INFORMATION MEMORANDUM
(Private & Confidential)

BF INVESTMENT LIMITED

Registered Office: Mundhwa, Pune – 411 036.
Phone: 020- 2670 2460, 020 – 2670 2618 Fax: 020 – 2682 3061.
E-mail: bfinvestment@vsnl.net, Contact Person : Mr. Satish Kshirsagar

BF Investment Limited was incorporated on May 26, 2009 under the Companies Act, 1956. The Company's name has not been changed since incorporation.

INFORMATION MEMORANDUM FOR LISTING OF 37,667,628 EQUITY SHARES OF RS.5 EACH FULLY PAID UP.

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS
Investment in Equity and Equity related securities involve a degree of risk and investors should not invest in the equity shares of BF Investment Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of BF Investment Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risk involved.
ABSOLUTE RESPONSIBILITY OF BF INVESTMENT LIMITED
BF Investment Limited, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to BF Investment Limited, which is material, that the information contained in this Information Memorandum is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
LISTING
The Equity Shares of BF Investment Limited are proposed to be listed on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Pune Stock Exchange.
REGISTRAR AND TRANSFER AGENT
LINK INTIME INDIA PVT LTD LINK INTIME INDIA PRIVATE LIMITED. Block No.202, 2nd Floor, Akshay Complex, Near Ganesh Mandir, Off.Dhole Patil Road Pune – 411 001 Phone: 020 – 2605 1629, 020 – 2605 0084 Fax: 020 – 2605 3503 Website: **www.linkintime.co.in** E-mail: **pune@linkintime.co.in** SEBI Reg. No.: INR000004058

TABLE OF CONTENTS

CHAPTER I – GENERAL

DEFINITIONS, ABBREVIATIONS and INDUSTRY RELATED TERMS…… 3
CERTAIN CONVENTIONS, USE OF MARKET DATA…… 5
FORWARD LOOKING STATEMENTS…….. 6

CHAPTER II – RISK FACTORS

RISK FACTORS…….. 7

CHAPTER III – INTRODUCTION

SUMMARY…… 11
GENERAL INFORMATION…….. 12
CAPITAL STRUCTURE…….. 14
COMPOSITE SCHEME OF ARRANGEMENT…… 36
STATEMENT OF TAX BENEFITS…… 39

CHAPTER IV – ABOUT BF INVESTMENT LIMITED

INDUSTRY AND BUSINESS OVERVIEW…… 50
HISTORY…… 51
MANAGEMENT…… 52
PROMOTERS…… 58
CURRENCY OF PRESENTATION…… 59
DIVIDEND POLICY…….. 59

CHAPTER V – FINANCIAL INFORMATION

FINANCIAL INFORMATION OF THE COMPANY…… 60
GROUP COMPANIES FINANCIAL AMD OTHER INFORMATION…… 95
MANAGEMENT DISCUSSION AND ANALYSIS…….. 107

CHAPTER VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL INFORMATION…… 109

CHAPTER VII – REGULATORY AND STATUTORY DISCLOSURES

REGULATORY AND STATUTORY DISCLOSURES…….. 123
MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION……... 127

CHAPTER VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION…….. 137
DECLARATION……

DEFINITIONS / ABBREVIATIONS

- **GENERAL TERMS**

Act / Companies Act	:	The Companies Act, 1956 and subsequent amendments thereto.
Amalgamated Company	:	BF Utilities Limited
Amalgamating Companies	:	Bhalchandra Investment Limited, Forge Investment Limited, Mundhwa Investment Limited, Jalakumbhi Investment and Finance Limited, Jalakamal Investment and Finance Limited, Kalyani Utilities Development Limited – singly or collectively.
Appointed Date	:	1ST April, 2009
Articles / Articles of Association	:	Articles of Association of BF Investment Limited
Board / Board of Directors	:	Board of Directors of BF Investment Limited
BFIL	:	BF Investment Limited
BFUL	:	BF Utilities Limited
BSE	:	The Bombay Stock Exchange Limited
CAGR	:	Compounded Annual Growth Rate
CDSL	:	Central Depository Services (India) Limited.
Company	:	BF Investment Limited
Demerged Company	:	BF Utilities Limited
Demerged Undertaking	:	Investment Business undertaking of the Demerged Company.
Effective Date	:	26th February, 2010
EPS	:	Earning Per Share (EPS = Profit After Tax/No. of Equity Shares)
Equity Shareholders	:	Equity shareholders of the Company whose names appear as: a. Beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form *and* b. On the Register of Members of the Company in respect of the Equity Shares held in physical form. The terms shall also apply *mutatis mutandis* to BFUL
FEMA	:	The Foreign Exchange Management Act, 1999
FERA	:	Foreign Exchange Regulation Act, 1973
FY	:	Financial Year
GDP	:	Gross Domestic Product
HUF	:	Hindu Undivided Family
Kalyani Group	:	Companies promoted by Mr. B. N. Kalyani and the associates of these Companies.
Memorandum	:	Memorandum of Association of BF Investment Limited
NAV	:	Net Asset Value
NRE	:	Non-Resident External
NRI	:	Non-Resident Indian.
NSDL	:	National Securities Depository Limited.
NSE / Designated Stock Exchange	:	National Stock Exchange of India Limited
PAN	:	Permanent Account Number
PAT	:	Profit After Tax
PSE	:	Pune Stock Exchange Limited
RBI	:	Reserve Bank of India
Record Date	:	12th March, 2010

Resulting Company	:	BF Investment Limited
ROC	:	ROC : Registrar of Companies, Maharashtra, Pune
RONW	:	RONW : Return on Networth {RONW = Profit After Tax/Networth)*100}
RTA	:	RTA : Registrar and Transfer Agent
Scheme/The Scheme	:	The Composite Scheme of Arrangement between Bhalchandra Investment Limited, Forge Investment Limited, Mundhwa Investment Limited, Jalakumbhi Investment and Finance Limited, Jalakamal Investment and Finance Limited, Kalyani Utilities Development Limited, BF Utilities Limited and BF Investment Limited and their respective shareholders approved by the Honorable High Court of Judicature at Bombay.
SEBI	:	Securities and Exchange Board of India
SEBI Act, 1992	:	Securities and Exchange Board of India Act, 1992 and amendments thereto
ICDR Regulations	:	SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 issued by SEBI, as amended, including instructions and clarifications issued by SEBI from time to time
Stock Exchange(s)	:	Shall refer to the NSE, BSE and PSE where the Equity Shares of the Demerged Company are presently listed and where the Equity Shares of the Resulting Company are proposed to be listed in terms of the Scheme.

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of India. The Company was incorporated on 26th May, 2009 specifically for transferring to it the Demerged Undertaking of BF Utilities Ltd. The Company has accordingly taken over the Demerged Undertaking of BF Utilities Ltd. on the effective date of the Scheme i.e. 26th February, 2010. The first financial year of the Company closed on 31st March, 2010.

However the Company has prepared financial statements, after incorporating the assets and liabilities, income and expenditure with respect to the Demerged Undertaking taken over by the Company from the Appointed Date. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

For definitions, please see the section titled "Definitions, Abbreviations and Industry Related Terms" of this Information Memorandum.

All references to "India" contained in this Information Memorandum are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the legal currency of the Republic of India.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness is not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information, if any, included in this Information Memorandum about the various other companies is based on their respective Annual Reports and information made available by the respective companies.

FORWARD-LOOKING STATEMENTS

We have included statements in this Information Memorandum, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in laws and regulations in India;
- Changes in political conditions in India; and
- Changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” of this Information Memorandum. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may loose all or part of your investment.

- **INTERNAL RISK FACTORS**

1. Contingent Liabilities

The Demerged Undertaking transferred to the Company contains following contingent liabilities determination of which against the Company may adversely affect the financial position.

a) Corporate Guarantee provided to the bank for loan availed by third party Rs.90 Million.
b) Conveyance deed in respect of the ownership premises of the Company at Antariksha Bhavan, New Delhi has not been executed as yet. Liability on that account has not been provided by the Company.

Further the Company has the following contingent liability:

c) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 5.99 Million

2. Investment Risk

The Demerged Undertaking taken over by the Company has share holdings in various companies

As on the Appointed Date the book value of all such investments is Rs. 2893.61 Million

We rely on the ability of our investee companies to generate earnings and pay dividends to us, and any decline in the earnings of the investee companies or their ability to pay dividends to us would materially and adversely affect our earnings and operational flexibility.

We cannot assure you that the operating companies, in which we are holding shares, will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to enable us to meet our obligations and expenses or declare dividends. The ability of the said operating companies to pay dividend depends on their business considerations. Accordingly, we cannot assure you that the operating companies or our Company will be able to pay dividends.

We will have to provide for diminution in value of investments in respect of shareholdings in various companies, if such diminution is considered to be of permanent nature. If the market conditions turn adverse and / or if the realizable value / share price of the investee company falls below our cost price for any reasons, and we decide to sell these shares, such transaction may result in loss. This will impact the profitability of the Company.

3. Loan risks

The Demerged Undertaking taken over by the Company has loans and advances given to other companies. As on the Appointed Date the amount of loans and advances given to various companies is Rs. 1817.28 Million. Non recovery of interest or loans or both will adversely affect the financial position of the Company.

4. Dependence on management team

We are highly dependent on certain key personnel, and the loss of any key team member may adversely affect our business performance.

The Demerged Company is in the process of transferring certain employees pertaining to the Demerged Undertaking to the Company. If one or more such employee is unable or unwilling to continue in their new positions, such persons would be difficult to replace and our business, prospects, financial condition and results of operations could be adversely affected.

5. Regulatory Risk

The business operations of the Demerged Undertaking is regulated by Reserve Bank of India, under various guidelines issued for Non Banking Finance Companies (NBFC).

