.33</b>	<b>0.00</b>
B(2) Central government/ State Government(s)/ President of India	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>B(3) Non-Institutions</b>									
a) Bodies Corporate	1696761	1580247	3277008	8.70	1289521	1580247	2869768	7.62	-1.08
b) Individuals									
I) Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	3858539	816756	4675295	12.41	4420856	785346	5206202	13.82	1.41
II) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	934702	0	934702	2.48	695037	0	695037	1.85	-0.63
c) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d) Any Others (Specify)									
i) Clearing Members	199599	0	199599	0.54	266007	0	266007	0.71	0.17
ii) Foreign Portfolio Investor ( Corporate)	240545	0	240545	0.64	264730	50	264780	0.70	0.06
iii) Non Resident Indian (Repat)	55114	1841	56955	0.15	81658	1841	83499	0.22	0.07
iv) Non Resident Indian (Non Repat)	46701	3154	49855	0.13	47074	3154	50228	0.13	0.00
v) Overseas Bodies Corporates	350	0	350	0.00	350	0	350	0.00	0.00
vi) Trusts	344587	0	344587	0.91	344487	0	344487	0.91	0.00
<b>Sub-Total (B)(3)</b>	<b>7376898</b>	<b>2401998</b>	<b>9778896</b>	<b>25.96</b>	<b>7409720</b>	<b>2370638</b>	<b>9780358</b>	<b>25.96</b>	<b>0.00</b>
<b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2) +(B)(3)</b>	<b>7876710</b>	<b>2403942</b>	<b>10280652</b>	<b>27.29</b>	<b>7908120</b>	<b>2372532</b>	<b>10280652</b>	<b>27.29</b>	<b>0.00</b>
<b>Total (A)+(B)</b>	<b>35263678</b>	<b>2403950</b>	<b>37667628</b>	<b>100.00</b>	<b>35295088</b>	<b>2372540</b>	<b>37667628</b>	<b>100.00</b>	<b>0.00</b>
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
(1) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>35263678</b>	<b>2403950</b>	<b>37667628</b>	<b>100.00</b>	<b>35295088</b>	<b>2372540</b>	<b>37667628</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (1/4/2015)			Shareholding at the end of the year (31/3/2016)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1	Babasaheb Neelkanth Kalyani - Promoter	7204	0.02	0.00	7204	0.02	0.00	0.00
2	Ajinkya Investment & Trading Company	10292103	27.32	0.00	10292103	27.32	0.00	0.00
3	Sundaram Trading & Investment Pvt Ltd	9543068	25.33	0.00	9543068	25.33	0.00	0.00
4	KSL Holdings Pvt Ltd	5054091	13.42	0.00	5054091	13.42	0.00	0.00
5	PIH Finvest Co Ltd	1424885	3.78	0.00	1424885	3.78	0.00	0.00
6	Jannhavi Investment Pvt Ltd	458514	1.22	0.00	458514	1.22	0.00	0.00
7	Rajgad Trading Co Pvt Ltd	151674	0.40	0.00	151674	0.40	0.00	0.00
8	Kalyani Consultants Pvt Ltd	149500	0.40	0.00	149500	0.40	0.00	0.00
9	Dandakaranya Investment & Trading Pvt Ltd	95000	0.25	0.00	95000	0.25	0.00	0.00
10	Campanula Investment & Finance Pvt Ltd	61389	0.16	0.00	61389	0.16	0.00	0.00
11	Cornflower Investment & Finance Pvt Ltd	41900	0.11	0.00	41900	0.11	0.00	0.00
12	Hastinapur Investment & Trading Pvt Ltd	6267	0.02	0.00	6267	0.02	0.00	0.00
13	Dronacharya Investment & Trading Pvt Ltd	5643	0.01	0.00	5643	0.01	0.00	0.00
14	Gaurishankar Neelkanth Kalyani	63779	0.17	0.00	63779	0.17	0.00	0.00
15	Amit Babasaheb Kalyani	28270	0.08	0.00	28270	0.08	0.00	0.00
16	Rohini Gaurishankar Kalyani	2000	0.01	0.00	2000	0.01	0.00	0.00
17	Dr Meera Kheny	700	0.00	0.00	700	0.00	0.00	0.00
18	Ashok Kumar Kheny	581	0.00	0.00	581	0.00	0.00	0.00
19	Sugandha Jai Hiremath	400	0.00	0.00	400	0.00	0.00	0.00
20	Sulochana Neelkanth Kalyani Jointly Mr.B. N. Kalyani	8	0.00	0.00	8	0.00	0.00	0.00
		<b>27386976</b>	<b>72.71</b>	<b>0.00</b>	<b>27386976</b>	<b>72.71</b>	<b>0.00</b>	<b>0.00</b>

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

Sr. No.	Particulars	Shareholding at the beginning of the year i.e. 01/04/2015		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
There was no change in Promoters' shareholding during the year.					

**(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDR and ADRs)**

Sr. No.	Particulars	Shareholding at the beginning of the year i.e. 01/04/2015		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the Beginning of the year	3263025	8.66		
1	Krutadnya Management And Trading Services LLP	1568600	4.16	-	-
2	Reliance Capital Trustee Co. Ltd-A/C Reliance Capital Builder Fund - Sr A	294826	0.78	-	-
3	Elan Power Development Private Limited	249340	0.66	-	-
4	Acacia Institutional Partners, LP	230545	0.61	-	-
5	Kotak Mahindra Investments Ltd	188024	0.50	-	-
6	Finolex Cables Limited	168750	0.45	-	-
7	The Oriental Insurance Company Limited	160127	0.43	-	-
8	Kalyani Exports & Investments Pvt.Ltd.	145250	0.39	-	-
9	Aboli Investment Pvt Ltd	136900	0.36	-	-
10	Maverick Share Brokers Limited	120663	0.32	-	-

Sr. No.	Particulars	Shareholding at the beginning of the year i.e. 01/04/2015		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the end of the year (or on the date of separation, if separated during the year)				
1	Krutadnya Management And Trading Services LLP	-	-	1568600	4.16
2	Reliance Capital Trustee Co. Ltd-A/C Reliance Capital Builder Fund - SR A	-	-	332007	0.88
3	Elan Power Development Private Limited	-	-	249340	0.66
4	Acacia Institutional Partners, LP	-	-	230545	0.61
5	Finolex Cables Limited	-	-	168750	0.45
6	Angel Fincap Private Limited	-	-	160150	0.43
7	The Oriental Insurance Company Limited	-	-	160127	0.43
8	Kalyani Exports & Investments Pvt.Ltd.	-	-	145250	0.39
9	Aboli Investment Pvt Ltd	-	-	136900	0.36
10	Nitinbhai Raojibhai Desai	-	-	103679	0.28
	At the end of the year			3255348	8.64

Note:

- In case of joint holding, the names of first holder is considered.
- The shareholding details given above are based on the legal ownership and not beneficial ownership and is derived on the folio number listing provided by the Registrar and share Transfer agent of the Company.
- Since the shareholding of top ten shareholders are held in electronic form, it is not feasible to provide date-wise increase or decrease in the shareholding pattern of top ten shareholders during the Financial Year.

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

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year i.e. 01/04/2015		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the Beginning of the year	35487	0.10		
1	Mr. B. N. Kalyani *	7204	0.02	-	-
2	Mr. A. B. Kalyani	28270	0.08	-	-
3	Mr. B. B. Hattarki	0	0.00	-	-
4	Mr. M. U. Takale	0	0.00	-	-
5	Ms. A. A. Sathe	0	0.00	-	-
6	Mr. J. G. Patwardhan	0	0.00	-	-
7	Mr. S. R. Kshirsagar	13	0.00	-	-
	At the end of the year				
1	Mr. A. B. Kalyani			28270	0.08
2	Mr. B. B. Hattarki			0	0.00
3	Mr. M. U. Takale			0	0.00
4	Ms. A. A. Sathe			0	0.00
5	Mr. J. G. Patwardhan			0	0.00
6	Mr. S. R. Kshirsagar			13	0.00
	At the end of the year			28283	0.08

\* B. N. Kalyani resigned as Director w.e.f. 12<sup>th</sup> May, 2015.

**V. INDEBTEDNESS**

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

None.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

N.A.

B. Remuneration to other Directors:

Nil

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR / MANAGER / WHOLE TIME DIRECTOR

Amount in ₹

	Particulars of Remuneration	Mr. S.R. Kshirsagar* Company Secretary	Mr. J.G. Patwardhan* CEO & CFO	Total Amount
1.	Gross Salary	}	}	}
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961			
b)	Value of perquisites under Section 17(2) of the Income Tax Act, 1961			
c)	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity	857,313	3,029,188	3,886,501
4.	Commission - As % profit - Others, specify	}	}	}
5.	Others, please specify (Company's contribution towards Provident Fund and Superannuation)			
	Total**			

\* on deputation

\*\* Represents total payments made to employer.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

1. Company - None
2. Directors - None
3. Other officers in Default - None

For and on behalf of the Board of Directors

B.B. Hattarki  
Director  
DIN:00145710

M. U. Takale  
Director  
DIN:01291287

Pune: 20<sup>th</sup> August, 2016



## ANNEXURE III TO THE DIRECTORS' REPORT

### THE NOMINATION AND REMUNERATION POLICY

(As recommended by Nomination and Remuneration Committee and approved by Board)

The Board of Directors of BF Investment Limited ("the Company") constituted the "Nomination and Remuneration Committee" ("Committee") at the Meeting held on November 28, 2014 with immediate effect, consisting of Three (3) Non-Executive Director of which majority are Independent Directors.

#### 1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013, as amended from time to time, read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (hereinafter referred to as "KMP") and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board,
- 1.3. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
- 1.4. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate the promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity.
- 1.7. To develop a succession plan for the Board and to regularly review the plan;

#### 2. DEFINITIONS

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means Board of Directors of the Company.
- 2.3. **Directors** mean Directors of the Company.
- 2.4. **Key Managerial Personnel (KMP) means**
  - 2.4.1. Chairman and Managing Director
  - 2.4.2. Executive Directors
  - 2.4.3. Chief Financial Officer; and
  - 2.4.4. Company Secretary;
- 2.5. **Listing Agreement** means Agreement, as amended from time to time, executed with Stock Exchanges for Listing of Securities of the Company.
- 2.6. **Senior Management** means personnel of the Company who are members of its core management team being functional heads,

#### 3. ROLE OF COMMITTEE

- 3.1. **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee.**

The Committee Shall;

- 3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of the director.
- 3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management position in accordance with the criteria laid down in this Policy.
- 3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- 3.1.4.\* Formulate the criteria for evaluation of performance of Independent Directors and Board of Directors.
- 3.1.5.\* Determine whether to extend or continue the term of appointment of Independent Directors, on the basis of the report of performance evaluation of Independent Directors.

\* Added vide Board Resolution dated 13<sup>th</sup> February, 2016.

- 3.2. **Policy for appointment and removal of Director, KMP and Senior Management**

##### 3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **3.2.2. Term / Tenure**

- a) **Managing Director / Whole-time Director :**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- b) **Independent Director :**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

#### **3.2.3. Evaluation**

The Committee shall carry out yearly evaluation of performance of every Director, KMP and Senior Management Personnel.

#### **3.2.4. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

#### **3.2.5. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel**

#### **3.3.1. General :**

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employee for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such reason is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- e) In case any difficulty or doubt arises in the interpretation or implementation of this Policy, the decision of the Chairman of the Company shall be final. In exceptional circumstances, the Chairman

shall be authorised to exercise functions vested in the committee in so far as these relate to Key Managerial Personnel covered under clauses 2.4.3, 2.4.4 and the Senior Management; provided however that such actions taken by the Chairman shall be placed before the Committee for ratification in the succeeding meeting.

**3.3.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel :**

a) Fixed pay :

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board / the Person authorised by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration :

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, approval of the Central Government.

c) Provisions for excess remuneration :

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**3.3.3. Remuneration to Non-Executive / Independent Director;**

a) Remuneration / Commission :

The remuneration / Commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees :

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs.1,00,000/- (Rupees One Lac only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission :

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

**4. MEMBERSHIP**

- 4.1. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 4.2. Minimum two (2) members shall constitute a quorum for the Committee Meeting.
- 4.3. Membership of the Committee shall be disclosed in the Annual Report.
- 4.4. Term of the Committee shall be continued unless terminated by the Board of Directors.

**5. CHAIRPERSON**

- 5.1. Chairperson of the Committee shall be an Independent Director.
- 5.2. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- 5.3. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 5.4. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

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## 7. COMMITTEE MEMBERS' INTERESTS

- 7.1. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 7.2. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## 8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

## 9. VOTING

- 9.1. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 9.2. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## 10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include :

- 10.1. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 10.2. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 10.3. Identifying and recommending directors who are to be put forward for retirement by rotation.
- 10.4. Determining the appropriate size, diversity and composition of the Board;
- 10.5. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 10.6. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 10.7. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.8. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 10.9. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.10. Recommend any necessary changes to the Board; and
- 10.11. Considering any other matters, as may be requested by the Board.

## 11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include :

- 11.1. To consider and determine the Remuneration Policy, based on the Performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 11.2. To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 11.3. To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 11.4. To consider any other matters as may be requested by the Board.
- 11.5. Professional indemnity and liability insurance for Directors and Senior Management.

## 12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee Meeting.

For BF Investment Limited

A.B. Kalyani  
Chairman  
DIN:00089430

Pune: February 13, 2016

## ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2016

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

To,

The Members,  
BF Investment Limited,  
Mundhwa, Pune Cantonment  
Pune-411036

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BF Investment Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder (in so far as they are made applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (not applicable to the company during the audit period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14<sup>th</sup> May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15<sup>th</sup> May, 2015);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (not applicable to the Company during the Audit Period);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014(not applicable to the Company during the Audit Period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (not applicable to the Company during the Audit Period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit Period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit Period);
- (vi) The other laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on their sector/ industry are:
  - (a) The Reserve Bank of India Act, 1934 (applicable to the extent being a Core Investment Company)

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

- (i) Secretarial Standards issued by 'The Institute of Company Secretaries of India' effective from 1<sup>st</sup> July, 2015;
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) till 30<sup>th</sup> November, 2015; and the provision of sub regulation (4) of the Regulation 23 and Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable from 2<sup>nd</sup> September, 2015;
- (iii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1<sup>st</sup> December, 2015.

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

1. *The Company has not expended any amount for Corporate Social Responsibility activities as per Section 135 of the Act for the Financial 2015-16.*
2. *The Board appointed Mr. Amit Kalyani as the Chairman of the Company on 22<sup>nd</sup> July, 2015 however the Company could not file/upload Form DIR 12 for the said change in designation due to technical error at MCA website for uploading the said Form DIR-12.*

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For SVD & Associates  
Company Secretaries

S. V. Deulkar  
Partner  
FCS No: 1321  
C P No: 965

Place: Pune  
Date: 1<sup>st</sup> July, 2016

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.

To,  
Members,

BF Investment Limited  
Mundhawa, Pune Cantonment,  
Pune- 411036

Our Secretarial Audit Report of even date is to be read along with this letter.

**Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

**Disclaimer**

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For SVD & Associates  
Company Secretaries

S. V. Deulkar  
Partner  
FCS No: 1321  
C P No: 965

Place: Pune  
Date: 1<sup>ST</sup> July, 2016

## ANNEXURE V TO THE DIRECTORS' REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013 and Rule 8(1) of the Companies (CSR Policy) Rules, 2014)

1. A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Corporate Social Responsibility (CSR) activities are based on the CSR Policy. The Company's main focus is on provision of educational facilities.

CSR policy is available on the website of the Company <http://www.bfilpune.com>

2. The Composition of the CSR Committee:

Mr. B. B. Hattarki - Chairman

Mr. A. B. Kalyani - Committee Member

Mr. M. U. Takale - Committee Member

3. Average net profit of the company for last three financial years : Rs.100,746,576.
4. Prescribed CSR Expenditure (two percentage of the amount as in item 3 above) : Rs.2,015,000.
5. Details of CSR spent during the Financial Year:
- (a) Total amount to be spent for the financial year : Rs.2,015,000.
- (b) Amount unspent , if any; : Rs.2,015,000.
- (c) Manner in which the amount spent during the Financial Year is detailed below:

(Amount in Rs.)