The regulatory environment in which the Company operates is also subject to change and the Company may be adversely affected as a result of new or revised legislations or regulations imposed by the regulatory authorities.

The Company requires certain approvals, licenses, registration and permissions under various regulations, guidelines, circulars etc. issued by the regulatory and government authorities for operating its business. The Company's ability to conduct business is dependent upon the continued renewal of its registration certificate by the Reserve Bank of India. Any non compliance with some of the regulations could attract warning, penalties, suspension / cancellation of registration and other penal actions.

Reserve Bank of India vide its circular no. RBI/2010-11 /168 DNBS(PD) CC. No. 197/03.10.001/2010-11 dated August 12, 2010 has announced regulatory framework for Core Investment Companies (CICs). We are in the process of applying to Reserve Bank of India for registration of our Company as CIC. Any delay in respect of such registration or non receipt of registration, will seriously affect our ability to carry on the business.

EXTERNAL RISK FACTORS

1. A slowdown in economic growth in India could cause the business to suffer

Any slowdown in the growth of Indian economy or future volatility in global financial market, could adversely affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

2. Significant change in the Government's economic liberalization and deregulation policies

The Government's economic policies have had and could continue to have a significant effect on public and private sector entities, including BF Investment Limited and on market conditions and prices of Indian securities. Any significant change in the Government's policies or any political instability in India could adversely affect the business and economic conditions in India and could also adversely affect the business, future financial performance and the price of Company's Equity Shares.

3. Decline in India's foreign exchange reserves

At present, India's foreign exchange reserve is one of the largest in the world. A decline in forex reserves could result in reduced liquidity and higher interest rates in the Indian economy. Reduced liquidity or an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect business and financial performance of the Company and the price of Equity Shares.

4. Downgrading of India's debt rating

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact the ability to raise additional financing from domestic and overseas markets, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on the business and financial performance and adversely affect the ability to raise resources at competitive rates.

5. Sensitivity to the economy and extraneous factors

The Company's performance is highly correlated to the performance of the economy and the financial markets. The health of the economy and the financial markets in turn depends on the domestic economic growth, state of the global economy and business and consumer confidence, among other factors. Any event disturbing the dynamic balance of these diverse factors would directly or indirectly affect the performance of the Company.

6. Terrorist attacks and other acts of violence or war involving India

Terrorist attacks and other acts of violence or war may negatively affect the Indian stock markets and also adversely affect the global financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect the business, results of operations and financial condition.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on the Company.

Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel and transportation more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares

7. **After this listing, the prices of our Company's equity shares may be volatile, or an active trading market for our Company's equity shares may not develop.**

   There has been no public market for our Company's equity shares till now and the prices of our Company's equity shares may fluctuate after this listing. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this listing. Our Company's share price could be volatile.

   This section should be read in conjugation with the section titles "Outstanding Litigation and Material Developments.

INTRODUCTION

- **SUMMARY**

You should read the following summary together with the risk factors and the more detailed information about us and our financial results included elsewhere in this Information Memorandum.

- **Industry and Business Summary**

Pursuant to the Composite Scheme of Arrangement, the Investment business of BF Utilities Limited has been demerged into the Company. As on 31st March, 2010, the Company held, investments *inter alia* in the following operating Companies of the Kalyani Group and Others:

Sr. No.	Investee Company	Face Value (Rs.)	No. of Equity Shares	Percentage of Holdings (%)
1.	Automotive Axles Limited	10	5,367,806	35.52
2.	Hikal Limited	10	436,450	2.65
3.	Bharat Forge Limited	2	5,807,338	2.61
4.	Kalyani Steels Limited	10	17,052,371	39.06
5.	Kalyani Forge Limited	10	569,600	15.66
6.	Kalyani Hayes Lemmerz Limited	10	2,399,998	15.00
7.	Kalyani Carpenter Metal Center Limited	10	3,195,398	45.51
8.	Meritor HVS (India) Limited	10	1,190,694	49.00
9.	Epicenter Technologies Private Limited	10	13,805,936	27.69
10.	Synise Technologies Private Limited	10	1,131,793	46.77
11.	Kalyani Financial Services Limited	10	2,940,000	49.00
12.	KSL Holdings Private Limited	10	32,999,000	49.99
13.	Kalyani Agro Corporation Limited	10	579,000	46.03
14.	Khed Economic Infrastructure Pvt. Ltd	10	52,000,000	17.33

The Company's main source of income presently will be the return from its investments in these operating Companies. None of these operating companies is a subsidiary of the Company.

Please refer to the RISK FACTOR about BF Investment Limited for more details.

- **Business Reorganisation**

BFUL, the Amalgamating Companies, and BFIL at their meetings of the Board of Directors held on August 25, 2009 have considered and approved the Composite Scheme of Arrangement (Scheme), which provides that the Infrastructure Undertakings as explained in Clause 2.10 of the Scheme shall vest in BF Utilities Limited and the Investment Business Undertaking, as explained in Clause 2.6 of the Scheme shall stand transferred to and vested in BF Investment Limited.

The Hon'ble High Court of Bombay has approved the Scheme vide its order dated 5th February, 2010 which was filed with the office of the Registrar of Companies, Pune Maharashtra on 26th February, 2010.

The Scheme provides for issue and allotment of 1(one) Equity Share of Rs.5/- each fully paid up of BFIL for every 1(one) Equity Share of Rs.5/- each held in BFUL (by the Shareholders of BFUL) on the Record Date.

The Board of Directors of the Company has allotted 37,667,628 Equity Shares of Rs.5/- each fully paid-up to the shareholders of BFUL as on Record Date fixed by the Demerged Company i.e. BFUL.

- **Financial, Operating and Other Data**

For information on Financial, Operating and Other Data, please refer to Chapter V "Financial Information" on page no. 60 of this Information Memorandum.

GENERAL INFORMATION

BF Investment Limited was incorporated on May 26, 2009 under the Companies Act, 1956. The Company's name was not changed since incorporation

- **Address of the Registered office of the Company:**

  Mundhwa,
  Pune – 411 036
  Phone: 020 – 2682 2552 , 020- 2670 2618
  Fax: 020 - 26823061

- **Corporate Identity Number:** U65993PN2009PLC134021

- **Address of Registrar of Companies:**

  Registrar of Companies,
  PMT Commercial Complex, Deccan Gymkhana,
  Pune – 411 004 Maharashtra

- **Board of Directors as on the date of filing of the Information Memorandum:**

Sr. No.	Name
1.	Mr. B.N. Kalyani – Chairman
2.	Mr. A.B. Kalyani – Director
3.	Mr. B. B. Hattarki – Independent Director
4.	Mr. M.U. Takale - Independent Director

  For further details of the Board of Directors of the Company, please see – the Section titled "Management" of this Information Memorandum.

- **Company Secretary and Compliance Officer:**

  Mr. Satish Kshirsagar
  BF Investment Limited.
  Mundhwa,
  Pune – 411 036
  Phone: 020- 2682 2552
  Fax: 020 – 2682 3061
  Email: bfinvestment@vsnl.net

- **Bankers to the Company:**

  1. Axis Bank Ltd.
  2. HDFC Bank Ltd.

- **Auditors:**

  Prashant V. Deo
  Chartered Accountants
  Flat No.11, Bldg No.8 B,
  Laxminarayan Nagar # 4 C.H.Society,
  11-12, Erandawane,
  Pune – 411 004
  Phone: 020 - 25465542
  Email: pvdeo@vsnl.net

- **Registrar and Transfer Agent:**

  LINK INTIME INDIA PRIVATE LIMITED.
  Block No.202, 2nd Floor, Akshay Complex,
  Near Ganesh Mandir, Off.Dhole Patil Road
  Pune – 411 001
  Phone: 020 – 2605 1629, 020 – 2605 0084 Fax: 020 – 2605 3503
  Website: **www.linkintime.co.in**
  E-mail: **pune@linkintime.co.in**
  SEBI Reg. No.: INR000004058

CAPITAL STRUCTURE

- **SHARE CAPITAL**

Consequent to issue and allotment of shares pursuant to the Scheme, the Share Capital of the Company is as follows

Rupees

A.	Authorized Share Capital 40,000,000 Equity Shares of Rs.5/- each	200,000,000
B.	Equity Capital after the implementation of the Scheme	
	37,667,628 Equity Shares of Rs.5/- each	188,338,140
C.	Securities Premium Account	
	Before the Scheme	Nil
	After the Scheme	Nil

1) The Authorized Share Capital of the Company at the time of incorporation was Rs. 20,000,000/- divided into 4,000,000 equity shares of Rs.5/- each.

2) Authorized Share Capital of the Company has been increased to Rs. 200,000,000 divided into 40,000,000 Equity shares of Rs. 5/- each in terms of Clause 13 of the Scheme

3) As per the Clause 12 of the Scheme, the Board of Directors of the Company has issued and allotted on 15th March, 2010, 37,667,628 Equity Shares of Rs.5/- each fully paid-up to the eligible members of BF Utilities Limited whose name appeared in the Register of Members as on the Record Date.

4) Prior to the allotment of shares as per the Scheme, the Issued, Subscribed, and Paid up Share Capital of the Company was Rs 20,00,000 divided into 4,000,000 equity shares of Rs.5/- each, which in terms of Clause 15.2 of the Scheme, have been cancelled.

- **Notes to Capital Structure**

1) Share Capital History of the Company

Sr	Date of Allotment	Date when Fully Paid up	Consideration	No of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	% of post Arrangement paid-up Capital
1.	Subscribers to Memorandum of Association	-	Cash	4,000,000	5	5	@@
2	15th March, 2010	15th March, 2010	Pursuant to the Scheme	37,667,628	5	N.A.	100

@@ - cancelled subsequently pursuant to Scheme.

2) The Promoters of the Company, their relatives and associates and its directors have not purchased or sold or financed, directly or indirectly, any equity shares of BFIL from the date of approval of the Scheme by the High Court of Judicature at Bombay till the date of submission of this Information Memorandum.

3) There are no Shares held under lock-in by shareholders in the Demerged Company i.e. BFUL. As per the in principle listing approval of BSE, promoter shareholding to the extent of 20% of the total capital of the Company is required to be locked in for a period of three years from listing of the Company. Accordingly, the shares of BFIL held by the following promoters are locked in for per a period of three years from listing of BFIL.

Name of promoter company	No. of shares held in BFIL	% age holding	No. of shares in lock in	% age lock in
KSL Holdings Pvt. Ltd.	43,53,472	11.56	43,53,472	11.56
Ajinkya Investment & Trading Co.	1,02,92,103	27.32	31,80,054	8.44
Total	1,46,45,575	38.88	75,33,526	20

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

The shareholding pattern of the Resulting Company Before Scheme of Arrangement.

Statement Showing Shareholding Pattern								
	Name of the Company :	**BF INVESTMENT LIMITED**						
		Class of Security		**EQUITY**			**As on :**	**12/Mar/2010**
Category code	**Category of Shareholder**	**Number of Shareholders**	**Total number of shares**	**Number of shares held in dematerialized form**	**Total shareholding as a percentage of total number of shares**		**Shares pledged or otherwise encumbered**	
					As a percentage of(A+B)[1]	**As a percentage of (A+B+C)**	**Number of Shares**	**As a percentage**
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)=(VIII)/(IV)*100**
(A)	**Promoter and Promoter Group[2]**							
1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	6	1200	0	0.03	0.03	0	0.00
(b)	Central Government/ State Government(s)				0.00	0.00		
(c)	Bodies Corporate	1	3998800	0	99.97	99.97	0	0.00
(d)	Financial Institutions/ Banks				0.00	0.00		
(e)	Any Others(Specify)				0.00	0.00		
	Sub Total(A)(1)	**7**	**4000000**	**0**	**100.00**	**100.00**	**0**	**0.00**
2	**Foreign**							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				0.00	0.00		
b	Bodies Corporate				0.00	0.00		
c	Institutions				0.00	0.00		
d	Any Others(Specify)				0.00	0.00		
	Sub Total(A)(2)	**0**	**0**	**0**	**0.00**	**0.00**		
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**7**	**4000000**	**0**	**100.00**	**100.00**	**0**	**0.00**
(B)	**Public shareholding**							
1	**Institutions**							
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00		
(b)	Financial Institutions/ Banks	0	0	0	0.00	0.00		
(c)	Central Government/ State Government(s)				0.00	0.00		
(d)	Venture Capital Funds				0.00	0.00		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00		
(g)	Foreign Venture Capital Investors				0.00	0.00		
(h)	Any Other (specify)				0.00	0.00		
(h-i)					0.00	0.00		
	Sub-Total (B)(1)	**0**	**0**	**0**	**0.00**	**0.00**		
B 2	**Non-institutions**							
(a)	Bodies Corporate	0	0	0	0.00	0.00		
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	0	0	0	0.00	0.00		
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0	0	0.00	0.00		
(c)	Any Other (specify)							
(c-i)					0.00	0.00		
	Sub-Total (B)(2)	**0**	**0**	**0**	**0.00**	**0.00**		

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**0**	**0**	**0**	**0.00**	**0.00**		
	TOTAL (A)+(B)	**7**	**4000000**	**0**	**100**	**100**		
(C)	Shares held by Custodians and against which Depository Receipts have been issued	**0**	**0**	**0**		**0.00**		
	GRAND TOTAL (A)+(B)+(C)	**7**	**4000000**	**0**		**100**		
NOTE	**1. Company has not issued more than one Class of Equity Shares / Securities as on 12th March, 2010.**							
	2. As per the terms of the Scheme 4,000,000 Equity Shares of BFIL held by its promoters have been cancelled on 15th March, 2010.							

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

The shareholding pattern of the Resulting Company Before Scheme of Arrangement.

(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Number of shares		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub clause (I)(a)
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III) *100	(VII)
	Mr. B.N. Kalyani - Promoter					
1	Bhalchandra Investment Ltd.	3998800	99.97	0	0	0.00
2	Amit B. Kalyani (held on behalf of Bhalchandra Investment Ltd. as a Nominee)	200	0.01	0	0	0.00
3	Sanjeev Gajanan Joglekar (held on behalf of Bhalchandra Investment Ltd. as a Nominee)	200	0.01	0	0	0.00
4	Anil Vithaldas Whabi (held on behalf of Bhalchandra Investment Ltd. as a Nominee)	200	0.01	0	0	0.00
5	Bhalchandra Shankar Mitkari (held on behalf of Bhalchandra Investment Ltd. as a Nominee)	200	0.01	0	0	0.00
6	Mohan Shantaram Sapre (held on behalf of Bhalchandra Investment Ltd. as a Nominee)	200	0.01	0	0	0.00
7	Jeevanprasad Govind Patwardhan (held on behalf of Bhalchandra Investment Ltd. as a Nominee)	200	0.01	0	0	0.00
TOTAL		**4000000**	**100.00**	**0**	**0**	**0.00**

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

The shareholding pattern of the Resulting Company Before Scheme of Arrangement.

(I)(c) Statement showing Shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1		0	0.00
2		0	0.00
3		0	0.00
4		0	0.00
TOTAL		**0**	**0.00**

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

The shareholding pattern of the Resulting Company Before Scheme of Arrangement.

(I)(d) **Statement showing details of locked-in shares**

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	NIL	NIL	NIL
2	NIL		0.00
3	NIL		0.00
4	NIL		0.00
5	NIL		0.00
6	NIL		0.00
7	NIL		0.00
8	NIL		0.00
9	NIL		0.00
TOTAL		**0**	**0.00**

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

The shareholding pattern of the Resulting Company Before Scheme of Arrangement.

(II)(a) Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	NIL	NIL	NIL	NIL
2	NIL			0.00
3	NIL			0.00
4	NIL			0.00
5	NIL			0.00
6	NIL			0.00
7	NIL			0.00
8	NIL			0.00
9	NIL			0.00
TOTAL		**0**	**0**	**0.00**

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

The shareholding pattern of the Resulting Company Before Scheme of Arrangement.

(II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	NIL	NIL	NIL	NIL
2	NIL			0.00
3	NIL			0.00
4	NIL			0.00
5	NIL			0.00
6	NIL			0.00
7	NIL			0.00
8	NIL			0.00
9	NIL			0.00
				0.00
TOTAL			**0**	0.00

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

The shareholding pattern of the Resulting Company Before Scheme of Arrangement.

(III) (a) Statement showing the voting pattern of shareholders, if more than one class of shares/securities is issued by the issuer as on 12 March, 2010.

(Give description of voting rights for each class of security.
Class X:
Class Y:
Class Z:)

Category code	Category of shareholder	Number of Voting Rights held in each class of securities			Total Voting Rights (III+IV+V)	Total Voting Rights i.e. (VI)	
		Class X	Class Y	Class Z		As a percentage of (A+B)	As a percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)
(A)	**Promoter and Promoter Group**						
(1)	**Indian**						
(a)	Individuals/ Hindu Undivided Family	0	0	0	0	0	0
(b)	Central Government/ State Government(s)	0	0	0	0	0	0
(c)	Bodies Corporate	0	0	0	0	0	0
(d)	Financial Institutions/ Banks	0	0	0	0	0	0
(e)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (A)(1)	0	0	0	0	0	0
(2)	**Foreign**						
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0
(d)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	0	0	0	0	0	0
(B)	**Public shareholding**						
(1)	**Institutions**						
(a)	Mutual Funds/UTI	0	0	0	0	0	0
(b)	Financial Institutions/ Banks	0	0	0	0	0	0
(c)	Central Government/ State Government(s)	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (B)(1)	0	0	0	0	0	0

(2)	**Non-institutions**						
(a)	Bodies Corporate	0	0	0	0	0	0
(b)	Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 lakh. ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0	0	0	0	0
(c)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (B)(2)	0	0	0	0	0	0
	Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0
	TOTAL (A)+(B)	0	0	0	0	0	0
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	0	0	0	0	0	0

NOTE - Company has not issued more than one Class of Equity Shares / Securities as on 12 March, 2010.

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

The shareholding pattern of the Resulting Company After Scheme of Arrangement.