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or activity Identified	Sector in which the Project is covered	Projects or Programme (1) Local area of other (2) Specify the State and district where project or programme was undertaken	Amount outlay (budget) Project or program wise	Amount spent on the projects or programme sub heads L (1) Direct expenditure on projects or programmes (2) overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
				₹	₹	₹	₹
1	School Development	Education	Pune Maharashtra	4,368,000	4,367,400	4,367,400	4,367,400

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report : *The Company has identified the areas and the projects for spending the amounts allocated for CSR activities for FY 2015-16. The Company has spent on CSR activities amounts due for FY 2014-15.*
7. CSR Committee has hereby confirmed that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

B.B. Hattarki  
Chairman, CSR Committee  
DIN:00145710

M. U. Takale  
Director  
DIN:01291287

Pune: 20<sup>th</sup> August, 2016



## INDEPENDENT AUDITORS' REPORT

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To the Members of BF Investment Limited

### Report on the Standalone Financial Statements

I have audited the accompanying standalone financial statements of **BF Investment Limited** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these standalone financial statements based on my audit.

I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

I conducted my audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial controls relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the standalone financial statements.

### Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone financial statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### Emphasis of Matter

I draw attention to Note No. 2 to the standalone financial statements regarding non availability of audited standalone or as the case may be, consolidated financial statements of the Associates and Joint Ventures for the financial year ended 31<sup>st</sup> March, 2016. My opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, I give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, I report that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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- d) In my opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "Annexure B."
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me :
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses; and
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

P. V. Deo  
Chartered Accountant  
Membership No. 41609

## "ANNEXURE A" TO AUDITORS' REPORT

### ANNEXURE REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF BF INVESTMENT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.

In terms of the information and explanations sought by me and given by the Company and the books and records examined by me in the normal course of audit and to the best of my knowledge and belief, I state that:

- (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) According to the information and explanations given to me and on the basis of my examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note No. 3.7 (i) to the standalone financial statements, are held in the name of the Company, except for the following :

Particulars	Gross Block as at 31 <sup>st</sup> March, 2016 ₹	Net Block as at 31 <sup>st</sup> March, 2016 ₹	Remarks
Buildings	7,664,341	5,002,156	Even though the properties vest into the Company as per Order dated 5 <sup>th</sup> February, 2010 passed by the High Court of judicature at Bombay, the Company is in the process of completing the required legal formalities, as stated in Note No. 3.27 to the standalone financial statements.

- (ii) As explained to me, the Company was not required to hold any physical inventories during the Financial Year covered by this report. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In my opinion and according to the information and explanations given to me, the Company has not granted any loans in contravention of section 185 of the Companies Act, 2013. The Company has complied with the provisions of section 186 of the Act, with respect to the loans and guarantees given, securities provided, or investments made.
- (v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed, thereunder.
- (vi) Requirement to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013 does not apply to the Company.
- (vii) (a) According to the records of the Company, the Company was found to be regular in depositing undisputed statutory dues applicable to it, including income-tax, sales-tax, service tax, value added tax, cess and any other statutory dues to the appropriate authorities. As explained to me by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act 1952 do not apply to the Company. According to the information and explanations given to me, no undisputed amounts payable in respect of income-tax, sales-tax, service tax, value added tax and any other statutory dues were outstanding as at 31<sup>st</sup> March, 2016 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 or sales tax or service tax or value added tax which have not been deposited on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid any managerial remuneration during the financial year covered by this report. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

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- (xiii) According to the records of the Company and according to the information and explanations given to me, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) 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.

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

P. V. Deo  
Chartered Accountant  
Membership No. 41609

## "ANNEXURE B" TO AUDITORS' REPORT

### ANNEXURE REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF BF INVESTMENT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.

I have audited the internal financial controls over financial reporting of BF Investment Limited ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with my audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### Auditor's Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

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

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

#### Opinion

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

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

P. V. Deo  
Chartered Accountant  
Membership No. 41609

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

	Note No.	Amount ₹	As at 31 <sup>st</sup> March, 2015 Amount ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	4.1	188,338,140	188,338,140
(b) Reserves and Surplus	4.2	6,859,076,699	6,643,755,784
		<u>7,047,414,839</u>	<u>6,832,093,924</u>
<b>2. Current liabilities</b>			
(a) Trade payables	4.3	763,812	124,231
(b) Other current liabilities	4.4	1,961,721	1,646,658
(c) Short-term provisions	4.5	6,012,274	6,026,906
		<u>8,737,807</u>	<u>7,797,795</u>
<b>TOTAL</b>		<u><u>7,056,152,646</u></u>	<u><u>6,839,891,719</u></u>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
<b>(a) Fixed assets</b>			
Tangible assets	4.6	23,234,165	22,261,182
(b) Non-current investments	4.7	5,327,632,955	4,957,804,871
(c) Deferred Tax Asset (Net)	4.8	2,724,000	2,384,000
(d) Long-term loans and advances	4.9	1,161,859,252	1,161,859,252
		<u>6,515,450,372</u>	<u>6,144,309,305</u>
<b>2. Current assets</b>			
(a) Current investments	4.10	61,200,000	194,345,770
(b) Cash and Cash Equivalents	4.11	113,838,261	194,622,171
(c) Short-term loans and advances	4.12	352,069,481	297,141,775
(d) Other current assets	4.13	13,594,532	9,472,698
		<u>540,702,274</u>	<u>695,582,414</u>
<b>TOTAL</b>		<u><u>7,056,152,646</u></u>	<u><u>6,839,891,719</u></u>
Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements	1 to 4		

As per my attached report of even date,

**P. V. Deo**  
Chartered Accountant

On behalf of the Board of Directors,

**A. B. Kalyani**  
Director

**B. B. Hattarki**  
Director

**J. G. Patwardhan**  
Chief Executive Officer &  
Chief Financial Officer

**S. R. Kshirsagar**  
Company Secretary

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

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

		Note No.	Amount ₹	Year ended 31 <sup>st</sup> March, 2015 Amount ₹
I	Revenue from operations	4.14	28,631,249	27,496,231
II	Other income	4.15	221,272,423	179,819,345
III	<b>Total revenue (I+II)</b>		<b>249,903,672</b>	<b>207,315,576</b>
IV	<b>Expenses</b>			
	(a) Employee benefits expenses	4.16	3,886,501	121,574
	(b) Finance costs	4.17	579,813	490,333
	(c) Depreciation	4.18	6,896,132	5,937,101
	(d) Other expenses	4.19	15,570,632	10,211,123
	<b>Total expenses</b>		<b>26,933,078</b>	<b>16,760,131</b>
V	<b>Profit before exceptional items and tax (III - IV)</b>		<b>222,970,594</b>	<b>190,555,445</b>
VI	Exceptional items		-	-
VII	<b>Profit before tax (V + VI)</b>		<b>222,970,594</b>	<b>190,555,445</b>
VIII	<b>Tax expense:</b>			
	(a) Current tax expense		(7,945,000)	(5,436,000)
	(b) MAT credit utilized		(5,917,000)	-
	(c) Tax saving for earlier years		5,872,321	3,041
	(d) Deferred Tax Savings		340,000	2,384,000
			<b>(7,649,679)</b>	<b>(3,048,959)</b>
IX	<b>Profit for the year (VII + VIII)</b>		<b>215,320,915</b>	<b>187,506,486</b>
X	<b>Earnings per share (of ₹ 5/- each):</b>			
	(a) Basic	4.22	5.72	4.98
	(b) Diluted	4.22	5.72	4.98
	<b>Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements</b>	1 to 4		

As per my attached report of even date,

**P. V. Deo**  
Chartered Accountant

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

On behalf of the Board of Directors,

**A. B. Kalyani**  
Director

**J. G. Patwardhan**  
Chief Executive Officer &  
Chief Financial Officer

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

**B. B. Hattarki**  
Director

**S. R. Kshirsagar**  
Company Secretary

## Cash Flow Statement for the Year Ended 31<sup>st</sup> March, 2016

	Note No.	Amount ₹	Year ended 31 <sup>st</sup> March, 2015 Amount ₹
<b>A. Cash flow from operating activities :</b>			
Net Profit after tax and exceptional items		215,320,915	187,506,486
Adjusted for :			
Tax expense		7,649,679	3,048,959
Depreciation		6,896,132	5,937,101
Impairment Loss		-	853
Interest - Other		579,813	490,333
Profit on sale of investments		(19,651,894)	(7,036,257)
Profit on sale of assets		(1,193,582)	-
Dividend received on investments		(200,396,289)	(172,780,654)
Share in profit of partnership firm		(2,009)	(2,434)
		(206,118,150)	(170,342,099)
Operating Profit/(Loss) before working capital changes :		9,202,765	17,164,387
Changes in :			
Loans and advances		(59,389,540)	(102,669,962)
Liabilities and Provisions		(1,394,881)	4,353,348
		(60,784,421)	(98,316,614)
Cash generation from operations :		(51,581,656)	(81,152,227)
Direct Taxes paid		(5,314,786)	(9,635,978)
Net Cash used in operating activities :		(56,896,442)	(90,788,205)
<b>B. Cash flow from investing activities :</b>			
Purchase of Fixed Assets		(9,804,188)	(10,912,500)
Sale of Fixed Assets		3,263,284	-
Purchase of Investments		(587,202,009)	(349,650,390)
Sale of Investments		370,036,960	265,528,038
Investment in short term bank deposits		(106,000,000)	-
Share in profit of partnership firm		2,009	2,434
Net cash used in investing activities :		(329,703,944)	(95,032,418)
<b>C. Cash flow from financing activities :</b>			
Interest - Other		(579,813)	(490,333)
Dividend received on investments		200,396,289	172,780,654
Net cash from financing activities :		199,816,476	172,290,321
Net changes in cash and cash equivalents (A+B+C) :		(186,783,910)	(13,530,302)
Cash and Cash Equivalents, at the beginning :		189,622,171	203,152,473
Cash and Cash Equivalents, at the close :		2,838,261	189,622,171
Reconciliation of Cash and Cash Equivalents :			
Cash and Cash Equivalents as per Balance Sheet:		113,838,261	194,622,171
Less : Deposits with original maturity of more than 3 months but less than 12 months		111,000,000	5,000,000
Cash and Cash Equivalents as per Cash Flow Statement :		2,838,261	189,622,171
Significant Accounting Policies and Notes forming an integral part of the Standalone Financial Statements	1 to 4		

As per my attached report of even date,

On behalf of the Board of Directors,

**P. V. Deo**  
Chartered Accountant

**A. B. Kalyani**  
Director

**B. B. Hattarki**  
Director

**J. G. Patwardhan**  
Chief Executive Officer &  
Chief Financial Officer

**S. R. Kshirsagar**  
Company Secretary

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

Place : Pune  
Date : 16<sup>th</sup> May, 2016.



## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2016.

### 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. The Associates and Joint Ventures of the Company, are in the process of finalising their accounts for the financial year ended 31<sup>st</sup> March, 2016 and hence, they have not yet submitted their audited standalone or, as the case may be, consolidated financial statements to the Company. The Company will prepare and publish consolidated financial statements, once the audited standalone, or as the case may be, consolidated financial statements of the Associates and Joint Ventures become available to the Company. Diminution other than temporary, if any, in the value of investments in the Associates and Joint Ventures could not be tested pending availability of their financial statements for the financial year ended 31<sup>st</sup> March, 2016 as stated herein before.

### 3. Statement of Significant Accounting Policies :

#### 3.1 Basis of accounting and preparation of financial statements :

These financial statements have been prepared under historical cost convention and comply with the Accounting Standards, specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. All income and expenses having a material bearing on the financial statements are recognized on accrual basis.

#### 3.2 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.

#### 3.3 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 vehicles, is calculated on straight-line basis using the rates arrived at based on the useful lives estimated by the management. Depreciation on vehicles, is calculated on written down value basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation is charged on pro-rata basis for assets purchased/sold during the year.

The Management's estimate of the useful lives of various fixed assets which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

	Nature of the Asset	Estimated Useful Life
i)	Furnitures and Fixtures	10 years
ii)	Office Equipments	5 years
iii)	Vehicles (Written Down Value Method)	8 years

#### 3.4 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.

#### 3.5 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.

The Management's estimate of the useful lives of investment properties is given below.

Nature of the Asset	Estimated Useful Life
i) Buildings	60 years

### 3.6 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 as per the terms of the underlying contracts.

### 3.7 Employee Benefits :

Employee benefits comprise amounts paid for the services of the Key Management Personnel on deputation. No separate provisions of retirement benefits or privilege leave benefits of such employees are recognized in the books of the Company.

### 3.8 Taxation :

- a) Tax expense comprises current and deferred tax. Current income-tax is measured as 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.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

- c) Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### 3.9 Impairment :

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

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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.

### **3.10 Earnings per share :**

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

### **3.11 Provisions, Contingent Liabilities and Contingent Assets :**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognized nor disclosed.

### **3.12 Cash flow statement :**

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

### **3.13 Cash and cash equivalents :**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

	As at 31 <sup>st</sup> March, 2016 Amount ₹	As at 31 <sup>st</sup> March, 2015 Amount ₹
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**4. Other Notes :**

**4.1 SHARE CAPITAL :**

**Authorised :**

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

**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
<b>TOTAL :</b>	<u>188,338,140</u>	<u>188,338,140</u>

- (a) 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.
- (b) 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.
- (c) The reconciliation of the number of shares outstanding and the amount of share capital as at 31<sup>st</sup> March, 2016 and 31<sup>st</sup> March, 2015 is set out below.

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	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

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

Name of the shareholders	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	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	5,054,091	13.42
Sundaram Trading and Investment Pvt. Ltd.	9,543,068	25.33	9,543,068	25.33

	As at 31 <sup>st</sup> March, 2016 Amount ₹	As at 31 <sup>st</sup> March, 2015 Amount ₹
<b>4.2 Reserves and Surplus :</b>		
<b>Capital Reserve :</b>		
As per last account	2,367,523,376	2,367,523,376
<b>Capital Redemption Reserve :</b>		
As per last account	1,340	1,340
<b>Reserve Fund [Under Sec. 45IC(1) of the Reserve Bank of India Act, 1934] :</b>		
As per last account	866,114,339	828,612,339
Add : Set aside this financial year	43,065,000	37,502,000
	<u>909,179,339</u>	<u>866,114,339</u>
<b>General Reserve :</b>		
As per last account	870,000	870,000
<b>Surplus in the Statement of Profit and Loss :</b>		
As per last account	3,409,246,729	3,259,242,243
Add : Profit for the year transferred from the Statement of Profit and Loss	215,320,915	187,506,486
Amount available for appropriation	3,624,567,644	3,446,748,729
Less : Appropriations		
Amount transferred to Reserve Fund	43,065,000	37,502,000
	<u>3,581,502,644</u>	<u>3,409,246,729</u>
<b>TOTAL :</b>	<u><u>6,859,076,699</u></u>	<u><u>6,643,755,784</u></u>
<b>4.3 Trade Payables :</b>		
Dues to Micro and Small Enterprises	-	-
Others	763,812	124,231
<b>TOTAL :</b>	<u><u>763,812</u></u>	<u><u>124,231</u></u>
<b>4.4 Other Current Liabilities :</b>		
Statutory liabilities	-	12,230
Accrued expenses	1,961,721	1,634,428
<b>TOTAL :</b>	<u><u>1,961,721</u></u>	<u><u>1,646,658</u></u>
<b>4.5 Short Term Provisions :</b>		
Provision for Taxation, net of advance tax paid	6,012,274	6,026,906
<b>TOTAL :</b>	<u><u>6,012,274</u></u>	<u><u>6,026,906</u></u>

#### 4.6 FIXED ASSETS

	Tangible Assets			Total ₹
	Office Equipments	Vehicles	Furniture and Fittings	
	₹	₹	₹	
<b>GROSS BLOCK, AT COST :</b>				
As at 31 <sup>st</sup> March, 2014.	15,282	22,259,655	-	22,274,937
Additions	-	-	10,912,500	10,912,500
Adjustment	(15,282)	-	-	(15,282)
Disposals	-	-	-	-
<b>As at 31<sup>st</sup> March, 2015.</b>	<b>-</b>	<b>22,259,655</b>	<b>10,912,500</b>	<b>33,172,155</b>
Additions	-	9,804,188	-	9,804,188
Adjustment	-	-	-	-
Disposals	-	(5,500,000)	-	(5,500,000)
<b>As at 31<sup>st</sup> March, 2016.</b>	<b>-</b>	<b>26,563,843</b>	<b>10,912,500</b>	<b>37,476,343</b>
<b>DEPRECIATION AND AMORTIZATION :</b>				
As at 31 <sup>st</sup> March, 2014.	14,429	5,108,133	-	5,122,562
For the year	-	5,692,071	110,769	5,802,840
In respect of disposals	(14,429)	-	-	(14,429)
<b>As at 31<sup>st</sup> March, 2015.</b>	<b>-</b>	<b>10,800,204</b>	<b>110,769</b>	<b>10,910,973</b>
For the year	-	5,721,975	1,039,528	6,761,503
In respect of disposals	-	(3,430,298)	-	(3,430,298)
<b>As at 31<sup>st</sup> March, 2016.</b>	<b>-</b>	<b>13,091,881</b>	<b>1,150,297</b>	<b>14,242,178</b>
<b>NET BLOCK :</b>				
As at 31 <sup>st</sup> March, 2015.	-	11,459,451	10,801,731	22,261,182
As at 31 <sup>st</sup> March, 2016.	-	13,471,962	9,762,203	23,234,165

#### 4.7 Non Current Investments, at Cost :

Other than trade :

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

	Freehold Land	Buildings	Total
	₹	₹	₹
<b>GROSS BLOCK, AT COST :</b>			
As at 31 <sup>st</sup> March, 2014.	125,847,833	7,664,341	133,512,174
Additions	-	-	-
Adjustments	-	-	-
<b>As at 31<sup>st</sup> March, 2015.</b>	<b>125,847,833</b>	<b>7,664,341</b>	<b>133,512,174</b>
Additions	-	-	-
Adjustments	-	-	-
<b>As at 31<sup>st</sup> March, 2016.</b>	<b>125,847,833</b>	<b>7,664,341</b>	<b>133,512,174</b>
<b>DEPRECIATION AND AMORTIZATION :</b>			
As at 31 <sup>st</sup> March, 2014.	-	2,393,295	2,393,295
For the year	-	134,261	134,261
Adjustments	-	-	-
<b>As at 31<sup>st</sup> March, 2015.</b>	<b>-</b>	<b>2,527,556</b>	<b>2,527,556</b>
For the year	-	134,629	134,629
Adjustments	-	-	-
<b>As at 31<sup>st</sup> March, 2016.</b>	<b>-</b>	<b>2,662,185</b>	<b>2,662,185</b>
<b>NET BLOCK :</b>			
As at 31 <sup>st</sup> March, 2015.	125,847,833	5,136,785	130,984,618
As at 31 <sup>st</sup> March, 2016.	125,847,833	5,002,156	130,849,989

			As at 31 <sup>st</sup> March, 2016 Amount ₹	As at 31 <sup>st</sup> March, 2015 Amount ₹
<b>4.7 NON-CURRENT INVESTMENTS, AT COST : (Contd.)</b>				
Other than trade :				
		Net Brought Over	130,849,989	130,984,618
<b>(ii) Equity Instruments, Quoted :</b>				
Investments in Associates :				
		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
		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	(7,807,338)	Equity Shares of ₹ 2/- each fully paid in Bharat Forge Ltd.	1,766,005,873	1,766,005,873
1,187,903	(1,187,903)	Equity Shares of ₹ 5/- each fully paid in BF Utilities Ltd.	643,064,202	643,064,202
2,182,250	(2,182,250)	Equity Shares of ₹ 2/- 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>3,006,467,811</u>
<b>(iii) Equity Instruments, Unquoted :</b>				
		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	7,883,609
25,000	(25,000)	Equity Shares of ₹ 10/- each fully paid in Nandi Engineering Ltd. <sup>(a)</sup>	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 :		
500	(500)	Equity Shares of ₹10/- each fully paid in Kalyani Carpenter Special Steels Pvt. Ltd.	11,800	11,800
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
2,399,998	(2,399,998)	Equity Shares of ₹ 10/- each fully paid in Kalyani Maxion Wheels 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>
<b>(iv) Preference Shares, Unquoted :</b>				
		Investments in Associates :		
-	(3,000,000)	6 % Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial Services Ltd.	-	30,000,000
-	(3,500,000)	11 % Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Pvt. Ltd.	-	35,000,000
			-	<u>65,000,000</u>
		Investments in Other Companies :		
4,000,000	-	9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 100/- each, fully paid in Kalyani Global Engineering Pvt. Ltd.	400,000,000	-
		Subtotal (iv) :	<u>400,000,000</u>	<u>65,000,000</u>
<b>(v) Debentures, Unquoted :</b>				
		Investments in Associates :		
6,847,000	(6,497,000)	0% Fully Convertible Debentures of ₹ 100/- each fully paid of Kalyani Financial Services Ltd.	684,700,000	649,700,000
		Subtotal (v) :	<u>684,700,000</u>	<u>649,700,000</u>
<b>(vi) In a Partnership Firm :</b>				
		M/s Sundaram Enterprises <small>(Refer Note No. 4.25)</small>	-	37,287
		Subtotal (vi) :	-	<u>37,287</u>
		TOTAL :	<u>5,327,632,955</u>	<u>4,957,804,871</u>

	As at 31 <sup>st</sup> March, 2016 Amount ₹	As at 31 <sup>st</sup> March, 2015 Amount ₹	
<b>4.7 NON-CURRENT INVESTMENTS, AT COST : (Contd.)</b>			
Book Value of Investments in Quoted Securities :	3,006,467,811	3,006,467,811	
Book Value of Other Investments :	2,321,165,144	1,951,337,060	
Market Value of Quoted Investments in securities :	13,904,409,541	18,043,299,401	
Aggregate provision for diminution in value of investments :	194,795,157	194,795,157	
<small>(a) Previously pledged for loan taken by another company. Pledge has been vacated during the financial year covered by these statements.</small>			
<b>4.8 Deferred Tax Asset :</b>			
Deferred Tax Asset			
Timing difference in respect of depreciation	2,724,000	2,384,000	
Less : Deferred Tax Liability	-	-	
<b>TOTAL :</b>	<u>2,724,000</u>	<u>2,384,000</u>	
<b>4.9 Long Term Loans and Advances : (Unsecured, Good)</b>			
Intercorporate loans <small>(Refer Note No. 4.32)</small>	1,160,520,067	1,160,520,067	
Security deposits	1,339,185	1,339,185	
<b>TOTAL :</b>	<u>1,161,859,252</u>	<u>1,161,859,252</u>	
<b>4.10 Current Investments, at lower of Cost and Fair Value :</b>			
Other than trade :			
(i) Preference Shares, Unquoted, at cost :			
Investments in Associates :			
3,000,000	- 6 % Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial Services Ltd.	30,000,000	-
Subtotal (i) :		30,000,000	-
(ii) In Units of Mutual Funds, Unquoted :			
-	50,626 Units of ₹ 10/- each of ICICI Prudential Savings Fund - Growth	-	10,000,000
-	38,464 Units of ₹ 100/- each of ICICI Prudential Flexible Income - Growth	-	10,000,000
-	7,707 Units of ₹ 1,000/- each of Indiabulls Liquid Fund - Existing Plan Growth	-	10,000,000
-	754,695 Units of ₹ 10/- each of Kotak Bond Scheme Plan A- Growth (Regular Plan)	-	30,000,000
-	3,524 Unit of ₹ 1,000/- each of DHFL Pramerica Liquid Fund - Growth Option	-	5,000,000
-	470,183 Units of ₹ 10/- each of Reliance Medium Term Fund-Growth Plan-Growth Option	-	13,500,000
-	7,897 Units of ₹ 1,000/- each of Reliance Money Manager Fund - Growth Plan Growth option	-	15,000,000
-	5,642 Units of ₹ 1,000/- each of SBI Ultra Short Term Debt Fund - Regular Plan- Growth	-	10,000,000
-	5,271 Units of ₹ 1,000/- each of TATA Floater Fund Regular Plan - Growth	-	10,345,770
-	4,760 Units of ₹ 1,000/- each of TATA Money Market Fund Regular Plan - Growth	-	10,000,000
-	5,022 Units of ₹ 1,000/- each of Franklin India Treasury Management Account- Super Institutional Plan - Growth	-	10,000,000
798,356	2,290,975 Units of ₹ 10/- each of Franklin India Ultra Short Bond Fund - Super Institutional Plan - GROWTH	16,200,000	40,500,000
7,283	10,859 Units of ₹ 1,000/- each of UTI Treasury Advantage Fund Institutional Plan - Growth	15,000,000	20,000,000
Subtotal (ii) :		31,200,000	194,345,770
<b>TOTAL :</b>		<u>61,200,000</u>	<u>194,345,770</u>
Book Value of Unquoted Investments :		61,200,000	194,345,770
Aggregate provision for diminution of in value of investments :		-	-



	As at 31 <sup>st</sup> March, 2016 Amount ₹	As at 31 <sup>st</sup> March, 2015 Amount ₹
<b>4.11 Cash and Cash Equivalents :</b>		
Balances with banks		
In current accounts	2,829,213	2,094,109
In term deposit accounts <sup>(a)</sup>	111,000,000	192,500,000
Cash on hand	9,048	28,062
<b>TOTAL :</b>	<u>113,838,261</u>	<u>194,622,171</u>
(a) Term deposits include -		
Deposits with original maturity of less than 3 months	-	187,500,000
Deposits with original maturity of more than 3 months but less than 12 months	111,000,000	5,000,000
<b>4.12 Short Term Loans and Advances : (Unsecured)</b>		
Intercompany loans		
Good	352,003,780	297,003,780
Doubtful	16,126,220	16,126,220
Less : Provision	<u>(16,126,220)</u>	<u>(16,126,220)</u>
	-	-
Other loans and advances		
Good	65,701	137,995
Doubtful	1,453,967	1,453,967
Less : Provision	<u>(1,453,967)</u>	<u>(1,453,967)</u>
	-	-
<b>TOTAL :</b>	<u>352,069,481</u>	<u>297,141,775</u>
<b>4.13 Other Current Assets :</b>		
Interest receivable, Good	13,594,532	9,472,698
<b>TOTAL :</b>	<u>13,594,532</u>	<u>9,472,698</u>

	Year ended 31 <sup>st</sup> March, 2016 ₹	Year ended 31 <sup>st</sup> March, 2015 ₹
<b>4.14 Revenue from Operations :</b>		
Interest received on loans	15,337,837	12,352,713
Interest received on bank deposits	13,293,412	15,143,518
<b>TOTAL :</b>	<u><u>28,631,249</u></u>	<u><u>27,496,231</u></u>
<b>4.15 Other Income :</b>		
Dividend received on long term investments	200,396,289	172,780,654
Profit on sale of short term investments (Net)	19,651,894	7,036,257
Share in profit of partnership firm	2,009	2,434
Profit on sale of assets	1,193,582	-
Miscellaneous Income	28,649	-
<b>TOTAL :</b>	<u><u>221,272,423</u></u>	<u><u>179,819,345</u></u>
<b>4.16 Employee Benefit Expenses :</b>		
Salaries and Wages <small>(Refer Note No. 3.7)</small>	3,886,501	121,574
<b>TOTAL :</b>	<u><u>3,886,501</u></u>	<u><u>121,574</u></u>
<b>4.17 Finance Costs :</b>		
Interest - Other	579,813	490,333
<b>TOTAL :</b>	<u><u>579,813</u></u>	<u><u>490,333</u></u>
<b>4.18 Depreciation and Amortization :</b>		
Tangible assets	6,761,503	5,802,840
Investment property	134,629	134,261
<b>TOTAL :</b>	<u><u>6,896,132</u></u>	<u><u>5,937,101</u></u>
<b>4.19 Other Expenses :</b>		
Rates and taxes	416,151	3,420,461
Professional fees	6,247,820	2,896,606
Brand fees	570,000	561,800
Rent	595,630	-
Repairs and Maintenance- Vehicle	186,962	543,148
Audit fees <small>(Refer Note No. 4.21)</small>	440,825	247,118
Corporate Social Responsibility Expenditure <small>(Refer Note No. 4.33)</small>	4,367,400	-
Sundry expenses	2,745,844	2,541,990
<b>TOTAL :</b>	<u><u>15,570,632</u></u>	<u><u>10,211,123</u></u>

	As at 31 <sup>st</sup> March, 2016 Amount ₹	As at 31 <sup>st</sup> March, 2015 Amount ₹
<b>4.20 Contingent Liabilities not provided for :</b>		
i) Corporate Guarantees given, in respect of loans borrowed by other companies <sup>(a)</sup>		
Guarantee Amount	760,000,000	1,710,000,000
Balance outstanding	510,000,000	1,135,000,000
(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) 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.	Unascertainable	Unascertainable
<b>4.21 Payment to Auditor, inclusive of Service Tax :</b>		
As auditor	314,875	185,394
For tax audit	40,075	28,090
For certification	85,875	28,090
For reimbursement of expenses	-	5,544
<b>TOTAL :</b>	<u>440,825</u>	<u>247,118</u>
<b>4.22 Earning per Share (Face Value of ₹ 5 each) :</b>		
Profit for the year after taxation	215,320,915	187,506,486
Weighted Average Number of Equity Shares, outstanding during the period	37,667,628	37,667,628
Basic Earning per Share in rupees	5.72	4.98
Diluted Earning per Share in rupees	5.72	4.98

**4.23 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.

#### 4.24 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
ii) Joint Ventures	Automotive Axles Limited Meritor HVS India Limited M/s Sundaram Enterprises
iii) Key Management Personnel	Mr. Jeewanprasad Patwardhan, the Chief Executive Officer and Chief Financial Officer Mr. Satish Kshirsagar, the Company Secretary

##### b) Transactions with Related Parties :

Nature of transaction	Associates			Joint Venture			Key Management Personnel		Total
	Kalyani Steels Limited	Epicenter Technologies Private Limited	Kalyani Financial Services Limited	Automotive Axles Limited	Meritor HVS India Limited	M/s Sundaram Enterprises	Mr. Jeevanprasad Patwardhan	Mr. Satish Kshirsagar	
	₹	₹	₹	₹	₹	₹	₹	₹	
Dividend Received	- (51,157,263)	-	-	5,367,806 (13,419,515)	102,995,031 (62,511,435)	-	-	-	108,362,837 (127,088,213)
Interest Received	-	2,770,000 (2,770,000)	1,002,740 (1,000,000)	-	-	-	-	-	3,772,740 (3,770,000)
Share in profit of partnership firm	-	-	-	-	-	2,009 (2,434)	-	-	2,009 (2,434)
Remuneration to Key Management Personnel <sup>@</sup>	-	-	-	-	-	-	3,029,189	857,312 (121,574)	3,886,501 (121,574)

(Figures in bracket indicate previous year)

@ Represents amounts paid to Key Management Personnel on deputation.