Statement Showing Shareholding Pattern

	Name of the Company :	**BF INVESTMENT LIMITED**						
	Scrip Code :	**Name of Scrip**				**Quarter Ended :**		**15/Mar/2010**
		Class of Security		**EQUITY**				
Category code	**Category of Shareholder**	**Number of Shareholders**	**Total number of shares**	**Number of shares held in dematerialized form**	**Total shareholding as a percentage of total number of shares**		**Shares pledged or otherwise encumbered**	
					As a percentage of(A+B)[1]	**As a percentage of (A+B+C)**	**Number of Shares**	**As a percentage**
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)=(VIII)/(IV)*100**
(A)	**Promoter and Promoter Group[2]**							
1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	8	112942	112934	0.30	0.30	0	0.00
(b)	Central Government/ State Government(s)				0.00	0.00		
(c)	Bodies Corporate	20	24782942	2669874	65.79	65.79	0	0.00
(d)	Financial Institutions/ Banks				0.00	0.00		
(e)	Any Others(Specify)				0.00	0.00		
(e-i)					0.00	0.00		
(e-ii)					0.00	0.00		
	Sub Total(A)(1)	**28**	**24895884**	**2782808**	**66.09**	**66.09**	**0**	**0.00**
2	**Foreign**							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				0.00	0.00		
b	Bodies Corporate				0.00	0.00		
c	Institutions				0.00	0.00		
d	Any Others(Specify)				0.00	0.00		
d-i					0.00	0.00		
d-ii					0.00	0.00		
	Sub Total(A)(2)	**0**	**0**	**0**	**0.00**	**0.00**		
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**28**	**24895884**	**2782808**	**66.09**	**66.09**	**0**	**0.00**
(B)	**Public shareholding**							
1	**Institutions**							
(a)	Mutual Funds/ UTI	11	76245	76055	0.20	0.20		
(b)	Financial Institutions / Banks	15	5797	4093	0.02	0.02		
(c)	Central Government/ State Government(s)				0.00	0.00		
(d)	Venture Capital Funds				0.00	0.00		
(e)	Insurance Companies	1	160127	160127	0.43	0.43		
(f)	Foreign Institutional Investors	49	3858028	3858028	10.24	10.24		
(g)	Foreign Venture Capital Investors				0.00	0.00		
(h)	Any Other (specify)				0.00	0.00		
(h-i)					0.00	0.00		
(h-ii)					0.00	0.00		
	Sub-Total (B)(1)	**76**	**4100197**	**4098303**	**10.89**	**10.89**		
B 2	**Non-institutions**							
(a)	Bodies Corporate	758	3747193	2166618	9.95	9.95		
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	29096	4311120	3270223	11.45	11.45		
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	11	375113	375113	1.00	1.00		
(c)	Any Other (specify)							
(c-i)	Clearing Member	247	114288	114288	0.30	0.30		
(c-ii)	Non Resident Indian (Repat)	119	55766	53925	0.15	0.15		
(c-iii)	Non Resident Indian (Non Repat)	89	65897	62664	0.17	0.17		
(c-iv)	Other Bodies Corporate	1	350	350	0.00	0.00		
(c-iv)	Trusts	8	1820	1820	0.00	0.00		
	Sub-Total (B)(2)	**30329**	**8671547**	**6045001**	**23.02**	**23.02**		

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**30405**	**12771744**	**10143304**	**33.91**	**33.91**		
	TOTAL (A)+(B)	**30433**	**37667628**	**12926112**	**100**	**100**		
(C)	Shares held by Custodians and against which Depository Receipts have been issued	**0**	**0**	**0**		**0.00**		
	GRAND TOTAL (A)+(B)+(C)	**30433**	**37667628**	**12926112**		**100**		
NOTE	**Company has not issued more than one Class of Equity Shares / Securities as on 15 March, 2010**							

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Number of shares		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub clause (I)(a)
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)* 100	(VII)
1	**Mr. B.N. Kalyani - Promoter**	7204	0.02	0	0	0.00
2	Ajinkya Investment & Trading Company	10292103	27.32	0	0	0.00
3	KSL Holding Pvt. Ltd.	4353472	11.56	0	0	0.00
4	Gladiola Investment Pvt. Ltd. @	2030100	5.39	0	0	0.00
5	Chakrapani Investments & Trades Ltd. @	2007650	5.33	0	0	0.00
6	Surajmukhi Investment & Finance Ltd. @	1899490	5.04	0	0	0.00
7	Sundaram Trading and Investment Pvt. Ltd.	1680253	4.46	0	0	0.00
8	PIH Finvest Co.Ltd.	1424885	3.78	0	0	0.00
9	Jannhavi Investment Pvt. Ltd.	458514	1.22	0	0	0.00
10	Rajgad Trading Co. Pvt. Ltd.	151674	0.40	0	0	0.00
11	Kalyani Consultants Pvt. Ltd.	149500	0.40	0	0	0.00
12	Kalyani Steels Limited @	125102	0.33	0	0	0.00
13	Dandakaranya Investment & Trading Pvt. Ltd.	95000	0.25	0	0	0.00
14	Campanula Investment & Finance Pvt. Ltd.	61389	0.16	0	0	0.00
15	Cornflower Investment & Finance Pvt. Ltd.	41900	0.11	0	0	0.00
16	Hastinapur Investment & Trading Pvt. Ltd.	6267	0.02	0	0	0.00
17	Dronacharya Investment & Trading	5643	0.01	0	0	0.00
18	Yusmarg Investment & Trading Pvt. Ltd.	0	0.00	0	0	0.00
19	Tanmarg Investment & Trading Pvt. Ltd.	0	0.00	0	0	0.00
	Relatives of Promoters					
20	Dr.N.A. Kalyani	0	0.00	0	0	0.00
21	Mrs.Sulochana Kalyani	0	0.00	0	0	0.00
22	Mrs.Sulochana Kalyani Jointly Mr.B.N.Kalyani	8	0.00	0	0	0.00
23	Mr.Amit B. Kalyani	28270	0.08	0	0	0.00
24	Mrs.Rohini G. Kalyani	2000	0.01	0	0	0.00
25	Mr.Gaurishankar Neelkanth Kalyani	63779	0.17	0	0	0.00
26	Mrs.Sugandha Jai Hiremath	400	0.00	0	0	0.00
27	Mr.Ashok Kumar Kheny	10581	0.03	0	0	0.00
28	Mrs. Meera Kheny	700	0.00	0	0	0.00
	TOTAL	**24895884**	**66.09**	**0**	**0**	**0.00**

@ Pursuant to a separate Scheme of Arrangement u/s 391 to 394 of the Act, between these companies and Kalyani Investment Company Ltd., the shareholding of these companies in BFIL stood vested in Kalyani Investment Company Ltd.

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

(I)(c) Statement showing Shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	T.Rowe Price Intnl.INC A/c.T.Rowe Price New Asia Fund	1645409	4.37
2	Kritadnya Mgnt. & Trading Services Pvt. Ltd.	1568600	4.16
3	T.Row Price International INC A/c.T.Row Price International Stock Fund	599095	1.59
4	T.Row Price International INC A/c.T.Row Price Emerging Markets Stock Fund	429366	1.14
TOTAL		**4242470**	**11.26**

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

(I)(d) Statement showing details of locked-in shares

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	KSL Holdings Pvt. Ltd.	4353472	11.56
2	Ajinkya Investment & Trading Co.	3180054	8.44
TOTAL		**7533526**	**20.00**

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

(II)(a) Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	NIL	NIL	NIL	NIL
2	NIL			0.00
3	NIL			0.00
4	NIL			0.00
5	NIL			0.00
6	NIL			0.00
7	NIL			0.00
8	NIL			0.00
9	NIL			0.00
TOTAL		**0**	**0**	**0.00**

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

(II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	NIL	NIL	NIL	NIL
2	NIL			0.00
3	NIL			0.00
4	NIL			0.00
5	NIL			0.00
6	NIL			0.00
7	NIL			0.00
8	NIL			0.00
9	NIL			0.00
				0.00
TOTAL			**0**	0.00

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

(III) (a) Statement showing the voting pattern of shareholders, if more than one class of shares/securities is issued by the issuer for the quarter ended on 15th March, 2010.

(Give description of voting rights for each class of security.
Class X:
Class Y:
Class Z:)

Category code	Category of shareholder	Number of Voting Rights held in each class of securities			Total Voting Rights (III+IV+V)	Total Voting Rights i.e. (VI)	
		Class X	Class Y	Class Z		As a percentage of (A+B)	As a percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)
(A)	**Promoter and Promoter Group**						
(1)	**Indian**						
(a)	Individuals/ Hindu Undivided Family	0	0	0	0	0	0
(b)	Central Government/ State Government(s)	0	0	0	0	0	0
(c)	Bodies Corporate	0	0	0	0	0	0
(d)	Financial Institutions/ Banks	0	0	0	0	0	0
(e)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (A)(1)	0	0	0	0	0	0
(2)	**Foreign**						
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0
(d)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	0	0	0	0	0	0
(B)	**Public shareholding**						
(1)	**Institutions**						
(a)	Mutual Funds/UTI	0	0	0	0	0	0
(b)	Financial Institutions/ Banks	0	0	0	0	0	0
(c)	Central Government/ State Government(s)	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (B)(1)	0	0	0	0	0	0

BF INVESTMENT LIMITED

Mundhwa, Pune - 411 036

(2)	**Non-institutions**						
(a)	Bodies Corporate	0	0	0	0	0	0
(b)	Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 lakh. ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0	0	0	0	0
(c)	Any Other (specify)	0	0	0	0	0	0
	Sub-Total (B)(2)	0	0	0	0	0	0
	Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0
	TOTAL (A)+(B)	0	0	0	0	0	0
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	0	0	0	0	0	0

NOTE - Company has not issued more than one Class of Equity Shares / Securities as on 15 March, 2010.

3) List of the persons/entities comprising Promoter group

As on the date of this Information Memorandum, the Promoter and the Promoter group of the Company is as under:

Sr.	Name of the shareholder	No. of shares allotted (Under the Scheme)	Total no of shares	% Holding
A.	PROMOTERS			
1	**Mr. B.N. Kalyani - Promoter**	7204	7204	0.02
	Promoter group			
2	Ajinkya Investment & Trading Company	10292103	10292103	27.32
3	KSL Holding Pvt. Ltd.	4353472	4353472	11.56
4	Gladiola Investment Pvt. Ltd. @	2030100	2030100	5.39
5	Chakrapani Investments & Trades Ltd. @	2007650	2007650	5.33
6	Surajmukhi Investment & Finance Ltd. @	1899490	1899490	5.04
7	Sundaram Trading and Investment Pvt. Ltd.	1680253	1680253	4.46
8	PIH Finvest Co.Ltd.	1424885	1424885	3.78
9	Jannhavi Investment Pvt. Ltd.	458514	458514	1.22
10	Rajgad Trading Co. Pvt. Ltd.	151674	151674	0.40
11	Kalyani Consultants Pvt. Ltd.	149500	149500	0.40
12	Kalyani Steels Limited @	125102	125102	0.33
13	Dandakaranya Investment & Trading Pvt. Ltd.	95000	95000	0.25
14	Campanula Investment & Finance Pvt. Ltd.	61389	61389	0.16
15	Cornflower Investment & Finance Pvt. Ltd.	41900	41900	0.11
16	Hastinapur Investment & Trading Pvt. Ltd.	6267	6267	0.02
17	Dronacharya Investment & Trading	5643	5643	0.01
18	Yusmarg Investment & Trading Pvt. Ltd.	0	0	0.00
19	Tanmarg Investment & Trading Pvt. Ltd.	0	0	0.00
	Relatives of Promoters			
20	Dr.N.A. Kalyani	0	0	0.00
21	Mrs.Sulochana Kalyani	0	0	0.00
22	Mrs.Sulochana Kalyani Jointly Mr.B.N.Kalyani	8	8	0.00
23	Mr.Amit B. Kalyani	28270	28270	0.08
24	Mrs.Rohini G. Kalyani	2000	2000	0.01
25	Mr.Gaurishankar Neelkanth Kalyani	63779	63779	0.17
26	Mrs.Sugandha Jai Hiremath	400	400	0.00
27	Mr.Ashok Kumar Kheny	10581	10581	0.03
28	Mrs. Meera Kheny	700	700	.0.00
	Total	**24895884**	**24895884**	**66.09**

@ see Note 7 below

4) The list of top 10 shareholders of the Company and the number of Equity Shares held by them
a) Top ten shareholders as on the date of Information Memorandum

Sr. No.	Name of Shareholders	Number of Equity Shares	% of Shares
1.	AJINKYA INVESTMENT AND TRADING CO.	10292103	27.32
2.	KSL HOLDINGS PRIVATE LIMITED	4353472	11.56
3.	GLADIOLLA INVESTMENTS LIMITED @	2030100	5.39
4.	CHAKRAPANI INVESTMENTS AND TRADES LTD @	2007650	5.33
5.	SURAJMUKHI INVESTMENT AND FINANCE LTD @	1899490	5.04
6.	SUNDARAM TRADING & INVESTMENT PVT.LTD.	1680253	4.46
7.	T ROWE PRICE INTERNATIONAL INC A/C T	1645409	4.37
8.	KRITADNYA MANAGEMENT & TRADING SERVICES PVT. LTD	1568600	4.16
9.	PIH FINVEST COMPANY LIMITED	1424885	3.78
10.	T ROWE PRICE INTERNATIONAL INC A/C T	599095	1.59

@ see Note 7 below

b) Top ten shareholders 10 days prior to the date of the Information Memorandum

Same as provided in 4 (a) above.

c) Top ten shareholders of the Company on the date of incorporation

Sr. No.	Name of Shareholders	Number of Equity Shares on the date of Incorporation of BF Investment Limited
1.	Bhalchandra Investment Ltd	3,998,800
2.	Mr. Amit B. Kalyani *	200
3.	Mr. Sanjeev Gajanan Joglekar *	200
4.	Mr. Anil Vithaldas Whabi *	200
5.	Mr. Bhalchandra Shankar Mitkari *	200
6.	Mr. Mohan Shantaram Sapre *	200
7.	Mr. Jeevanprasad Govind Patwardhan *	200

* Held on behalf of Bhalchandra Investment Limited as a nominee

Notes:

1. The Company had only 7 (Seven) shareholders at the time of incorporation.

2. As on the date of this Information Memorandum, there are no outstanding warrants / instruments / agreements which give right to any person to take the Equity Shares in BF Investment Limited at any future date.

3. There was no further issue of capital by the Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Court till listing of the Equity Shares allotted as per the Scheme.

4. There is only one denomination for the Equity Shares of the Company, subject to applicable regulations and the Company will comply with such disclosure and accounting norms specified by SEBI, from time to time.

5. The Company has 30426 members as on the date of filing this Information Memorandum.

6. None of Equity Shares of the Company were under lock in prior to the Scheme. Promoter shareholding to the extent of 20% of the total capital of the Company is locked in for a period of three years from listing of the Company.

7 @ Pursuant to a separate scheme of arrangement u/s 391 and 394 of the Act, between these companies and Kalyani Investment Company Ltd., the shareholding of these companies in BFIL stood vested in Kalyani Investment Company Ltd.

Kalyani Investment Company Ltd. has therefore become a part of Promoter group.

COMPOSITE SCHEME OF ARRANGEMENT

- **Rationale of the Composite Scheme of Arrangement**

BF Utilities Limited has reorganized its various business undertakings by way of a merger of all the Amalgamating Companies with itself and subsequent demerger of the Demerged Undertaking (i.e. Investment Business undertaking) into the Resulting Company (BFIL). The Scheme of Arrangement provides that the Infrastructure Undertakings (Remaining Business) shall vest in BF Utilities Limited and the Investment Business Undertaking, shall stand transferred to and vested in BF Investment Limited.

The reorganization of various businesses as contemplated in the Scheme would, inter alia, have the following benefits :

a) Cash management and funds deployment of the combined business of the Amalgamating Companies can be efficiently handled.

b) Cost savings are expected to flow from rationalization and simplification of business processes and elimination of duplication of work in various support functions.

c) Greater internal control on the business processes by combining similar businesses together and ease of decision-making of the respective verticals.

d) The nature of technology, risk and competition involved in each of the businesses is distinct from each other. Consequently each business or undertaking is capable of addressing independent business opportunities, deploying different technologies and attracting different sets of investors, strategic partners, lenders and other stakeholders.

e) The scheme is beneficial to both the companies and their shareholders as it will enhance shareholder value. The current equity shareholders of the BF Utilities Limited would continue to remain its shareholders as also become shareholders of the Resulting Company, thereby giving them an opportunity to participate in the management, operations, decision-making and profits of both the companies.

f) It also gives the shareholders the flexibility to invest in only one of the two listed companies

In view of the above benefits, the Board of Directors of the Amalgamated Company / Demerged Company, the Amalgamating Companies, and the Resulting Company, believe that the Scheme of Arrangement would benefit the respective companies and other stakeholders of the respective companies.

A) The composite Scheme is in two Sections, Section A and Section B.

Section A of the Scheme provides for the amalgamation of the Amalgamating Companies with the Amalgamated Company pursuant to Sections 391 to 394 and other relevant provisions of the Act

and

Section B of the Scheme provides for demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company pursuant to Sections 391 to 394 and other relevant provisions of the Act.

B) "**Appointed Date**" for the purpose of amalgamation of Amalgamating Companies with the Amalgamated Company as provided in Section A of the Scheme, April 1, 2009 at 10.00 AM and for the purpose of demerger of the Demerged Undertaking from Demerged Company to the Resulting Company as provided in Section B of the Scheme, April 1, 2009 at 4.00 PM.

C) **"Demerged Undertaking"** means Investment Business Undertaking of the Demerged Company as a going concern.

D) **"Remaining Business"** means all other businesses, divisions, assets and liabilities of the Demerged Company other than the Demerged Undertaking as defined in clause 2.6 of the Scheme. Remaining Business, inter alia includes the business of Infrastructure Undertakings relating to Bangalore Mysore Infrastructure Corridor Project which is being executed by Nandi Infrastructure Corridor Enterprises Limited and the Hubli Dharwad Road Project, executed by Nandi Highway Developers Limited and the Wind Mills Undertaking at district Satara.

E) **Transfer And Vesting**

Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the Undertaking of each of the Amalgamating Companies, pursuant to Section 394(2) of the Act, without any further act, instrument or deed, has been transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, title and interests and authorities of the Amalgamated Company.

The Demerged Undertaking of the Demerged Company has been transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company on a going concern basis.

F) **Remaining Business**

The Remaining Business and all the assets, liabilities and obligations pertaining thereto have continued to belong to and vested in and managed by the Demerged Company.

G) Consideration for Shareholders of BF Utilities Limited in lieu of transfer of Investment Business Undertaking to BF Investment Limited.

As per clause 12.2 of the Scheme "Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Demerged Company, whose names are registered in the Register of Members of the Demerged Company on the Record Date (to be fixed by the Board of Directors of the Resulting Company) or his / her / its legal heirs, executors, administrators or as the case may be, successors, 1 (one) equity share of Rs.5/- (Rupees Five only) each, credited as fully paid up of the Resulting Company (hereinafter called the "New Equity Shares") for every 1 (one) equity share of face value of Rs.5/- (Rupees Five only) each held in the Demerged Company on the Record Date by such equity shareholders or their respective legal heirs, executors, administrators or as the case may be, the successors in title, with the rights attached thereto as mentioned in this Scheme."

Pursuant to the clause 12.2 of the Scheme, the Board of Directors of the Company at their meeting held on 15th March, 2010 has issued and allotted 37,667,628 Equity Shares of Rs.5/- each fully paid-up in the Company to the Shareholders of BFUL as on Record date.

- **Approvals with respect to the Composite Scheme of Arrangement**

The Hon'ble High Court of Judicature at Bombay, vide its Order dated February 5, 2010 has approved the composite Scheme of Arrangement amongst Bhalchandra Investment Limited, Forge Investment Limited, Mundhwa Investment Limited, Jalakumbhi Investment and Finance Limited, Jalakamal Investment and Finance Limited, Kalyani Utilities Development Limited, BF Utilities Limited and BF Investment Limited and their respective shareholders (the "Scheme") under Sections 391 to 394 read with section 100 to 103 of the Companies Act, 1956. In accordance with the said Scheme, the Equity Shares of BF Investment Limited issued pursuant to the Scheme, subject to applicable regulations shall be listed and admitted to trading on NSE, BSE and PSE. Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of application by BFIL seeking listing.