##### c) Balances with Related Parties :

Nature of transaction	Associates			Joint Venture			Key Management Personnel		Total
	Kalyani Steels Limited	Epicenter Technologies Private Limited	Kalyani Financial Services Limited	Automotive Axles Limited	Meritor HVS India Limited	M/s Sundaram Enterprises	Mr. Jeevanprasad Patwardhan	Mr. Satish Kshirsagar	
	₹	₹	₹	₹	₹	₹	₹	₹	
Unsecured Loan given	-	27,700,000 (27,700,000)	10,000,000 (10,000,000)	-	-	-	-	-	37,700,000 (37,700,000)
Balance on Capital with partnership firm	-	-	-	-	-	(37,287)	-	-	- (37,287)
Interest on Loan receivable#	-	1,926,739 (1,024,273)	614,713 (614,713)	-	-	-	-	-	2,541,452 (1,638,986)
# Current	-	1,926,739 (1,024,273)	614,713 (614,713)	-	-	-	-	-	2,541,452 (1,638,986)
# Non Current	-	-	-	-	-	-	-	-	-

(Figures in bracket indicate previous year)

#### 4.25 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 under.

Name of the Partner	Capital Contribution		Profit/Loss sharing ratio	
	31 <sup>st</sup> March, 2016 ₹	31 <sup>st</sup> March, 2015 ₹	31 <sup>st</sup> March, 2016 %	31 <sup>st</sup> March, 2015 %
BF Investment Ltd.	-	37,287	60%	60%
Kalyani Investment Company Ltd.	-	12,429	20%	20%
Sundaram Trading and Investment Pvt. Ltd.	-	6,215	10%	10%
Axiom Project Consultants Pvt. Ltd.	-	6,215	10%	10%
<b>TOTAL :</b>	-	62,146	100%	100%

The partnership firm has been dissolved during the year in pursuance of a deed of dissolution executed on 26<sup>th</sup> May, 2015. The accounts of the partnership have accordingly been prepared and partners' capital balances have been settled.

#### 4.26 Disclosure of Joint Ventures :

Name of the Joint Venture	Organizational Structure	Country of Incorporation	Proportion of Ownership Interest	
			Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015
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 <sup>st</sup> March, 2016		Financial Year of JV ended 31 <sup>st</sup> March, 2015	
	Total ₹	Share of the Company ₹	Total ₹	Share of the Company ₹
Assets	-	-	168,826	101,296
Liabilities	-	-	106,680	64,008
Income	4,846	2,908	5,868	3,521
Expenses	1,500	900	1,810	1,086

(b) Meritor HVS (India) Ltd.	Financial Year of JV ended 31 <sup>st</sup> March, 2016		Financial Year of JV ended 31 <sup>st</sup> March, 2015	
	Total ₹	Share of the Company ₹	Total ₹	Share of the Company ₹
Assets	2,825,110,000	1,384,021,389	2,498,930,304	1,224,225,956
Liabilities	1,962,920,000	961,634,508	1,770,925,962	867,576,629
Income @	11,006,420,000	5,392,045,158	12,602,572,656	6,174,000,344
Expenses @	10,611,930,000	5,198,784,507	12,254,619,384	6,003,538,036

@ Income and Expenses for the period of 18 months ended 31<sup>st</sup> March, 2015

(c)	Automotive Axles Ltd.	Financial Year of JV ended 31 <sup>st</sup> March, 2016		Financial Year of JV ended 31 <sup>st</sup> March, 2015	
		Total ₹	Share of the Company ₹	Total ₹	Share of the Company ₹
	Assets	5,267,520,000	1,871,023,104	5,208,550,002	1,850,076,961
	Liabilities	1,995,540,000	708,815,808	2,184,210,641	775,831,620
	Income <sup>§</sup>	10,875,440,000	3,862,956,288	11,442,805,965	4,064,484,679
	Expenses <sup>§</sup>	10,527,700,000	3,739,439,040	11,155,593,348	3,962,466,757

<sup>§</sup> Income and Expenses for the period of 18 months ended 31<sup>st</sup> March, 2015

4.27 Legal title to some of 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 5<sup>th</sup> February, 2010 referred to herein before, could not be transferred in the name of the Company as at 31<sup>st</sup> March, 2016. The Company is in the process of completing the required legal formalities.

4.28 3,000,000 6% Non-cumulative Redeemable Preference Shares of ₹10/- each, fully paid in Kalyani Financial Services Limited are redeemable on or before 30<sup>th</sup> December, 2016.

4.29 4,000,000 9% Cumulative Redeemable Non - Convertible Preference Shares of ₹100/- each, fully paid in Kalyani Global Engineering Pvt. Ltd. are redeemable on the expiry of 20 years from the date of allotment, i.e. on 7<sup>th</sup> January, 2036, with an option to the said Company to redeem the said preference shares, in one or more tranches, at any time on or after 7<sup>th</sup> July, 2016.

4.30 Of the 6,847,000 0% Fully Convertible Debentures (FCD) of ₹ 100/- each fully paid of Kalyani Financial Services Limited, 1,577,000 FCDs are compulsorily convertible into Equity Shares of ₹ 10/- each fully paid up at a premium of ₹ 20/- per share on or before 31<sup>st</sup> March, 2021. 5,270,000 FCDs are compulsorily convertible into such number of fully paid up Equity Shares of ₹ 10/- each at such a price as shall be fixed by the said Company on or before 27<sup>th</sup> September, 2022.

4.31 Deferred Tax asset in respect of unabsorbed depreciation and losses under the Income Tax Act, 1961 aggregating to ₹ NIL (Previous Year : ₹ 98,000) has not been recognized on considerations of prudence.

#### 4.32 Long term loans given :

The Company has given letter of subordination to Nandi Economic Corridor Enterprises Ltd. (NECE) and Airro (Mauritius) Holdings V, whereby the Company has agreed to subordinate the loan of ₹ 1,160,520,067 (Previous Year : ₹ 1,160,520,067) granted by it to NECE, until the entire stakeholding of Airro (Mauritius) Holdings V in NECE Ltd. is completely sold off or all the amounts payable by NECE Ltd. to Airro (Mauritius) Holdings V in terms of the Shareholders Agreement dated 24<sup>th</sup> December, 2010, between Airro (Mauritius) Holdings V and NECE Ltd. are fully paid off.

#### 4.33 Corporate Social Responsibility :

The Company has formed Corporate Social Responsibility (CSR) Committee and has also adopted a CSR Policy in accordance with the provisions of section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company recognizes CSR spends as and when incurred. Relevant details for the financial year covered by these statements are as under.

	Year ended 31 <sup>st</sup> March, 2016 ₹	Year ended 31 <sup>st</sup> March, 2015 ₹
Gross Amount required to be spent by the Company during the year	2,015,000	4,368,000
Amount spent during the year for financial year 2014-2015	4,367,400	-
Amount spent during the year for financial year 2015-2016	-	-

4.34 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,

**P. V. Deo**  
Chartered Accountant

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

On behalf of the Board of Directors,

**A. B. Kalyani**  
Director

**J. G. Patwardhan**  
Chief Executive Officer &  
Chief Financial Officer

Place : Pune  
Date : 16<sup>th</sup> May, 2016.

**B. B. Hattarki**  
Director

**S. R. Kshirsagar**  
Company Secretary

## CONSOLIDATED FINANCIAL STATEMENTS

### Independent Auditor's Report

To the Members of BF Investment Limited

#### Report on the Consolidated Financial Statements

I have audited the accompanying Consolidated Financial Statements of BF Investment Limited (hereinafter referred to as "the Holding Company") and its associates and jointly controlled entities (collectively referred to as "the Company" or "the Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and the consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Board of Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

I conducted my audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

I believe that the audit evidence obtained by me is sufficient and appropriate to provide a basis for my audit opinion on the consolidated financial statements.

#### Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid consolidated financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Other matters

The accompanying consolidated financial statements include total assets of ₹ 3,255,327,004/- and total revenues of ₹ 9,256,102,088/- and net cash outflows of ₹ 32,002,080/- for the year ended 31<sup>st</sup> March, 2016, as considered in the consolidated financial statements, in respect of two jointly controlled entities, whose financial statements have been audited by other auditors, which financial statements, other financial information and auditor's reports have been



furnished to me by the management. The consolidated financial results also include the Holding Company's share of net profit of ₹ 898,171,069/- for the year ended 31<sup>st</sup> March, 2016, as considered in the consolidated financial results, in respect of eight associates, whose financial statements have been audited by other auditors and whose reports have been furnished to me by the management. My opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and jointly controlled entities, and my report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associates and jointly controlled entities, is based solely on the reports of such other auditors. My opinion is not qualified in respect of this matter.

My opinion on the consolidated financial statements and my report on other legal and regulatory requirements below, is not modified in respect of the below matters with respect to my reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, I report to the extent applicable that:

- a) I / the other auditors whose reports I have relied upon, have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit of the aforesaid consolidated financial statements;
- b) In my opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from my examination of those books and reports of the other auditors;
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in my opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2016, taken on record by the Boards of Directors of the Holding Company and the reports of the auditors who are appointed under section 139 of the Act of its associates and jointly controlled entities, none of the directors of the Company, its associates and jointly controlled entities incorporated in India, is disqualified as on 31<sup>st</sup> March 2016, from being appointed as a director of that company in terms of section 164(2) of the Act;
- f) With respect to the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company, its associates and jointly controlled entities, refer to my separate report in " Annexure A", and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Holding company, its associates and jointly controlled entities - Refer Note no. 3.30 to the consolidated financial statements;
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associates and jointly controlled entities.

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

**P. V. Deo**  
Chartered Accountant  
Membership No. 041609

## ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

### ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BF INVESTMENT LIMITED

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

In conjunction with my audit of the consolidated financial statements of the Group as of and for the year ended 31<sup>st</sup> March, 2016, I have audited the internal financial controls over financial reporting of BF Investment Limited (hereinafter referred to as "the Holding Company") and its associates and jointly controlled entities, which are companies incorporated in India, as of that date.

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

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

#### Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for my audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In my opinion, the Holding Company and its associates and jointly controlled entities, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

My aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to eight associate companies and two jointly controlled entities, which are companies incorporated in India, is based on corresponding reports of the auditors of such companies incorporated in India.

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

**P. V. Deo**  
Chartered Accountant  
Membership No. 041609

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

	Note No.	Amount ₹
<b>I. EQUITY AND LIABILITIES</b>		
<b>1. Shareholders' funds</b>		
(a) Share Capital	3.1	188,338,140
(b) Reserves and Surplus	3.2	9,802,843,376
		<u>9,991,181,516</u>
<b>2. Non-current liabilities</b>		
(a) Deferred Tax Liabilities (Net)	3.3	23,769,984
(b) Other long-term liabilities	3.4	749,700
(c) Long-term provisions	3.5	17,885,120
		<u>42,404,804</u>
<b>3. Current liabilities</b>		
(a) Short-term borrowings	3.6	102,446,784
(b) Trade payables	3.7	
Total outstanding dues of micro enterprises and small enterprises		19,582,176
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,342,565,708
(c) Other current liabilities	3.8	46,211,525
(d) Short-term provisions	3.9	51,995,494
		<u>1,562,801,687</u>
<b>TOTAL</b>		<u><u>11,596,388,007</u></u>
<b>II. ASSETS</b>		
<b>1. Non-current assets</b>		
(a) Fixed assets		
Tangible assets	3.10	646,287,977
Intangible assets	3.10	1,616,160
Capital work in progress		31,637,664
(b) Non-current investments	3.11	6,612,541,312
(c) Deferred Tax Asset (Net)	3.12	8,212,000
(d) Long-term loans and advances	3.13	1,204,698,280
		<u>8,504,993,393</u>
<b>2. Current assets</b>		
(a) Current investments	3.14	61,200,000
(b) Inventories	3.15	617,058,552
(c) Trade receivables	3.16	1,656,277,764
(d) Cash and Cash Equivalents	3.17	261,512,865
(e) Short-term loans and advances	3.18	472,354,657
(f) Other current assets	3.19	22,990,776
		<u>3,091,394,614</u>
<b>TOTAL</b>		<u><u>11,596,388,007</u></u>
Significant Accounting Policies and Notes forming an integral part of the Consolidated Financial Statements	1 to 3	

As per my attached report of even date,

**P. V. Deo**  
Chartered Accountant

On behalf of the Board of Directors,

**M. U. Takale**  
Director

**B. B. Hattarki**  
Director

**J. G. Patwardhan**  
Chief Executive Officer &  
Chief Financial Officer

**S. R. Kshirsagar**  
Company Secretary

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

## Consolidated Statement of Profit and Loss for the Year Ended 31<sup>st</sup> March, 2016

	Note No.	Amount ₹
I	Revenue from operations (gross)	9,720,477,737
	Less : Excise duty	(471,613,204)
	Revenue from operations (net)	9,248,864,533
II	Other income	148,775,631
III	<b>Total revenue (I+II)</b>	<b>9,397,640,164</b>
IV	<b>Expenses</b>	
	(a) Purchases of Stock-in-Trade	4,716,656,700
	(b) Cost of materials consumed	2,971,864,132
	(c) Changes in inventories of finished goods and work in progress	(9,205,044)
	(d) Employee benefits expenses	333,258,645
	(e) Finance costs	19,646,221
	(f) Depreciation	162,522,216
	(g) Other expenses	608,931,948
	<b>Total expenses</b>	<b>8,803,674,818</b>
V	<b>Profit before tax (III - IV)</b>	<b>593,965,346</b>
VI	<b>Tax expense:</b>	
	(a) Current tax expense	(7,945,000)
	(b) Share in current tax expense pertaining to profit for the year of Joint Ventures	(179,239,960)
	(c) MAT credit utilized	(5,917,000)
	(d) Tax saving for earlier years	5,872,321
	(e) Deferred tax savings	340,000
	(f) Share in deferred tax saving of Joint Ventures	16,696,960
		<b>(170,192,679)</b>
VII	<b>Profit for the year (VII + VIII)</b>	<b>423,772,667</b>
VIII	<b>Share of Profits / (Losses) of Associates (Net)</b>	<b>898,171,069</b>
IX	<b>Total profit for the year (VII + VIII)</b>	<b>1,321,943,736</b>
X	<b>Earnings per share (of ₹ 5/- each):</b>	
	(a) Basic	35.09
	(b) Diluted	35.09
	Significant Accounting Policies and Notes forming an integral part of the Consolidated Financial Statements	1 to 3

As per my attached report of even date,

**P. V. Deo**  
Chartered Accountant

On behalf of the Board of Directors,

**M. U. Takale**  
Director

**B. B. Hattarki**  
Director

**J. G. Patwardhan**  
Chief Executive Officer &  
Chief Financial Officer

**S. R. Kshirsagar**  
Company Secretary

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016.

Particulars	Note No.	Amount ₹
<b>A</b>		
<b>Cash Flow From Operating Activities</b>		
Net Profit after tax and exceptional items		532,138,263
Adjusted for :		
Tax expense		170,192,679
Depreciation and amortisation expense		162,522,216
Share of Profit / (Losses) of Associates (Net)		(898,171,069)
Interest expense		19,646,221
Profit on sale of investments		(19,651,894)
Liabilities / provisions no longer required written back		(1,591,032)
Provision for doubtful trade receivables written back (net)		(4,561,900)
Provision for doubtful trade and other receivables, loans and advances		603,840
Loss / (Profit) on sale / removal / scrap / write off / discarding of assets		2,713,146
Unrealised exchange loss / (gain)		(506,904)
Dividend received on investments		(92,030,693)
Interest Income		(4,818,240)
Share in profit of partnership firm		(2,009)
		<u>(665,655,639)</u>
Operating Profit/(Loss) before working capital changes :		(133,517,376)
Changes in :		
Inventories		(4,246,276)
Trade Receivables		(250,664,464)
Short-term loans and advances		(31,625,900)
Long-term loans and advances		(55,279,514)
Other current assets		3,752,870
Trade Payables		101,270,833
Other current liabilities		(13,952,821)
Other long-term liabilities		392,000
Short-term provisions		(2,313,713)
Long-term provisions		8,571,232
		<u>(244,095,753)</u>
Cash generation from operations :		(377,613,129)
Direct Taxes paid		(168,805,426)
<b>Net Cash used in operating activities :</b>		<u>(546,418,555)</u>
<b>B.</b>		
<b>Cash flow from investing activities :</b>		
Capital expenditure on fixed assets (including capital work in progress and capital advances)		(117,166,208)
Sale of Fixed Assets		11,970,132
Purchase of Investments		(587,202,009)
Sale of Investments		370,036,960
Interest received		6,136,340
Investment in short term bank deposits (net)		(97,836,600)
Share in profit of partnership firm		2,009
<b>Net cash used in investing activities :</b>		<u>(414,059,376)</u>

Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016. (Contd.)