The aforesaid Order of the Hon'ble High Court of Judicature at Bombay along with the Scheme was filed by BFIL, BFUL and the Amalgamating Companies, with the Registrar of Companies ("ROC"), Pune, Maharashtra on 26th February, 2010

The effective Date of the Scheme is 26th February, 2010.

BFIL has submitted this Information Memorandum containing information and disclosures in line with the disclosure requirement for public issues, as applicable, to NSE, BSE and PSE for making the said Information Memorandum available to public through their websites.

This Information Memorandum is made available on the website of BFUL (www.bfutilities.com) and BFIL (www.kalyanigroup.com/bfi.asp) BFIL will publish an advertisement in the newspapers containing its details in line with the details required as per CIRCULAR NO. SEBI/CFD/SCRR/01/2009/ 03/2009 DATED SEPTEMBER 3, 2009. The advertisement will draw a specific reference to the availability of this Information Memorandum on the website of BFUL, BFIL as well as the Stock Exchanges.

BFIL also undertakes that all material information about itself shall be disclosed to stock exchanges on a continuous basis so as to make the same available to public, in addition to the requirements, if any, specified in Listing Agreement for disclosures about the subsidiaries, if any.

PRASHANT V. DEO
B. Com., F.C.A.

CHARTERED ACCOUNTANT

Flat No. 11, Building No. 8-B, Laxminarayannagar No. 4 Co-op. Housing Society, 11, 12, Erandawana, PUNE – 411 004. ☎ (020) 2546 5542

The Board of Directors
BF Investment Limited,
Mundhwa,
Pune – 411 036.

Dear Sirs,

Sub : Statement of Possible Tax Benefits Available to the Company and its shareholders

I hereby report that the enclosed **Annexure** provides the possible tax benefits available to BF Investment Limited ('BFIL' or 'the Company') and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') and other applicable direct tax laws, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.

I do not express any opinion or provide any assurance as to whether:

(i) Company or its shareholders will continue to obtain these benefits in future; or

(ii) The conditions prescribed for availing the benefits have been/ would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of my understanding of the business activities and operations of the Company.

Shareholders are advised to consider in their own cases, the tax implications of investment in the Equity Shares.

This statement is provided solely for the purpose of assisting the Company to which it is addressed in discharging their responsibilities under the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines, 2000) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. My views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. I do not assume responsibility to update the views consequent to such changes. I will not be liable to any other person in respect of this statement.

P. V. Deo
Chartered Accountant
Membership No. 041609

Place: Pune
Date : 20th December, 2010.

ANNEXURE

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO BF INVESTMENT LTD ('BFIL' OR 'THE COMPANY') AND ITS SHAREHOLDERS

I. SPECIAL TAX BENEFIT

(A) SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company.

(B) SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

There are no special tax benefits available to the shareholders of the Company.

II. GENERAL TAX BENEFITS

The Income Tax Act, 1961 and other applicable direct tax laws, presently in force in India, make available the following general tax benefits to companies and to their shareholders. Several of these benefits are dependent on the companies or their shareholders fulfilling the conditions prescribed under the relevant provisions of the statute.

(A) BENEFITS TO THE COMPANY

1. The Company is eligible to exemption under section 10(34) in respect of income by way of dividend received from other Domestic Companies subject to disallowances, if any, under section 14A , for expenditure incurred in relation to earning such income.

2. The Company will be eligible for exemption under section 10(35) in respect of income by way of dividend received from units of mutual funds specified under section 10 (23D) of the Act, income by way of dividend received in respect of units from the Administrator of specified undertaking and income by way of dividend received in respect of units from the specified company subject to disallowances, if any, under section 14A, for expenditure incurred in relation to earning such income.

3. Long Term Capital Gain arising on transfer of equity shares of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under Section 10(23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to Securities Transaction Tax (STT) and subject to conditions specified in that section. Income by way of long term capital gain exempt u/s 10(38) of a company is to be taken into account in computing the Book profit and income-tax payable under section 115JB, if attracted.

4. As per section 111A of the Act, Short Term Capital Gain arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(38), on a recognized stock exchange are subject to tax at the rate of 15 per cent (plus applicable SC + EC), provided the transaction is chargeable to STT. Transactions where STT is not applicable are taxable @ 30 per cent [plus applicable (SC + EC)].

5. Long term capital gain accruing to the Company from the transaction where STT is not applicable, will be subject to tax in accordance with and subject to the provisions of Section 112 of the Income Tax Act, 1961, instead of normal rate of 30% (plus applicable surcharge and cess) applicable to the Company :

    i. If long term capital gain is computed with indexation @ 20% (plus applicable surcharge and cess)

    ii. In the case of certain listed shares, securities and units, if long term capital gain is computed without indexation @ 10% (plus applicable surcharge and cess)

6. As per the provisions of section 115O of the Act, in addition to the income-tax chargeable in respect of the total income of a domestic company, any amount declared, distributed or paid by such company by way of dividends, is liable to additional income-tax as per prescribed rates. While computing the dividend in accordance with the provisions of section 115O of the Act, the amount of dividend, if any, received by the domestic company during the financial year is deductible, if

    (a) such dividend is received from its subsidiary;
    (b) the subsidiary has paid tax under that section on such dividend; and
    (c) the domestic company is not a subsidiary of any other company.

(B) BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS (INCLUDING DOMESTIC COMPANIES):

1. Members will be entitled to exemption, under section 10(34) of the Income Tax Act, 1961, in respect of the income by way of dividend received from the Company subject to disallowances, if any, under section 14A , for expenditure incurred in relation to earning such income.

2. If the Company's shares are sold by the members after being held for more than twelve months, the gain, if any arising on transfer of equity shares are exempt from tax under Section 10(38) of the Act from October 1, 2004 onwards, provided the transaction is chargeable to Securities Transaction Tax (STT) and subject to conditions specified in that section. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB of the Act, wherever applicable.

3. The STT paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be deductible as business expenditure under section 36(1)(xv).

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than the gain referred under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long-term specified asset," within a period of 6 months after the date of such transfer. It may be noted that investment made on or after 1st day of April 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lakhs.

    However, if the assessee transfers or converts the long-term specified asset into money

within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

A "long-term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

5. As per section 54F of the Act, long-term capital gains (other than the gain referred under section 10(38) of the Act) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or within three years from the date of transfer for construction of a residential house. Such benefit will not be available:

   i. if the individual or Hindu Undivided Family-
      (a) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
      (b) purchases another residential house within a period of one year after the date of transfer of the shares; or
      (c) constructs another residential house within a period of three years after the date of transfer of the shares; and

   ii. the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

   If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

   If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" relating to long term capital assets of the year in which the residential house is transferred.

6. As per Section 74 of the Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss, other than from sale of equity share in a company or unit of an equity oriented fund as defined in Section 10(38) of the Act, entered into on or after October 1, 2004 and which is chargeable to the Securities Transaction Tax, suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

7. As per section 111A of the Act, short-term capital gains arising to the shareholder from the sale of equity shares or a unit of an equity oriented fund (as defined under section 10(38) of

the Act) where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15 per cent (plus applicable surcharge and education cess).

8. If the Company's shares are sold by the members after being held for more than twelve months and the transaction is not chargeable to STT, the gain, if any, would be taxed as long term capital gain which will be charged to tax after deducting the indexed cost of acquisition at 20% (plus applicable surcharge and cess) or without the benefits of indexation at 10% (plus applicable surcharge and cess) at the option of the member.

(C) BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN FIIS AND FOREIGN VENTURE CAPITAL INVESTORS):

1. Non resident shareholders will be entitled to exemption, under section 10(34) of the Income Tax Act, 1961, in respect of the income by way of dividend received from the Company subject to disallowances, if any, under section 14A , for expenditure incurred in relation to earning such income.

2. If the Company's shares are sold by the members after being held for more than twelve months, the gain, if any arising on transfer of equity shares of a company are exempt from tax under Section 10(38) of the Act from October 1, 2004 onwards, provided the transaction is chargeable to Securities Transaction Tax (STT) and subject to conditions specified in that section.

3. The STT paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be deductible as business expenditure under section 36(1)(xv).

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than the gain referred under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long-term specified asset", within a period of 6 months after the date of such transfer. It may be noted that investment made on or after 1st day of April 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lakhs.

   However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

   A "long-term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

   i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

   ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

5. As per section 54F of the Act, long-term capital gains (other than the gain referred under section 10(38) of the Act) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of

transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

i. if the individual or Hindu Undivided Family-
   (a) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
   (b) purchases another residential house within a period of one year after the date of transfer of the shares; or
   (c) constructs another residential house within a period of three years after the date of transfer of the shares; and
ii. the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" relating to long term capital assets of the year in which the residential house is transferred.

6. As per Section 74 of the Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss, other than from sale of equity share in ca company or unit of an equity oriented fund as defined in Section 10(38) of the Act, entered into on or after October 1, 2004 and which is chargeable to the Securities Transaction Tax, suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

7. Where any Double Taxation Avoidance Agreement [DTA] entered into by India with any other country provides for a concessional tax rate or exemption in respect of income from the investment in the company's shares, those beneficial provisions shall prevail over the provisions of the Income Tax Act, 1961 in that regard. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

8. As per section 111A of the Act, short-term capital gains arising to the shareholder from the sale of equity shares or a unit of an equity oriented fund (as defined under section 10(38) of the Act) where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15 per cent (plus applicable surcharge and education cess).

9. In accordance with the provisions of section 112 of the Act, long-term capital gains (other than the gain referred under section 10(38) of the Act), if any, on sale of listed securities or units or zero coupon bonds will be charged to tax at the concessional rate of 10 per cent plus applicable surcharge and education cess.

10. As per the provisions of Section 115D and Section 115E of the Income Tax Act, 1961 investment in shares of the Company being specified asset, the long term capital gain (from the transaction where STT is not applicable) computed in accordance with the provisions of the Act, arising on the transfer of such shares in the Company acquired in convertible foreign exchange by a Non-Resident Indian, as defined in Section 115C(e), will be charged to Income Tax @ 10% (plus applicable surcharge and cess) at the option of such shareholder.

11. Under section 115F of the Income Tax Act, 1961 the Long Term Capital gain as referred to in 10 above shall be exempted from income tax entirely / proportionately subject to the fulfillment of the conditions specified in Section 115F if the member (i.e. Non Resident Indian as defined in Section 115C(e)) invests all or a portion of the net consideration in specified assets as defined in section 115C (f) of the Income Tax Act, 1961 within 6 months of the date of transfer. The amount so exempted shall, however, be chargeable to tax as long term capital gains under the provisions of section 115F(2) if the specified assets are transferred or converted in to money within three years from the date of acquisition thereof as specified in the said section.

12. As per the provisions of Section 115G of the Income Tax Act, 1961, Non resident Indians are not obliged to file a return of income u/s. 139(1), if their only source of income is investment income as defined in Section 115C (c) or long term capital gains earned on transfer of such foreign exchange assets or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

13. As per the provision of section 115-I of the Act, when a Non Resident Indian, elects not to be governed by the provision of Chapter XII-A of the Income Tax Act, 1961, then his / her total income shall be computed and charged in accordance with other provisions of the Act.

(D) BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs'):

1. Members will be entitled to exemption, under section 10(34) of the Income Tax Act, 1961, in respect of the income by way of dividend received from the Company subject to disallowances, if any, under section 14A , for expenditure incurred in relation to earning such income.

2. As per section 10(38) of the Act, long-term capital gains arising to the FIIs from the transfer of a long-term capital asset being an equity share in the Company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax shall be exempt from tax. However, the aforesaid income shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act, wherever applicable.

3. The STT paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be deductible as business expenditure under section 36(1)(xv).

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than the gain referred under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long-term specified asset", within a period of 6 months after the date of such transfer. It may be noted that investment made on or after 1st day of April 2007 in the long-term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lakhs.

   However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

   A "long-term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

   i. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

ii. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

5. As per Section 74 of the Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss, other than from sale of equity share in ca company or unit of an equity oriented fund as defined in Section 10(38) of the Act, entered into on or after October 1, 2004 and which is chargeable to the Securities Transaction Tax, suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

6. Where any Double Taxation Avoidance Agreement [DTA] entered into by India with any other country provides for a concessional tax rate or exemption in respect of income from the investment in the company's shares, those beneficial provisions shall prevail over the provisions of the Income Tax Act, 1961 in that regard. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

7. As per section 111A of the Act, short-term capital gains arising to the shareholder from the sale of equity shares or a unit of an equity oriented fund (as defined under section 10(38) of the Act) where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15 per cent (plus applicable surcharge and education cess).

8. Under Section 115AD(1)(b)(ii) of the Act, Income by way of Short Term Capital Gain arising from the transfer of shares where such transaction is not chargeable to STT, held in the Company for a period of less than twelve months will be taxable @ 30% (plus applicable surcharge and cess). However if such transaction is chargeable to STT, the income by way of Short Term Capital Gain will be taxable @ 15% (plus applicable surcharge and cess).

9. Under Section 115AD(1)(b)(iii) of the Act, Income by way of Long Term Capital Gain arising from the transfer of shares where such transaction is not chargeable to STT, held in the Company will be taxable @ 10% (plus applicable surcharge and cess). It is to be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to Foreign Institutional Investors.

10. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor.

(E) BENEFITS AVAILABLE TO FOREIGN COMPANY

1. Income by way of dividend declared by the Company is exempt from tax by virtue of provision of section 10(34) of the Income Tax Act, 1961 subject to disallowances, if any, under section 14A , for expenditure incurred in relation to earning such income.

2. If the Company's shares are sold by the members after being held for more than twelve months the gain, if any arising on transfer of equity shares of a company are exempt from tax under Section 10(38) of the Act from 1st October 2004 onwards, provided the transaction is chargeable to Securities Transaction Tax (STT) and subject to conditions specified in that section.

3. Where any Double Taxation Avoidance Agreement [DTA] entered into by India with any other country provides for a concessional tax rate or exemption in respect of income from

the investment in the company's shares, those beneficial provisions shall prevail over the provisions of the Income Tax Act, 1961 in that regard. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

(F) BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax subject to the conditions as the Central Government may notify. However, the mutual funds shall be liable to pay additional income-tax on distributed income to unit holders under section 115R of the Act.

(G) BENEFITS AVAILABLE TO SHAREHOLDERS UNDER THE WEALTH-TAX ACT, 1957

Shares of the Company held by the shareholders will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no wealth tax will be payable on the market value of shares of the Company held by the shareholders of the Company.

(H) BENEFITS TO SHAREHOLDERS UNDER THE GIFT-TAX ACT, 1958

Gift made after October 1, 1998 is not liable for gift tax, and hence, gift of shares of the Company would not be liable for gift tax. However, on and from October 1, 2009, where individuals or HUFs receive from any persons, subject to certain exceptions specified in Section 56(2)(vii) of the Income Tax Act, 1961, shares of the Company, the following amounts become chargeable as income, in the hands of the individual or HUF receiving such shares.

i. Where the shares are received without consideration and the aggregate fair value of the shares exceeds Rs.50,000/-, the whole of the aggregate fair value of such shares, and
ii. Where the shares are received for a consideration which is less than the aggregate fair value of the shares by an amount exceeding Rs.50,000/-, the aggregate fair value of such shares as exceeds such consideration.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2010 and will be available only to the sole/ first named holder in case the shares are held by the joint holders.

2. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.

3. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

4. The above statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

5. The tax benefits related to capital gains are subjected to the CBDT circular no. 4/2007 dated June 15, 2007 and on fulfillment of criteria laid down in the circular, the assessee will be able to enjoy the concessional benefits of taxation on capital gains.

6. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. My views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. I do not assume responsibility to update the views consequent to such changes. I will not be liable to any other person in respect of this statement.

ABOUT BF INVESTMENT LIMITED

- **INDUSTRY OVERVIEW**

Asian equity markets are sizable and fast growing. Since 1990, Asia's capitalization has more than doubled in U.S. dollar terms to $13.7 trillion, 30 percent of world capitalization. Excluding Japan and Australia, it has risen almost tenfold. The financial hubs of Hong Kong SAR, Singapore, and Japan dominate the region, accounting for two-thirds of Asian equity assets. Markets in some other countries, such as Malaysia, and Taiwan Province of China, are also sizable. But, for the most part, market capitalization remains well below industrial country levels.

The growth in Asian markets has been accompanied by improved liquidity and breadth. Since 1990 market liquidity (share turnover) has more than doubled in relation to GDP, while turnover velocity (share turnover/market capitalization) has risen almost fourfold. Market breadth (the percentage of market capitalization and turnover accounted for by the ten largest companies—a higher figure implies greater concentration) is now greater in Asia than in other emerging markets, although less than in industrial countries. While Asian finance remains bank-dominated, stock markets are an important source of corporate finance. In 2005, companies in emerging Asia tapped equity markets for some $814 billion in new capital through initial and secondary public offerings.

- **Factors Driving the Development of Asian Equity Markets**

- **International Investor Diversification:**

Equity flows into emerging Asia have soared and inflows have been especially strong in recent years. By end-2004, international investors had invested some $638 billion in emerging Asia equity markets—a twelvefold increase over 1990s levels. Accordingly, emerging Asian markets now capture three-quarters of global equity investments in emerging markets, up from about half in 1992. One underlying factor is the explosion of flows from dedicated emerging market equity funds, whose assets have grown at rates in excess of 54 percent per year since 2000.

- **Financial Integration:**

Controls on foreign investor participation in equity markets have been loosened over time. Since the early 1990s, economies such as Taiwan Province of China, Thailand, and Korea have been gradually raising caps on portfolio investment by non-residents, with Taiwan Province of China completely eliminating these caps in 2003

- **Growing Domestic Institutional Investor Base:**

Domestic institutional investors have emerged as a relatively new driving force in Asian equity markets. Between 2000 and 2004, domestic mutual finds, pension funds and insurance companies' assets doubled to just over 36 percent of emerging Asia GDP. In some countries, a large share of such companies' assets is invested in equities. Nonetheless, the sector still holds major potential for growth, since it remains small relative to developed countries.

- **Improvement in Market Infrastructure & Governance:**

Efforts over the past decade have resulted in the region having some of the most technically efficient markets in the world and have also improved corporate governance. On the technical side, most countries in the region have developed electronic clearing and settlement systems. Steps have also been under way to enhance corporate transparency and to adopt global accounting and disclosure standards—which are important because corporate

governance figures prominently in investment decisions. Formally, the rules and regulations governing corporate governance across the region are in general quite strong

Source: IMF working papers: Asian Equity Markets: Growth, Opportunities, and Challenges

- **BUSINESS OVERVIEW**

In terms of the Scheme of Arrangement between BFIL and BFUL and the Amalgamating Companies and their respective Shareholders, which became effective on 26th February, 2010, the Investment Business Undertaking of BFUL stood transferred to and vested with the Company. The Company is holding the investments and other assets and liabilities of the Investment Business Undertaking, transferred to it under the Scheme and is a Core Investment Company.