Particulars	Note No.	Amount ₹
<b>C. Cash flow from financing activities :</b>		
Interest paid		(20,360,173)
Dividend received on investments		92,030,693
Proceeds from borrowings		1,577,492,928
Repayment of borrowings		(1,675,407,360)
Dividend and tax on dividend		(130,274,288)
Movement in unpaid dividend account		39,072
<b>Net cash used in financing activities :</b>		<b>(156,479,128)</b>
<b>Net changes in cash and cash equivalents (A+B+C) :</b>		<b>(1,116,957,059)</b>
Cash and Cash Equivalents, at the beginning :		365,460,907
Cash and Cash Equivalents, at the close :		(751,496,152)
<b>Reconciliation of Cash and Cash Equivalents :</b>		
Cash and Cash Equivalents as per Balance Sheet:		261,512,865
Less : Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements		-
(a) In earmarked accounts		-
(b) Unpaid dividend accounts		(681,984)
(c) In deposit accounts		(24,864)
Less : Deposits with original maturity of more than 3 months but less than 12 months		(114,131,100)
<b>Cash and Cash Equivalents as per Cash Flow Statement :</b>		<b>146,674,917</b>
<b>Significant Accounting Policies and Notes forming an     integral part of the Consolidated Financial Statements</b>	1 to 3	

As per my attached report of even date,

**P. V. Deo**  
Chartered Accountant

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

On behalf of the Board of Directors,

**M. U. Takale**  
Director

**J. G. Patwardhan**  
Chief Executive Officer &  
Chief Financial Officer

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

**B. B. Hattarki**  
Director

**S. R. Kshirsagar**  
Company Secretary

**1. Company Overview :**

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

**2. Statement of Significant Accounting Policies :**

**2.1 Basis of accounting and preparation of Consolidated financial statements :**

These consolidated financial statements comprise the financial statements of the Company, its associates and its jointly controlled entities which are in the nature of jointly controlled entities (together referred to as 'the Group'). These consolidated financial statements of the Group have been prepared under historical cost convention and comply with the Accounting Standards, specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. All income and expenses having a material bearing on the financial statements are recognized on the accrual basis. This is the first year wherein the Company is presenting its consolidated financial statements.

The group has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities.

**2.2 Principles of consolidation :**

These consolidated financial statements of the Group are prepared in accordance with the Accounting Standard 23 "Accounting for Investments in Associates in Consolidation" and Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures" as notified, and also in accordance with the Accounting Standard 21 "Consolidated Financial Statements" to the extent applicable.

These consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Holding Company for its standalone financial statements.

**Associates**

The Group's investment in its associates is accounted for under the equity method. An associate is an entity in which the Group has significant influence. Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill related to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The consolidated statement of profit and loss reflects the share of the results of operations of the associates. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

After application of the equity method, the Group determines whether it is necessary to recognise decline, other than temporary, in the value of the Group's investment in its associates, such reduction being determined and made for each investment individually. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired.

Section 129(3) of the Companies Act, 2013 requires preparation of consolidated financial statements of the Company and all of the subsidiaries including associate companies and jointly controlled entities in the same form and manner as that of its own. Accounting Standard (AS) 23 on Accounting for Investment in Associates in Consolidated Financial Statements defines Associate Company as an enterprise in which an entity has significant influence and which is neither a subsidiary nor a joint venture of that party. It mentions that if an investing party holds, directly or indirectly through intermediaries, 20% or more of the voting power of the enterprise, it is presumed that the investing party does have significant influence, unless it can be clearly demonstrated that this is not the case.

List of associates which are included in the consolidation and the Company's effective holdings therein are as under :

Sr. No.	Name of the Company	Country of incorporation	Parent's ultimate holding as on 31 <sup>st</sup> March, 2016	Financial Year ends on
i)	Kalyani Steels Ltd.	India	39.06%	31 <sup>st</sup> March, 2016
ii)	KSL Holdings Pvt. Ltd.	India	50.00%	31 <sup>st</sup> March, 2016
iii)	Epicenter Technologies Pvt. Ltd.	India	27.72%	31 <sup>st</sup> March, 2016



Sr. No.	Name of the Company	Country of incorporation	Parent's ultimate holding as on 31 <sup>st</sup> March, 2016	Financial Year ends on
iv)	Kalyani Agro Corporation Ltd.	India	29.57%	31 <sup>st</sup> March, 2016
v)	Carpenter Kalyani Special Alloys Pvt. Ltd.	India	45.51%	31 <sup>st</sup> March, 2016
vi)	Kalyani Financial Services Ltd.	India	49.00%	31 <sup>st</sup> March, 2016
vii)	Nandi Engineering Ltd.	India	40.00%	31 <sup>st</sup> March, 2016
viii)	Synise Technologies Ltd.	India	46.77%	31 <sup>st</sup> March, 2016

#### Jointly Controlled Entities

The Group recognises its interest in the jointly controlled entities using the proportionate consolidation method as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the jointly controlled entities with similar items, line by line, in its consolidated financial statements.

List of jointly controlled entities which are included in the consolidation and the Company's effective holdings therein are as under :

Sr. No.	Name of the Company	Country of incorporation	Parent's ultimate holding as on 31 <sup>st</sup> March, 2016	Financial Year ends on
i)	Automotive Axles Ltd.	India	35.52%	31 <sup>st</sup> March, 2016
ii)	Meritor HVS India Ltd.	India	49.00%	31 <sup>st</sup> March, 2016

#### 2.3 Summary of significant diverse accounting practices followed by the Jointly Controlled Entities :

The accounting policy of the Holding Company as regards depreciation and amortisation has been stated in Note No. 2.5 (b), below. The following accounting policies followed by the jointly controlled entities are not in line with the said accounting policy of the Holding Company :

##### a) In respect of Automotive Axles Ltd.

Depreciation on Buildings and Plant & Machinery is provided under the "Straight line method" and on other assets under the "Reducing balance method" at the rates specified in Schedule II to the Companies Act, 2013, based on technical estimates that indicate the useful lives would be comparable with or higher than those arrived at using these rates.

In cases where the useful lives are technically estimated are lower than those considered in determining the useful lives specified in Schedule II, depreciation is provided under the Straight Line Method over the useful lives of the assets as follows :

Nature of the Asset	Estimated Useful Life
i) Reconditioned machinery and related expenditure	Ranging between 3 and 13 years
ii) Tools, Jig and Fixtures and Measuring gauges	Ranging between 2 and 5 years
iii) Certain imported machinery	Ranging between 4 and 15 years
iv) Windmill and power generating equipments	9 years
v) Intangible Assets - Software	3 years

##### b) In respect of Meritor HVS (India) Limited

Depreciation on Buildings & Leased computers is provided under the "Straight Line Method" and on other assets under the "Reducing Balance Method." As per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of R & D equipment (considered 15 years as against 10 years as per Act), in whose case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation on additions to Fixed Assets is provided from the month of installation and on deletion up to the month of sale, deduction, and discarding as the case may be.

All assets costing ₹ 5,000 or below are depreciated in full by way of a one time depreciation charge.

Acquired Customer relationship & non-compete rights, Goodwill and IP assets are recognized as intangible assets and are amortised over a period of 3 to 5 years based on management estimate.

#### 2.4 Use of Estimates :

The preparation of the consolidated 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 consolidated 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.

#### 2.5 Fixed Assets and Depreciation :

##### a) Fixed Assets :

##### i) Tangible 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.

Tangible assets are stated at cost (net of CENVAT) less accumulated depreciation. Cost includes all costs relating to the acquisition and installation of fixed assets including interest on borrowings for qualifying project / fixed asset till the date of Commercial Production / the assets are put in use. Expenditure on reconditioning of machinery is capitalised where such expenditure results in increase in the future benefits from the asset and /or results in an extension of the useful life of the asset based on technical assessment.

##### ii) Intangible Assets:

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefit in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

##### b) Depreciation and Amortisation :

- i) Depreciation on fixed assets other than vehicles, is calculated on straight-line basis using the rates arrived at based on the useful lives estimated by the management. Depreciation on vehicles, is calculated on written down value basis using the rates arrived at based on the useful lives estimated by the management.

Depreciation is charged on pro-rata basis for assets purchased/sold during the year. s

The Management's estimate of the useful lives of various fixed assets which is in line with the provisions of Schedule II to the Companies Act, 2013 is given below.

Nature of the Asset	Estimated Useful Life
i) Furnitures and Fixtures	10 years
ii) Office Equipments	5 years
iii) Vehicles (Written Down Value Method)	8 years

#### 2.6 Investments :

- a) Under the equity method, the investments in associates are carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Other 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.

## 2.7 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.

The Management's estimate of the useful lives of investment properties is given below.

Nature of the Asset	Estimated Useful Life
i) Buildings	60 years

## 2.8 Inventories :

### a) In respect of Automotive Axles Ltd.

Raw material, stores & spares, work-in-process and finished goods are valued at the lower of cost or estimated realisable value. Cost of materials is determined on moving weighted average basis. In the case of work-in-process and finished goods, cost includes the cost of conversion. Closing stock of Finished Goods includes liability towards Excise duty payable on clearance of goods. Imported materials in transit at the year-end are valued inclusive of customs duty. Cost comprises all cost of purchase including duties and taxes other than those subsequently recoverable by the company, freight inward and other expenditure directly attributable to the acquisition.

### b) In respect of Meritor HVS (India) Limited

Inventories are valued at lower of cost and net realizable value. Cost includes purchase cost and all other cost incurred in bringing the inventory to their present location and condition. Net realizable value is estimated selling price in the ordinary course of business less estimated selling expenses.

## 2.9 Service Tax Input Credit :

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

## 2.10 Revenue Recognition :

- a) The Group 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 as per the terms of the underlying contracts.
- e) Revenue on sale of products is recognised when risk and rewards of ownership of the products are passed on to the customers as per contracted terms. Sales are stated net of trade discount and returns.
- f) Export incentives are accounted for on accrual basis at the time of Export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedents to claim are fulfilled.

## 2.11 Employee Benefits :

### i) In respect of the Holding Company.

Employee benefits comprise amounts paid for the services of the Key Management Personnel on deputation. No separate provisions of retirement benefits or privilege leave benefits of such employees are recognized in the books of the Group.

### ii) In respect of the jointly controlled entities.

#### a) In respect of Automotive Axles Ltd.

- 1) Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related employee service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits (such as medical care) for current employees are estimated and measured on an undiscounted basis.
- 2) Defined Benefit Plan:  
Liabilities for gratuity funded in terms of a scheme administered by a fund manager are

determined by an independent actuarial valuation made at the end of each financial year. Provision for liabilities pending remittance to the fund is carried in the Consolidated Balance Sheet.

Actuarial gain and losses are recognized immediately in the Consolidated Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

3) Defined Contribution Plan:

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund and Employee state insurance are recognised in the Statement of Profit and Loss.

4) Other Long Term Employee Benefits:

Liability for Leave Encashment is provided based on accumulated leave credit outstanding to the employees as on the date of Balance Sheet.

b) In respect of Meritor HVS (India) Limited

1) Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related employee service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits (such as medical care) for current employees are estimated and measured on an undiscounted basis.

2) Defined Benefit Plan:

Liability towards Gratuity is charged to the Statement of Profit and Loss as contributions towards the scheme with the Life Insurance Corporation of India. The adequacy of the contributions is determined by periodical actuarial valuation (done as on 31<sup>st</sup> March, 2016) on Projected Unit Credit Method.

3) Defined Contribution Plan:

Fixed Contribution to Provident Fund, Superannuation, Employees State Insurance and the cost of other benefits are determined as per the schemes at the actual cost to the Company.

4) Other Long Term Employee Benefits:

Liability towards compensated absences is provided based on actuarial valuation (done as on 31<sup>st</sup> March, 2016) on Projected Unit Credit Method and is not funded.

**2.12 Foreign currency transactions :**

Transactions in Foreign Exchange are accounted at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the Balance Sheet date are translated into rupees at the exchange rate prevailing on that date. Gains or losses arising on settlement/ restatement are charged to the Consolidated Statement of Profit & Loss.

In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

**2.13 Research and development :**

Revenue expenditure on Research and Development is charged to the Consolidated Statement of Profit and Loss. Capital expenditure on research and development is treated in the same way as other fixed assets.

**2.14 Borrowing Cost :**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is expended and charged to

the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

#### 2.15 Provision for Warranty :

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto three years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

#### 2.16 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 consolidated 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 Group 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.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

- c) Minimum alternate tax (MAT) paid in a year is charged to the consolidated statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the guidance note on "Accounting for Credit Available in respect of Minimum Alternative Tax" under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

#### 2.17 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 consolidated statement of profit and loss.

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## 2.18 Earnings per share :

In determining the earning per share, the Group 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 the basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

## 2.19 Provisions, Contingent Liabilities and Contingent Assets :

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

Contingent assets are neither recognized nor disclosed.

## 2.20 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 Group are segregated based on the available information.

## 2.21 Cash and cash equivalents :

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 2.22 Leases :

Assets taken on lease where the company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected as secured loans. Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

**3. Other Notes :**

**3.1 Share Capital :**

**Authorised :**

40,000,000 Equity Shares of ₹ 5/-, each 200,000,000

**TOTAL :** 200,000,000

**Issued, Subscribed and Paid up :**

37,667,628 Equity Shares of ₹ 5/-, each, fully paid up 188,338,140

**TOTAL :** 188,338,140

- (a) 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.
- (b) 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.
- (c) The reconciliation of the number of shares outstanding and the amount of share capital as at 31<sup>st</sup> March, 2016 is set out below.

	As at 31 <sup>st</sup> March, 2016	
	No. of Shares	Amount in ₹
Balance at the beginning of the year	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

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

Name of the shareholders	As at 31 <sup>st</sup> March, 2016	
	No. of Shares	%
Ajinkya Investment and Trading Company	10,292,103	27.32
KSL Holdings Pvt. Ltd.	5,054,091	13.42
Sundaram Trading and Investment Pvt. Ltd.	9,543,068	25.33

As at  
31<sup>st</sup> March, 2016  
Amount  
₹

### 3.2 Reserves and Surplus :

#### Capital Reserve :

As per last account	2,367,523,376
Add : On Consolidation of Joint Ventures	712,342,965
	3,079,866,341

#### Capital Redemption Reserve :

As per last account	1,340
---------------------	-------

#### Reserve Fund [Under Sec. 45IC(1) of the Reserve Bank of India Act, 1934] :

As per last account	866,114,339
Add : Set aside this financial year	43,065,000
	909,179,339

#### General Reserve :

As per last account	870,000
Add : Share of general reserve of joint ventures for earlier years	159,657,135
Add : Share in amounts transferred to general reserve of Joint Ventures	19,355,000
	179,882,135

#### Surplus in the Statement of Profit and Loss :

As per last account	2,562,139,008
Add : Share of profits / (losses) of joint ventures (Net) for earlier years	1,180,526,329
Add : Share of profits / (losses) of associates (Net) for earlier years	659,331,144
Add : Profit for the year transferred from the Consolidated Statement of Profit and Loss	1,321,943,736
	5,723,940,217
Amount available for appropriation	
Less : Appropriations	
Amount transferred to Reserve Fund	43,065,000
Share in Tax on interim dividend of Joint Ventures	12,485,200
Share in Tax on proposed dividend of Joint Ventures	15,120,796
Share in transfer to general reserve of Joint Ventures	19,355,000
	90,025,996
	5,633,914,221
<b>TOTAL :</b>	<b>9,802,843,376</b>

### 3.3 Deferred Tax Liabilities (Net)

Share in timing difference on depreciation and amortisation of Joint Ventures	28,179,236
Share in timing difference on provision for employee benefits and others of Joint Ventures	(4,409,252)
	23,769,984
<b>TOTAL :</b>	<b>23,769,984</b>



As at  
31<sup>st</sup> March, 2016  
Amount  
₹

### 3.4 Other long-term liabilities

Share in Long term maturity of finance lease obligations of joint ventures	637,000
Share in security deposits received of joint ventures	112,700
<b>TOTAL :</b>	<u><u>749,700</u></u>

### 3.5 Long-term provisions :

#### Provision - for employee benefits :

Share in Provision for employee benefits of joint ventures	5,684,000
--	-----------

#### Provision - others :

Share in Provision for warranty of joint ventures	10,400,256
Share in Deferred rent of joint ventures	1,800,864

**TOTAL :** 17,885,120

### 3.6 Short-term borrowings :

#### Secured working capital borrowings :

##### From Banks :

Share in cash credit accounts of Joint Ventures <sup>#</sup>	102,446,784
--	-------------

**TOTAL :** 102,446,784

# The above working capital borrowings are secured by first pari-passu charge on inventory, spares, packing material, receivables and the entire other current assets of the jointly controlled entity (both existing and future) and second pari-passu charge on entire gross block of fixed assets including capital work in progress of the jointly controlled entity.

### 3.7 Trade Payables :

Dues to Micro and Small Enterprises	-
Share in Dues to Micro and Small Enterprises of Joint Ventures	19,582,176
Others trade payables	763,812
Share in others trade payables of Joint Ventures	
(i) Acceptances	47,266,464
(ii) Other than acceptances	1,294,535,432
<b>TOTAL :</b>	<u><u>1,362,147,884</u></u>

As at  
31<sup>st</sup> March, 2016  
Amount  
₹

**3.8 Other Current Liabilities :**

Accrued expenses	1,961,721
Share in Current maturities of finance lease obligations of joint ventures	4,256,832
Share in Unpaid dividends of joint ventures	681,984
Share in Other payables of joint ventures	
Share in Statutory remittances of joint ventures	15,857,116
Share in Payable on purchase of fixed assets of joint ventures	2,201,512
Share in Advances from customers of joint ventures	19,662,460
Share in Payable towards funded gratuity of joint ventures	524,300
Share in Superannuation payable of joint ventures	603,840
Share in Leave salary payable of joint ventures	461,760
<b>TOTAL :</b>	<u><u>46,211,525</u></u>

**3.9 Short Term Provisions :**

Share in Provision for employee benefits of Joint Ventures	
Share in Provision for compensated absences of Joint Ventures	2,239,496
Other Provisions	
Provision for Taxation, net of advance tax paid	6,012,274
Share in other Provisions of Joint Ventures	
Share in Provision for Taxation of Joint Ventures (Refer note (i) below)	23,466,820
Share in Provision for warranty of Joint Ventures	4,653,120
Share in Provision for dividend distribution tax of Joint Ventures	15,099,484
Share in Deferred rent of Joint Ventures	524,300
<b>TOTAL :</b>	<u><u>51,995,494</u></u>

Note (i) Share in Provision for Taxation of Joint Ventures

	₹
Provision for taxation	680,244,888
Less : Advance income tax	(656,778,068)
<b>Net :</b>	<u><u>23,466,820</u></u>

### 3.10 Fixed Assets :

	Tangible Assets											Total			
	Share in Land- Leasehold of Joint Ventures	Share in Land- Building of Joint Ventures	Share in Road of Joint Ventures	Share in Plant and Machinery of Joint Ventures	Share in R&D Equip- ments of Joint Ventures	Share in Office Equip- ments of Joint Ventures	Share in Computers and Data Processing units - owned of Joint Ventures	Share in Computers and Data Processing units - finance lease of Joint Ventures	Vehicles owned of Joint Ventures	Share in Furniture and Fittings of Joint Ventures	Share in Furniture and Fittings of Joint Ventures				
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹			
<b>GROSS BLOCK, AT COST :</b>															
As at 31 <sup>st</sup> March, 2015.	1,360,416	28,828,616	130,154,276	3,516,480	1,320,101,296	35,284,900	-	22,096,968	17,375,528	14,037,812	22,259,655	2,570,380	10,912,500	15,285,196	1,623,784,023
Additions	-	7,146,624	15,526,700	3,051,168	93,482,432	196,000	-	714,288	1,095,512	1,482,348	9,804,188	-	-	803,600	133,302,860
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(19,887,648)	-	-	(895,420)	(1,576,016)	-	(5,500,000)	(563,500)	-	(34,300)	(28,456,884)
As at 31 <sup>st</sup> March, 2016.	1,360,416	35,975,240	145,680,976	6,567,648	1,393,696,080	35,480,900	-	21,915,836	16,895,024	15,520,160	26,563,843	2,006,880	10,912,500	16,054,496	1,728,629,999
<b>DEPRECIATION AND AMORTIZATION :</b>															
As at 31 <sup>st</sup> March, 2015.	-	-	45,249,916	2,429,568	821,615,128	23,716,000	-	12,766,036	14,773,916	6,737,752	10,800,204	1,339,636	110,769	9,086,256	948,625,181
For the year	-	-	8,891,168	1,030,080	120,410,272	2,528,400	-	4,182,064	1,375,452	3,658,040	5,721,975	438,372	1,039,528	1,870,104	151,145,455
In respect of disposals	-	-	-	-	(11,359,296)	-	-	(720,860)	(1,547,108)	-	(3,430,298)	(343,000)	-	(24,500)	(17,425,062)
Other Adjustment / Translation Adjustment	-	-	-	-	(10,656)	-	-	-	3,552	-	-	-	-	3,552	(3,552)
As at 31 <sup>st</sup> March, 2016.	-	-	54,141,084	3,459,648	930,655,448	26,244,400	-	16,227,240	14,605,812	10,395,792	13,091,881	1,435,008	1,150,297	10,935,412	1,082,342,022
<b>NET BLOCK :</b>															
As at 31 <sup>st</sup> March, 2015.	1,360,416	28,828,616	84,904,360	1,086,912	498,486,168	11,568,900	-	9,330,932	2,601,612	7,300,060	11,459,451	1,230,744	10,801,731	6,198,940	675,158,842
As at 31 <sup>st</sup> March, 2016.	1,360,416	35,975,240	91,539,892	3,108,000	463,040,632	9,236,500	-	5,688,596	2,289,212	5,124,368	13,471,962	571,872	9,762,203	5,119,084	646,287,977
	Intangible Assets												Total		
Share in Software	Share in Customer Intellectual property of Joint Ventures	Share in Intellectual property of Joint Ventures	Share in Goodwill												
As at 31 <sup>st</sup> March, 2015.	26,613,508	56,056,000	12,294,100	2,744,000	97,707,608										
Additions	2,442,640	-	-	-	2,442,640										
Adjustment	-	-	-	-	-										
Disposals	-	-	-	-	-										
As at 31 <sup>st</sup> March, 2016.	29,056,148	56,056,000	12,294,100	2,744,000	100,150,248										
<b>DEPRECIATION AND AMORTIZATION :</b>															
As at 31 <sup>st</sup> March, 2015.	23,768,356	48,485,500	12,294,100	2,744,000	87,291,956										
For the year	3,671,632	7,570,500	-	-	11,242,132										
In respect of disposals	-	-	-	-	-										
As at 31 <sup>st</sup> March, 2016.	27,439,988	56,056,000	12,294,100	2,744,000	98,534,088										
<b>NET BLOCK :</b>															
As at 31 <sup>st</sup> March, 2015.	2,845,152	7,570,500	-	-	10,415,652										
As at 31 <sup>st</sup> March, 2016.	1,616,160	-	-	-	1,616,160										

### 3.11 Non Current Investments, at Cost :

Other than trade :

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

	Freehold Land ₹	Buidings ₹	Total ₹
<b>GROSS BLOCK, AT COST :</b>			
As at 31 <sup>st</sup> March, 2015.	125,847,833	7,664,341	133,512,174
Additions	-	-	-
Adjustments	-	-	-
As at 31 <sup>st</sup> March, 2016.	125,847,833	7,664,341	133,512,174
<b>DEPRECIATION AND AMORTIZATION :</b>			
As at 31 <sup>st</sup> March, 2015.	-	2,527,556	2,527,556
For the year	-	134,629	134,629
Adjustments	-	-	-
As at 31 <sup>st</sup> March, 2016.	-	2,662,185	2,662,185
<b>NET BLOCK :</b>			
As at 31 <sup>st</sup> March, 2015.	125,847,833	5,136,785	130,984,618
As at 31 <sup>st</sup> March, 2016.	125,847,833	5,002,156	130,849,989

As at  
31<sup>st</sup> March, 2016  
Amount  
₹

(ii) Equity Instruments, Quoted :

Investments in Associates :		
17,052,421	Equity Shares of ₹ 5/- each, fully paid in Kalyani Steels Ltd.	690,076,975
Investments in Other Companies :		
7,807,338	Equity Shares of ₹ 2/- each fully paid in Bharat Forge Ltd.	1,766,005,873
1,187,903	Equity Shares of ₹ 5/- each fully paid in BF Utilities Ltd.	643,064,202
2,182,250	Equity Shares of ₹ 2/- each fully paid in Hikal Ltd.	15,868,800
569,600	Equity Shares of ₹ 10/- each fully paid in Kalyani Forge Ltd.	11,268,279
	Subtotal (ii) :	3,126,284,129

(iii) Equity Instruments, Unquoted :

Investments in Associates :		
32,999,000	Equity Shares of ₹ 10/- each fully paid in KSL Holdings Pvt. Ltd.	1,611,263,484
16,183,636	Equity Shares of ₹ 10/- each fully paid in Epicenter Technologies Pvt. Ltd.	117,542,875
	Less : Provision for diminution in value	(110,183,558)
		7,359,317
579,000	Equity Shares of ₹ 10/- each fully paid in Kalyani Agro Corporation Ltd.	-
3,195,398	Equity Shares of ₹ 10/- each fully paid in Carpenter Kalyani Special Alloys Pvt. Ltd.	33,076,635
	Less : Provision for diminution in value	(28,758,980)
		4,317,655
2,940,000	Equity Shares of ₹ 10/- each fully paid in Kalyani Financial Services Ltd.	7,421,320
25,000	Equity Shares of ₹ 10/- each fully paid in Nandi Engineering Ltd. <sup>(a)</sup>	-
1,131,793	Equity Shares of ₹ 10/- each fully paid in Synise Technologies Ltd.	56,861,357
	Less : Provision for diminution in value	(55,852,619)
		1,008,738
Investments in Other Companies :		
500	Equity Shares of ₹ 10/- each fully paid in Kalyani Carpenter Special Steels Ltd.	11,800
61,532,490	Equity Shares of ₹ 10/- each fully paid in Khed Economic Infrastructure Pvt. Ltd.	615,324,900
2,399,998	Equity Shares of ₹ 10/- each fully paid in Kalyani Maxion Wheels Ltd.	23,999,980
		639,336,680
	Subtotal (iii) :	2,270,707,194

(iv) Preference Shares, Unquoted :

Investments in Other Companies :		
4,000,000	9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 100/- each, fully paid in Kalyani Global Engineering Pvt. Ltd.	400,000,000
	Subtotal (iv) :	400,000,000
	Carried forward :	5,927,841,312

As at  
31<sup>st</sup> March, 2016  
Amount  
₹

### 3.11 Non Current Investments, at Cost : (Contd.)

	Brought forward :	5,927,841,312
(v) Debentures, Unquoted :		
Investments in Associates :		
6,847,000	0% Fully Convertible Debentures of ₹ 100/- each fully paid of Kalyani Financial Services Ltd.	684,700,000
	Subtotal (v) :	684,700,000
	TOTAL :	6,612,541,312
	Book Value of Investments in Quoted Securities :	3,126,284,129
	Book Value of Other Investments :	3,486,257,183
	Market Value of Quoted Investments in securities :	10,743,040,197
	Aggregate provision for diminution of in value of investments :	194,795,157

Name of the Associate	Original cost of investment	Goodwill / (Capital Reserve) included in original cost of investment	Share of post acquisition Reserves and Surplus	Provision for diminution	Carrying amount of investment as at 31 <sup>st</sup> March, 2016
	₹	₹	₹	₹	₹
a) Kalyani Steels Ltd.	309,573,731	(1,705,027,531)	380,503,244	-	690,076,975
b) KSL Holdings Pvt. Ltd.	329,990,000	(163,586,620)	1,281,273,484	-	1,611,263,484
c) Epicenter Technologies Pvt. Ltd.	183,236,491	173,343,967	(65,693,616)	(110,183,558)	7,359,317
d) Kalyani Agro Corporation Ltd.	2	2	(2)	-	-
e) Carpenter Kalyani Special Alloys Pvt. Ltd.	31,953,980	28,321,061	1,122,655	(28,758,980)	4,317,655
f) Kalyani Financial Services Ltd.	47,883,609	2,413,219	(40,462,289)	-	7,421,320
g) Nandi Engineering Ltd.	250,000	(80,322,548)	(250,000)	-	-
h) Synise Technologies Ltd.	16,976,895	15,224,790	1,008,737	(16,976,894)	1,008,738

### 3.12 Deferred Tax Asset :

#### Deferred Tax Asset

Timing difference in respect of depreciation	2,724,000
Share in Deferred tax asset arising on account of timing difference on depreciation and amortisation of Joint Ventures	122,500
Share in Deferred tax asset arising on account of timing difference on provision for employee benefits and others of Joint Ventures	5,365,500
<b>TOTAL :</b>	<b>8,212,000</b>

### 3.13 Long Term Loans and Advances : (Unsecured, Good)

Intercorporate loans <small>(Refer Note No. 3.45)</small>	1,160,520,067
Security deposits	1,339,185
Share in Security deposits of Joint Ventures	13,693,508
Share in Capital advances of Joint Ventures	10,982,784
Share in Loans and advances to employees of Joint Ventures	1,319,888
Share in Supplier advances of Joint Ventures	3,587,520
Share in Balances with Government authorities of Joint Ventures	49,728
Share in Advance tax of Joint Ventures (Refer Note (i) below)	13,205,600
<b>TOTAL :</b>	<b>1,204,698,280</b>

Note (i) Share in Advance tax of Joint Ventures

	₹
Advance income tax	344,363,476
Less : Provision for taxation	(331,157,876)
<b>Net :</b>	<b>13,205,600</b>

As at  
31<sup>st</sup> March, 2016  
Amount  
₹

### 3.14 Current Investments, at lower of Cost and Fair Value :

#### Other than trade :

##### (i) Preference Shares, Unquoted, at cost :

##### Investments in Associates :

3,000,000	6 % Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial Services Ltd.	30,000,000
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Subtotal (i) : 30,000,000

##### (ii) In Units of Mutual Funds, Unquoted :

798,356	Units of ₹ 10/- each of Franklin India Ultra Short Bond Fund - Super Institutional Plan - GROWTH	16,200,000
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7,283	Units of ₹ 1,000 /- each of UTI Treasury Advantage Fund Institutional Plan - Growth	15,000,000
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Subtotal (ii) : 31,200,000

TOTAL : 61,200,000

Book Value of Unquoted Investments : 61,200,000

Aggregate provision for diminution of in value of investments : -

### 3.15 Inventories :

Share in Raw materials and components of Joint Ventures	207,779,764
---	-------------

Share in Goods in transit - raw material of Joint Ventures	7,988,448
--	-----------

Share in Goods in transit - traded goods of Joint Ventures	174,601,700
--	-------------

390,369,912

Share in Work In Progress of Joint Ventures (Refer Note (i) below)	174,673,152
--	-------------

Share in Finished Goods of Joint Ventures	26,711,040
---	------------

Share in Stores and spares of Joint Ventures	31,278,912
--	------------

Less : Share in Provision for slow moving and non moving items of Joint Ventures	(5,974,464)
--	-------------

226,688,640

TOTAL : 617,058,552

#### Note (i) Details of Share in inventory of Work In Progress of Joint Ventures

<b>Particulars</b>	<b>₹</b>
--------------------	----------

Brakes	11,916,960
--------	------------

Casting	9,721,824
---------	-----------

Drive Head	9,341,760
------------	-----------

Forging	22,775,424
---------	------------

Gear & Pinion	59,993,280
---------------	------------

Housing	35,477,376
---------	------------

Others	25,446,528
--------	------------

TOTAL : 174,673,152

Year ended  
31<sup>st</sup> March, 2016  
₹

**3.16 Trade receivables :  
(Unsecured)**

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Share in good trade receivables of Joint Ventures	20,862,800
Share in doubtful trade receivables of Joint Ventures	6,860,860
Less : Share in Provision for doubtful trade receivables of Joint Ventures	<u>(6,860,860)</u>
	-

Other trade receivables

Share in good trade receivables of Joint Ventures	1,635,414,964
Share in doubtful trade receivables of Joint Ventures	93,100
Less : Share in Provision for doubtful trade receivables of Joint Ventures	<u>(93,100)</u>
	<u>1,635,414,964</u>

**TOTAL :** 1,656,277,764

**3.17 Cash and Cash Equivalents :**

Balances with banks

In current accounts	2,829,213
Share in current accounts of Joint Ventures	114,004,364
In term deposit accounts <sup>(a)</sup>	111,000,000
Share in term deposit accounts of Joint Ventures	29,556,800
Other bank balances, in earmarked accounts	
Share in unpaid dividend accounts of Joint Ventures	681,984
Share in Deposit accounts of Joint Ventures	24,864
Share in Deposit accounts - under lien for bank guarantee of Joint Ventures	3,131,100

Cash on hand 9,048

Share in Cash on hand of Joint Ventures 275,492

**TOTAL :** 261,512,865

(a) Term deposits include\_\_

Deposits with original maturity of less than 3 months	-
Deposits with original maturity of more than 3 months but less than 12 months	114,155,964

Year ended  
31<sup>st</sup> March, 2016  
₹

**3.18 Short Term Loans and Advances :  
(Unsecured)**

Intercorporate loans	
Good	352,003,780
Doubtful	16,126,220
Less : Provision	(16,126,220)
	-
Other loans and advances	
Good	65,701
Doubtful	1,453,967
Less : Provision	(1,453,967)
	-
Share in loans and advances to employees of Joint Ventures, Good	2,835,136
Share in Prepaid expenses of Joint Ventures, Good	7,887,844
Share in Balance with Government Authorities of Joint Ventures, Good	43,938,468
Share in loans and advances to Related party of Joint Ventures, Good	3,328,224
Share in other loans and advances of Joint Ventures, Good	62,173,004
Share in Security Deposits of Joint Ventures, Good	122,500
<b>TOTAL :</b>	<b>472,354,657</b>

**3.19 Other Current Assets :**

(Good)	
Interest receivable	13,594,532
Share in Unbilled revenue of Joint Ventures	220,224
Share in Interest accrued on deposits of Joint Ventures	710,008
Share in Freight receivable of Joint Ventures	248,640
Share in Other Receivables of Joint Ventures	
Share in Receivables on Sale of Assets of Joint Ventures	2,969,472
Share in Duty Drawback Receivable of Joint Ventures	5,012,700
Share in Refund receivable from sales tax authorities of Joint Ventures	235,200
<b>TOTAL :</b>	<b>22,990,776</b>



Year ended  
31<sup>st</sup> March, 2016  
₹

**3.20 Revenue from Operations :**

Share in Sale of products of Joint Ventures (Refer Note (i) below)	9,633,094,628
Interest received on loans	15,337,837
Interest received on bank deposits	13,293,412
Other Operating Revenue -	
Share in Tooling Income of Joint Ventures	7,384,608
Share in Income from wind power generation of Joint Ventures	3,910,752
Share in Duty Drawback claims of Joint Ventures	8,609,300
Share in Income from Technical Services Fees of Joint Ventures	38,847,200
<b>REVENUE FROM OPERATIONS (GROSS) :</b>	<b>9,720,477,737</b>
Less : Share in Excise duty of Joint Ventures	(471,613,204)
<b>REVENUE FROM OPERATIONS (NET) :</b>	<b>9,248,864,533</b>

**Note (i) Sale of Product Comprises of :**

**Traded Goods**

Drive Axles	4,052,888,000
Brakes	351,222,200
Other Component and Spares	629,757,800
	<u>5,033,868,000</u>

**Manufactured Goods**

Axle Housings	127,932,384
Axles	2,841,703,008
Break Assemblies	866,215,584
Others	763,375,652
	<u>4,599,226,628</u>

**Total Sale of Products :**

9,633,094,628

**3.21 Other Income :**

Dividend received on long term investments	92,030,693
Profit on sale of short term investments (Net)	19,651,894
Share in profit of partnership firm	2,009
Profit on sale of assets	1,193,582
Share in Interest income of Joint Ventures	4,818,240
Share in Net gain on foreign currency transactions and translation of Joint Ventures	17,493,000
Share in Provisions no longer required written back of Joint Ventures	6,500,832
Share in Provision for doubtful trade receivables written back of Joint Ventures	4,238,500
Miscellaneous Income	28,649
Share in Miscellaneous Income of Joint Ventures	2,416,856
Share in Export Incentives of Joint Ventures	401,376

**TOTAL :**

148,775,631

Year ended  
31<sup>st</sup> March, 2016  
₹

**3.22 Purchases of Stock In Trade :**

Share in Purchases of Drive Axels of Joint Ventures	3,905,202,000
Share in Purchase of Brakes of Joint Ventures	336,434,000
Share in Purchase of Other Component and Spares of Joint Ventures	475,020,700
<b>TOTAL :</b>	<u><u>4,716,656,700</u></u>

**3.23 Cost of materials consumed :**

Share in Opening stock of Joint Ventures	220,663,044
Add : Share in Purchases of Joint Ventures	<u>3,070,090,964</u>
	<u>3,290,754,008</u>
Less : Share in Closing stock of Joint Ventures	215,768,212
Less : Share in Scrap sales and cash discount of Joint Ventures	<u>103,121,664</u>
<b>COST OF MATERIAL CONSUMED :</b>	<u><u>2,971,864,132</u></u>

**Note (i) Material Consumption comprises of:**

Steel	405,649,056
Castings	583,888,416
Forgings	872,143,872
Bought out Finished	644,474,880
Gear Sets	44,330,300
Carrier Assembly	2,856,700
Others	<u>418,520,908</u>
<b>TOTAL :</b>	<u><u>2,971,864,132</u></u>

**3.24 Changes in inventories of finished goods and work in progress :**

Inventories at the end of the year :	
Share in Finished goods of Joint Ventures	26,711,040
Share in Traded goods of Joint Ventures	174,601,700
Share in Work in progress of Joint Ventures	174,673,152
Less : Share in Provision for slow moving and non moving items of Joint Ventures	<u>(5,974,464)</u>
	<u>370,011,428</u>
Inventories at the beginning of the year :	
Share in Finished goods of Joint Ventures	23,798,400
Share in Traded goods of Joint Ventures	156,506,000
Share in Work in progress of Joint Ventures	<u>180,501,984</u>
	<u>360,806,384</u>
<b>NET (Increase) / Decrease :</b>	<u><u>(9,205,044)</u></u>

Year ended  
31<sup>st</sup> March, 2016  
₹

**3.25 Employee Benefit Expenses :**

Salaries and Wages <small>(Refer Note No. 2.11)</small>	3,886,501
Share in salaries and wages of joint ventures	277,283,432
Share in Contributions to provident and other funds of joint ventures	25,844,356
Share in Staff welfare expenses of joint ventures	26,244,356
<b>TOTAL :</b>	<b>333,258,645</b>

**3.26 Finance Costs :**

Share in Interest on term loan of Joint Ventures	667,776
Share in Interest on working capital borrowings of Joint Ventures	17,209,440
Share in Interest on finance lease of Joint Ventures	644,388
Interest - Other	579,813
Share in Interest - Other of Joint Ventures	544,804
<b>TOTAL :</b>	<b>19,646,221</b>

**3.27 Depreciation and Amortization :**

Tangible assets	6,761,503
Share in Tangible assets of Joint Ventures	144,383,952
Share in Inangible assets of Joint Ventures	11,242,132
Investment property	134,629
<b>TOTAL :</b>	<b>162,522,216</b>

Year ended  
31<sup>st</sup> March, 2016  
₹

**3.28 Other Expenses :**

Share in Stores and spares consumed of Joint Ventures	99,889,344
Share in Power and fuel of Joint Ventures	70,161,356
Share in Increase / (decrease) in excise duty of Joint Ventures	(273,504)
Share in Travelling expenses of Joint Ventures	11,466,920
Rent	595,630
Share in Rent including lease rentals of Joint Ventures	10,468,228
Share in Repairs and Maintenance- Building of Joint Ventures	358,752
Share in Repairs and Maintenance- Plant and machinery of Joint Ventures	59,826,336
Share in Repairs and Maintenance- others of Joint Ventures	13,180,204
Rates and taxes	416,151
Share in Rates and taxes of Joint Ventures	7,348,312
Share in Insurance charges of Joint Ventures	2,768,376
Share in Postage, telephone and telegram of Joint Ventures	3,403,432
Repairs and Maintenance- Vehicle	186,962
Share in Repairs and Maintenance- Vehicle of Joint Ventures	234,432
Share in Directors' sitting fees of Joint Ventures	209,568
Professional fees	6,247,820
Share in Legal and professional fees of Joint Ventures	12,763,504
Audit fees <small>(Refer Note No. 3.31)</small>	440,825
Share in Audit fees of of Joint Ventures	3,981,492
Share in Technical fees of Joint Ventures	46,126,112
Share in Bank charges / commission of Joint Ventures	2,562,668
Share in Outside processing charges of Joint Ventures	127,168,704
Share in Exchange loss of Joint Ventures	2,191,584
Share in Product service of Joint Ventures	1,406,592
Share in Warranty (net) of Joint Ventures	11,437,440
Share in Freight Charges of Joint Ventures	33,324,188
Share in Loss on fixed assets sold / scrapped / written off	3,906,728
Share in Provision for doubtful trade receivable (net) of Joint Ventures	4,518,940
Brand fees	570,000
Corporate Social Responsibility Expenditure <small>(Refer Note No. 3.46)</small>	4,367,400
Share in Corporate Social Responsibility Expenditure of Joint Ventures	2,682,884
Sundry expenses	2,745,844
Share in Sundry expenses of joint ventures	11,166,224
Share in Export expenses of Joint Ventures	16,214,100
Share in Advertisement & business promotion of Joint Ventures	12,681,200
Share in Royalty and Licence Fees of Joint Ventures	436,100
Share in Management Service cost of Joint Ventures	21,751,100
<b>TOTAL :</b>	<b><u>608,931,948</u></b>

As at  
31<sup>st</sup> March, 2016  
Amount  
₹

### 3.29 Contingent Liabilities not provided for :

i)	Corporate Guarantees given, in respect of loans borrowed by other companies <sup>(a)</sup>	
	Guarantee Amount	760,000,000
	Balance outstanding	510,000,000
ii)	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.	Unascertainable
iii)	Share in penalty and interest levied by service tax authorities on wrong credit availed in the register but not utilised for payment of duty for which appal has been filed of Joint Ventures	3,753,400
iv)	Share in income tax matters under appeal of Joint Ventures	2,567,600
v)	Share in excise matters under appeal of Joint Ventures <sup>(b)</sup>	1,285,824
	(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.	
	(b) The jointly controlled entity has won the case at Commissioner of Central Excise (Appeals). However the department has appealed against this order with Customs, Excise and Service Tax Appellate Tribunal.	

### 3.30 Commitments :

Share in estimated amount of contracts remaining to be executed and not provided for of Joint Ventures

i)	Tangible Assets	43,555,324
ii)	Intangible Assets	745,920

### 3.31 Payment to Auditor, inclusive of Service Tax :

As auditor		314,875
Share in audit fees of Joint Ventures		2,390,980
For tax audit		40,075
For certification		85,875
Share in other services of Joint Ventures		1,171,100
Share in reimbursement of expenses of Joint Ventures		419,412
	<b>TOTAL :</b>	<b>4,422,317</b>

### 3.32 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :

There are no micro enterprises and small enterprises to whom Group owes dues which are outstanding at the Balance Sheet date. The disclosure regarding to Micro, Small and Medium Industries is based on information collected by the management on enquiries made with the creditors which have been relied upon by the auditors.

As at  
31<sup>st</sup> March, 2016  
Amount  
₹

### 3.33 Details of unhedged foreign currency exposures :

#### Share in Unhedged Foreign Currency Exposure of Joint Ventures

- a) There are no outstanding Foreign Exchange Contracts entered into by the group as on 31st March, 2016
- b) Foreign Currency exposures as at 31st March, 2016 that have not been hedged by a derivative instrument or otherwise

	Amount in Foreign Currency	Currency	Amount ₹
<b>Due from :</b>			
Trade Receivables	989,800	USD	65,674,700
	259,700	Euro	19,477,500
<b>Due to :</b>			
Trade Payables	442,456	USD	29,350,444
	25,356	Euro	2,042,924

As at  
31<sup>st</sup> March, 2016  
Amount  
₹

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

Profit for the year after taxation, as per the Consolidated Statement of Profit and Loss	1,321,943,736
Weighted Average Number of Equity Shares, outstanding during the period	37,667,628
Basic Earning per Share in rupees	35.09
Diluted Earning per Share in rupees	35.09

### 3.35 Employee Benefits

#### Holding Company

Employee benefits comprise amounts paid for the services of the Key Management Personnel on deputation. No separate provisions of retirement benefits or privilege leave benefits of such employees are recognized in the books of the Holding Company.

#### Jointly Controlled Entities

##### Defined contribution plans

During the year, the Joint Ventures have recognised the following amount in the Consolidated Statement of Profit and Loss

i) Employers contribution to Provident Fund and employees pension scheme	14,423,092
ii) Employers contribution to Superannuation scheme	4,276,228
iii) Employers contribution to Employees State Insurance	4,900

##### Defined benefit plans

- i. Actuarial gains and losses in respect of defined benefit plans are recognized in the Consolidated Statement of Profit & Loss.
- ii. The Defined Benefit Plans comprise of Gratuity as per the terms of service.
- iii. Changes in the present value of defined obligation representing reconciliation of balances thereof are as follows :

	As at 31 <sup>st</sup> March, 2016 Amount ₹
<b>Components of employer expense</b>	
Current service cost	3,311,056
Interest cost	3,102,904
Expected return on plan assets	(3,383,148)
Curtailment cost / (credit)	-
Settlement cost / (credit)	-
Past service cost	-
Actuarial losses/(gains)	3,318,576
<b>Total expense recognised in the Consolidated Statement of Profit and Loss</b>	<b>6,349,388</b>
<b>Actual contribution and benefit payments for year</b>	
Actual benefit payments	(4,378,716)
Actual contributions	8,944,100
<b>Net asset / (liability) recognised in the Balance Sheet</b>	
Present value of defined benefit obligation	46,873,768
Fair value of plan assets	47,245,920
Funded status [Surplus / (Deficit)]	372,152
Unrecognised past service costs	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>372,152</b>
<b>Change in defined benefit obligations (DBO) during the year</b>	
Present value of DBO at beginning of the year	41,615,616
Current service cost	3,311,056
Interest cost	3,102,904
Curtailment cost / (credit)	-
Settlement cost / (credit)	-
Actuarial (gains) / losses	3,222,908
Past service cost	-
Benefits paid	(4,378,716)
Present value of DBO at the end of the year	46,873,768
<b>Change in fair value of assets during the year</b>	
Plan assets at beginning of the year	39,393,056
Acquisition/Demerger adjustment	-
Actual company contributions	8,944,100
Expected return on plan assets	3,383,148
Actuarial gain / (loss)	(95,668)
Benefits paid	(4,378,716)
Plan assets at the end of the year	47,245,920

	As at 31 <sup>st</sup> March, 2016 Amount ₹
<b>Actual return on plan assets</b>	
Expected return on plan assets	3,383,148
Actuarial Gains / (Losses) on plan assets	(95,668)
Actual return on plan assets	3,287,480
<b>Actuarial assumptions</b>	
Discount rate	7.64% - 7.70%
Expected return on plan assets	8% - 9.25%
Salary escalation	5% - 9%
Attrition	10.25%
<b>Experience adjustments</b>	
<b>Gratuity</b>	Mar-16 ₹
Present value of DBO	46,873,768
Fair value of plan assets	47,245,920
Funded status [Surplus / (Deficit)]	372,152
Experience gain / (loss) adjustments on plan liabilities	3,222,908
Experience gain / (loss) adjustments on plan assets	(95,668)

The table below gives summary of the Jointly controlled entities' obligations for other long term employee benefits in the form of privileged leave encashment.

	As at 31 <sup>st</sup> March, 2016. ₹
Present Value of Obligation	8,037,160
Fair Value of Plan Assets	-
Net asset/(liability) recognized in the Balance Sheet	(8,037,160)
Net liability is bifurcated as :	
Current :	2,353,160
Non current :	5,684,000

Note : In respect of one jointly controlled entity, Meritor HVS (India) Limited, the details with respect to investment by the fund manager (Life Insurance Corporation of India) in to major category of plan assets have not been disclosed, in the absence of such information.



### 3.36 Segment Reporting

The operations of the Group relate to two business segments - viz. activities as core investment company and manufacture and sale of automotive components

#### a) Primary Segment

Particulars	Core Investment Company 31 <sup>st</sup> March, 2016 ₹	Automotive Components 31 <sup>st</sup> March, 2016 ₹	Total 31 <sup>st</sup> March, 2016 ₹
<b>Revenue</b>			
External revenue	28,631,249	9,161,481,424	9,190,112,673
Inter Segment Revenue	-	-	-
Other Operating Revenue	-	58,751,860	58,751,860
<b>Total Segment Revenue</b>	<b>28,631,249</b>	<b>9,220,233,284</b>	<b>9,248,864,533</b>
<b>Result</b>			
Segment Results Profit / (Loss)	115,184,811	493,608,516	608,793,327
Unallocated Corporate Exp (net)			-
Interest Expense			(19,646,221)
Share of Profits / (Losses) of Associates (Net)			898,171,069
Share in Interest income of Joint Ventures			4,818,240
Profit before Tax including Share of Profits / (Losses) of Associates (Net)			1,492,136,415
Tax expense			(170,192,679)
<b>Profit for the year</b>			<b>1,321,943,736</b>
<b>Other Information</b>			
Segment Assets	8,338,337,003	3,236,633,404	11,574,970,407
Unallocated Corporate Assets			21,417,600
<b>Total Assets</b>			<b>11,596,388,007</b>
Segment Liabilities	2,725,533	220,576,260	223,301,793
Unallocated Corporate Liabilities			1,381,904,698
<b>Total Liabilities</b>			<b>1,605,206,491</b>
Cost incurred during the year to acquire Segment fixed assets	9,804,188	125,941,312	135,745,500
Depreciation/Amortisation	6,896,132	155,626,084	162,522,216
Non-cash expenses other than depreciation/amortisation	-	8,425,668	8,425,668

#### b) Secondary Segment - Geographical segments according to location of customers

Segment Revenue	Total Amount 31 <sup>st</sup> March, 2016 ₹
Domestic	8,762,245,533
Export	486,619,000
<b>Total</b>	<b>9,248,864,533</b>

Note:

The Group's operating facilities are located in India

### 3.37 Related Party Disclosures :

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

i) Key Management Personnel Mr. Jeevanprasad Patwardhan, the Chief Executive Officer and Chief Financial Officer

Mr. Satish Kshirsagar, the Company Secretary

b) Transactions with Related Parties :

Nature of transaction	Key Management Personnel		Total
	Mr. Jeevanprasad Patwardhan	Mr. Satish Kshirsagar	
	₹	₹	
Remuneration to Key Management Personnel <sup>@</sup>	3,029,189	857,312	3,886,501

@ Represents amounts paid to Key Management Personnel on deputation.

c) Balances with Related Parties :

There are no outstanding balances with related parties as at 31st March, 2016

### 3.38 Investment in Capital of Partnership Firm :

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

Name of the Partner	Capital Contribution	Profit/Loss sharing ratio
	₹	%
BF Investment Ltd.	-	60%
Kalyani Investment Company Ltd.	-	20%
Sundaram Trading and Investment Pvt. Ltd.	-	10%
Axiom Project Consultants Pvt. Ltd.	-	10%
<b>TOTAL :</b>	-	<b>100%</b>

The partnership firm has been dissolved during the year in pursuance of a deed of dissolution executed on 26<sup>th</sup> May, 2015. The accounts of the partnership have accordingly been prepared and partners' capital balances have been settled.

### 3.39 Lease :

For the year  
ended 31 March,  
2016

₹

#### Finance Leases

The Group has taken certain vehicles, computers and office equipments on lease.

Future minimum lease payments in respect of non-cancellable leases:

amounts due within one year from the date of balance sheet	4,256,832
amounts due in the period between one year and five years	637,000
amounts due after five years	-

4,893,832

Less : Interest Payable

600,288

Present Value of minimum lease payments

4,293,544

#### Operating Leases

The Group has taken certain premises on lease.

Future minimum lease payments in respect of non-cancellable leases:

amounts due within one year from the date of balance sheet	5,605,600
amounts due in the period between one year and five years	-
amounts due after five years	-

5,605,600

Lease payments debited to the statement of profit and loss

11,063,858

Above Figures represents share in expenses of Joint Ventures

### 3.40 Provisions and Contingencies :

	As at 1 <sup>st</sup> April, 2015	Additions	Utilisation	Reversal (withdrawn as no longer required)	As at 31 <sup>st</sup> March, 2016
	₹	₹	₹	₹	₹
Share in provision for warranty of jointly controlled entities	6,784,056	14,236,416	3,143,256	2,823,840	15,053,376

3.41 Legal title to some of 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 5<sup>th</sup> February, 2010 referred to herein before, could not be transferred in the name of the Company as at 31<sup>st</sup> March, 2016. The Company is in the process of completing the required legal formalities.

3.42 3,000,000 6% Non-cumulative Redeemable Preference Shares of ₹10/- each, fully paid in Kalyani Financial Services Limited are redeemable on or before 30<sup>th</sup> December, 2016.

3.43 4,000,000 9% Cumulative Redeemable Non - Convertible Preference Shares of ₹ 100/- each, fully paid in Kalyani Global Engineering Pvt. Ltd. are redeemable on the expiry of 20 years from the date of allotment, i.e. on 7<sup>th</sup> January, 2036, with an option to the said Company to redeem the said preference shares, in one or more tranches, at any time on or after 7<sup>th</sup> July, 2016.

3.44 Of the 6,847,000 0% Fully Convertible Debentures (FCD) of ₹ 100/- each fully paid of Kalyani Financial Services Limited, 1,577,000 FCDs are compulsorily convertible into Equity Shares of ₹ 10/- each fully paid up at a premium of ₹ 20/- per share on or before 31<sup>st</sup> March, 2021. 5,270,000 FCDs are compulsorily convertible into such number of fully paid up Equity Shares of ₹ 10/- each at such a price as shall be fixed by the said Company on or before 27<sup>th</sup> September, 2022.

3.45 Long term loans given :

The Company has given letter of subordination to Nandi Economic Corridor Enterprises Ltd. (NECE) and Airro (Mauritius) Holdings V, whereby the Company has agreed to subordinate the loan of ₹ 1,160,520,067 granted by it to NECE, until the entire stakeholding of Airro (Mauritius) Holdings V in NECE Ltd. is completely sold off or all the amounts payable by NECE Ltd. to Airro (Mauritius) Holdings V in terms of the Shareholders Agreement dated 24<sup>th</sup> December, 2010, between Airro (Mauritius) Holdings V and NECE Ltd. are fully paid off.

3.46 Disclosures in accordance with Guidance note on Accounting for Expenditure on Corporate Social Responsibility Activities:

	Year ended 31 <sup>st</sup> March, 2016		
	₹		
Gross Amount required to be spent by the Group during the year	7,063,512		
	In Cash	Yet to be paid in Cash	Total
	₹	₹	₹
Amount spent during the year for financial year 2015-2016 on			
i) Construction or Acquisition of any asset	824,064	1,851,716	2,675,780
ii) On purpose other than (i) above	24,864	-	24,864

3.47 Since the Group has prepared Consolidated Financial Statements for the first time, figures for previous year have not been given.

3.48 Statement on Form AOC-I, pursuant to the first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with rule 5 of the Companies (Accounts) Rules, 2014 is annexed.

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo  
Chartered Accountant

M. U. Takale  
Director

B. B. Hattarki  
Director

J. G. Patwardhan  
Chief Executive Officer &  
Chief Financial Officer

S. R. Kshirsagar  
Company Secretary

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

Place : Pune  
Date : 20<sup>th</sup> August, 2016.

## Form AOC - 1

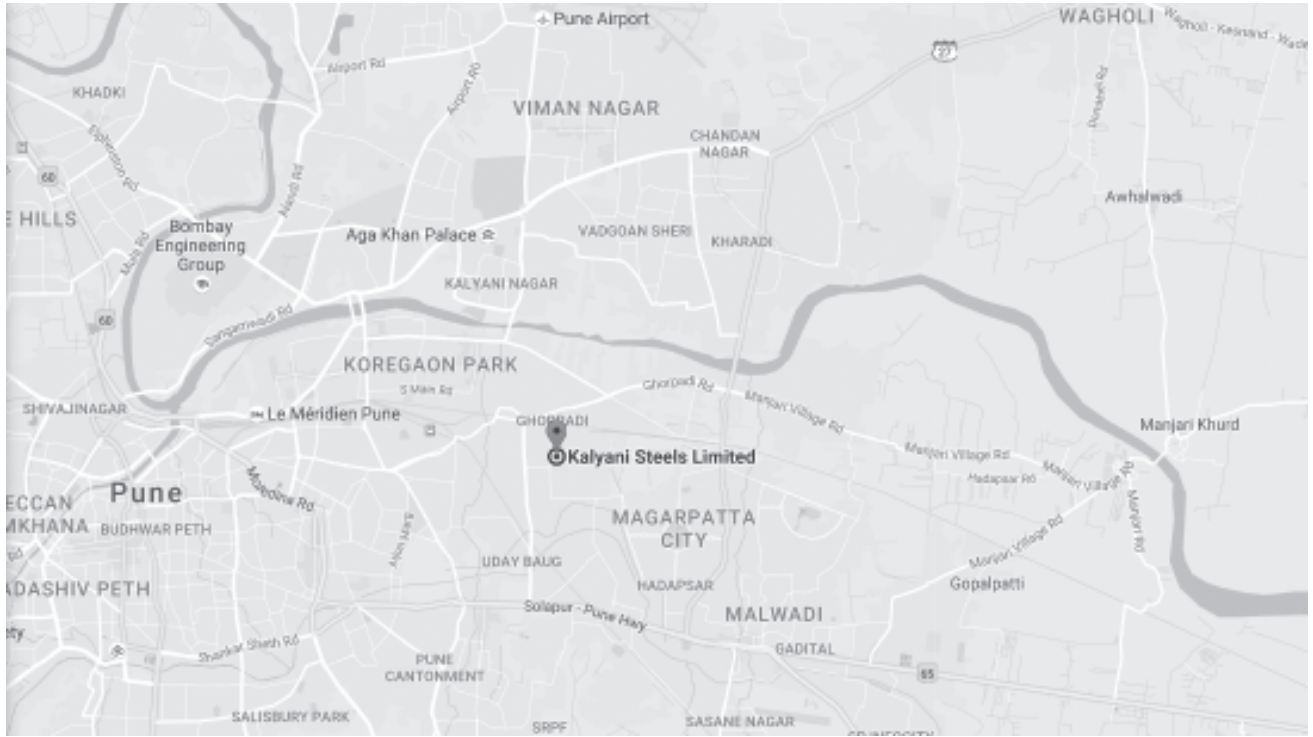
(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with rule 5 of the Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of associate companies and joint ventures

Sr. No.	Name of the Associates / Joint Ventures	Kalyani Steels Ltd.	KSL Holdings Pvt. Ltd.	Epicer Technologies Pvt. Ltd.	Kalyani Agro Corporation Ltd.	Carpenter Kalyani Special Alloys Pvt. Ltd.	Kalyani Financial Services Ltd.	Nandi Engineering Ltd.	Synise Technologies Ltd.	Automotive Axles Ltd.	Meritor HVS (India) Ltd.
1	Latest audited Balance Sheet Date	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16
2	Shares of Associates / Joint Ventures held by the Company on the year end	17,052,421	32,999,000	16,183,636	579,000	3,195,398	2,940,000	25,000	1,131,793	5,367,806	1,190,694
i	Nos.	690,076,975	1,611,263,484	7,359,317	-	4,317,655	7,421,320	-	1,008,738	260,686,926	11,906,930
ii	Amount of Investment in Associates / Joint Ventures <sup>(a)</sup>	39.06	50.00	27.72	29.57	45.51	49.00	40.00	46.77	35.52	49.00
iii	Extent of Holding %	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)
3	Description of how there is significant influence	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)
4	Reason why the associate / joint venture is not consolidated	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)	Note - (b)
5	Networth attributable to Shareholding as per latest audited Balance Sheet	2,300,709,112	1,774,850,102	26,729,842	(23,303,773)	4,755,575	5,008,102	(197,119,336)	2,760,891	1,162,207,296	422,473,100
6	Profit / (Loss) for the year	443,155,994	454,323,259	11,217,730	(1,479)	231,220	(2,100,486)	(1,012,706)	(4,798,235)	123,517,248	193,300,100
i	Considered in Consolidation <sup>(c)</sup>	691,395,963	454,323,258	29,250,270	(3,521)	276,844	(2,186,220)	(1,519,058)	(5,460,980)	224,222,752	201,189,900
ii	Not Considered in Consolidation <sup>(d)</sup>										

**Notes :**

- (a) Carrying amount of investments in Associates and cost of investments in Joint Ventures have been stated.
- (b) There is significant influence due to percentage (%) of Share Capital.
- (c) Profit / (Loss) for the year of Associates considered in consolidation also include losses of Associates where carrying amounts of investments are NIL.
- (d) Profit / (Loss) for the year not considered in consolidation is the total profit / (loss) for the year of the respective Associate / Joint Venture minus amounts stated against Sr. No. 6-i.

## Route Map for Venue of Annual General Meeting



# BF INVESTMENT LIMITED

CIN : L65993PN2009PLC134021

Registered Office : Mundhwa, Pune Cantonment, Pune 411 036  
Administrative Address : Cyber City, Tower 15, Level 6, Office 602,  
Magarpatta City, Hadapsar, Pune 411013  
Phone : +91 20 66292550  
Email : bfinvestment@vsnl.net Website : http://www.bfilpune.com

## 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 Seventh Annual General Meeting of the Company, to be held on Friday, the 30<sup>th</sup> day of September, 2016 at 2.00 p.m. (I.S.T.) at Kalyani Steels Limited 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 Seventh Annual General Meeting dated 20 <sup>th</sup> August, 2016)	Vote *(For Options See Note 4)		
		For	Against	Abstain
1.	Adoption of the Financial Statements of the Company for the year ended 31 <sup>st</sup> March, 2016 and the reports of the Board of Directors and Auditors thereon.			
2.	Appointment of Mr. A. B. Kalyani, (DIN : 00089430) as a Director, who retires by rotation, and being eligible, offers himself for re-appointment			
3.	Ratification of appointment of Mr.P.V. Deo, Chartered Accountant, Pune as Auditor of the Company			

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

Signature of member : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Please affix  
Revenue  
Stamp

(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.











**KALYANI**  
DRIVING INNOVATION

# **BF INVESTMENT LIMITED**

MUNDHWA, PUNE CANTONMENT, PUNE 411 036  
MAHARASHTRA, INDIA.  
website : [www.bfilpune.com](http://www.bfilpune.com)