- **HISTORY OF THE COMPANY**

BF Investment Limited was incorporated on 26th May, 2009 under the Companies Act, 1956 in the state of Maharashtra. The Certificate of Commencement of Business was issued by Registrar of Companies, Pune on 20th July, 2009. The Corporate Identity Number of the Company is U65993PN2009PLC134021. The Company's name has not been changed since incorporation till date.

- **Object Clause of the Memorandum of Association**

The main objects for which the Company is established are:

1. To carry on the business of an Investment Company in India or outside India and to buy, underwrite, invest in, acquire, hold and deal in shares, stocks, debentures, debenture-stock, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debentures, debenture-stock, bonds, obligations and securities, issued or guaranteed by any Government, State, dominions, sovereign rulers, commissioners, public body or authority, supreme, municipal, local or otherwise, firm or person, whether in India or elsewhere, subject to approval of appropriate authorities.

2. To carry on the business of dealers and/or investors in metals, bullion, gold, silver, diamonds, precious stones, ornaments and jewellery and paintings and manuscripts and objects of art, shares, stocks, debentures, debenture-stock, bonds, obligations or securities.

- **Changes in Memorandum of Association since the Company's inception**

Date	Particulars
5th February, 2010	Alteration of the Capital clause No. V of Memorandum of Association to increase the Authorized Capital of the company to Rs. 200,000,000 pursuant to the Scheme.
5th February, 2010	Alternation of Capital Clause No.3 of Articles of Association to increase the Authorized Capital of the Company to Rs.200,000,000 pursuant to the Scheme.

- **Subsidiaries**

The Company does not have any subsidiaries.

MANAGEMENT

- **Board of Directors as on the date of the Information Memorandum**

Sr.No	Name, Age, Designation, Fathers Name, Address, Occupation	Directorship in other Companies
1	**Mr. Babasaheb Neelkanth Kalyani** 61 Years Chairman S/o: Neelkanth A. Kalyani 'Amit', 221/A, Kalyani Nagar,Yerawada, Pune-411 006 Industrialist	**Other Directorship** **Public Limited Companies as a Director-** 1. Bharat Forge Ltd. 2. BF Utilities Ltd. 3. Kalyani Steels Ltd. 4. Automotive Axles Ltd. 5. Hikal Ltd. 6. Nandi Infrastructure Corridor Enterprises Ltd. 7. Kalyani Hayes Lemmerz Ltd. 8. Kalyani Carpenter Special Steels Ltd. 9. Meritor HVS (India) Ltd. 10. Nandi Economic Corridor Enterprises Ltd. 11. BF-NTPC Energy Systems Ltd 12. Kalyani Alstom Power Ltd. 13. Alstom Bharat Forge Power Ltd. 14. BF Infrastructure Ltd. **Pvt. Limited Companies as a Director -** 1. UTI Asset Management Company Pvt. Ltd. 2. Epicenter Technologies Pvt. Ltd. 3. Kalyani (Mauritius) Pvt. Ltd. 4. Khed Economic Infrastructure Pvt. Ltd. **Foreign Companies as a Director -** 1. Bharat Forge Daun GmbH, Germany 2. Bharat Forge America Inc. 3. CDP Bharat Forge GMBH, Germany 4. Bharat Forge Aluminium Technik GMBH & Co. KG 5. Bharat Forge Kilsta AB, Sweden 6. Bharat Forge Scottish Stampings Ltd., Scotland 7. Xapiola Holdings Ltd. 8. Bharat Forge Hongkong Ltd. 9. FAW Bharat Forge (Changchun) Co. Ltd., China

2	**Mr. Amit Babasaheb Kalyani** 34 Years Director S/o: Babasaheb N. Kalyani 'Amit', 221/A, Kalyani Nagar,Yerawada, Pune-411 006 Industrialist	**Other Directorship** **Public Limited Companies as a Director –** 1. Bharat Forge Ltd. 2. BF Utilities Ltd. 3. Kalyani Steels Ltd. 4. Kalyani Investment Company Ltd. 5. Kalyani Infotech Solutions Ltd. 6. Nandi Economic Corridor Enterprises Ltd. 7. Nandi Infrastructure Corridor Enterprise Ltd. 8. KPIT Cummins Infosystems Ltd. 9. Khed Developers Ltd 10. BF- NTPC Energy Systems Ltd. 11. Kalyani Alstom Power Ltd.

		Pvt. Limited Companies as a Director - 1. Epicentre Technologies Pvt. Ltd.. 2. Kalyani (Mauritius) Pvt. Ltd. 3. Kenersys (Mauritius) Pvt. Ltd. 4. Khed Economic Infrastructure Pvt. Ltd. 5. Ajinkya Investment & Trading Co. **Foreign Companies as a Director -** 1. Bharat Forge Aluminiumtechnik Gmbh & Co. KG 2. Bharat Forge Hongkong Ltd. 3. Bharat Forge Scottish Stampings Ltd 4. FAW Bharat Forge (Changchun) Co. Ltd. 5. Bharat Forge America Inc. 6. Bharat Forge Daun GmbH, Germany 7. Bharat Forge Kilsta AB, Sweden 8. Xapiola Holdings Ltd. 9. CDP Bharat Forge Gmbh, Germany

3	**Mr. Bhalchandra Bassappa Hattarki** 68 Years Director S/o: Bassappa Hattarki Plot No. D-4, S.No. 211/2 (Part), PP 321 B, Kalyani Nagar, Yerwada, Pune – 411 014. Professional	**Other Directorship** **Public Limited Companies as a Director –** 1. BF Utilities Ltd. 2. Kalyani Steels Ltd. 3. Kalyani International Ltd. 4. Kalyani Mukund Ltd. 5. Hospet Steels Ltd. 6. Automotive Axles Ltd. 7. Khed Developers Ltd. 8. Kalyani Investment Co. Ltd. **Pvt. Limited Companies as a Director –** 1. Kalyani Valves Pvt.Ltd. 2. Shri Jagannath Investments Pvt.Ltd. 3. Kalyani Iron Pvt. Ltd. 4. Shri Dwarkadish Investments Pvt. Ltd. 5. Someshwar Poultry & Agro Enterprises Pvt. Ltd. 6. Gaurishankar Hatcheries Pvt. Ltd. 7. Jamdagni Agricultural & Diary Products Pvt. Ltd. 8. Harishchandra Agricultural & Hatcheries Pvt. Ltd. 9. Dyna K Automotive Stampings Pvt. Ltd. 10. Khed Economic Infrastructure Pvt. Ltd.

4	Mr. Madan U. Takale 49 Years Director S/o: Umakant Takale Archway 3, Central Avenue Kalyani Nagar, Pune – 411 014. Professional	**Other Directorship** **Public Limited Companies as a Director –** 1. Kalyani Steels Ltd. 2. Kalyani Infotech Solutions Ltd. 3. Kalyani Carpenter Special Steels Ltd.

Brief Biography of the Directors

- **Mr. B.N. Kalyani**

Baba Kalyani is the Chairman of the Company. He is also Chairman of BF Utilities Ltd. and Chairman & Managing Director of Bharat Forge Limited. Born on 7th January 1949, Mr. Kalyani is a Mechanical Engineer from the Birla Institute of Technology at Pilani, Rajasthan. He also has an M.S. from the Massachusetts Institute of Technology, USA.

Mr. Kalyani is associated with several leading Industry, Trade and Educational institutions in India and abroad. He is a member of the National Council of the Confederation of Indian Industry, the apex industry association in the country; Chairman, Board of Governors, Shri Guru Gobind Singhji Institute of Engineering & Technology Nanded; Vice President, Mahratta Chamber of Commerce, Industry and Agriculture; Member, India Education Initiative; Member, Governing Board, National Institute of Bank Management; Member, Executive Committee, Indo German Chamber of Commerce; Member, Indo-US CEOs Forum; Member, Robert Bosch Advisory Committee Member, India Advisory Committee, World Economic Forum, Switzerland; and Member, Commonwealth Business Council, UK.

Mr. Kalyani also serves on Boards of many prestigious companies and represents industry on several Government Committees including as Member, National Manufacturing Competitiveness Council Member, Board of Trade; Member, National Knowledge Commission; Member, Development Council for Automobiles & Allied Industries; and Member, Consultative Group of Higher & Technical Education [including Vocational Education].

Mr. Kalyani is the Founder Chairman of Pratham Pune Education Foundation, an NGO that is engaged in providing primary education to children belonging to under privileged section of the local community in Pune.

Mr. Kalyani's significant contributions to industry and the community have been recognized through various prestigious awards that he has received. He has been conferred "Businessman of the Year-2006" by Business India Magazine, "Entrepreneur of the Year 2005 for Manufacturing" by Ernst & Young and "CEO of the Year 2004" by the Business Standard group. He is also recipient of several other awards including "Leader of Quality [Gold Award]" by Qimpro Foundation; "The CEO of the Year 2006" by Indian Institute of Materials Management; "Baroda Sun Award" by Bank of Baroda; "V.Krishnamurthy Award for Excellence – 2006" from the Centre for Organisation Development, Hyderabad; FIE Foundation's "Rashtrabhushan Award" for outstanding contribution in Industrial Globalisation; "Global Entrepreneur of the Year 2006" by Jagatik Marathi Chamber of Commerce & Industries [JMCCI]; the National Press Award and FIE Foundation Award.

Mr. Kalyani was conferred [D.Litt] Honoris Causa by Symbiosis International University, Pune in 2006 and he is a Fellow of The Indian National Academy of Engineering.

Mr. Kalyani has been honored by the Government of India with the prestigious Padma Bhushan Award.

- **Mr. A. B. Kalyani**

Mr. Amit Kalyani is a Director of the Company. He is also a director of BF Utilities Ltd. Born on 26th July, 1975, Mr. Amit Kalyani has received his Bachelor's in Mechanical Engineering from Bucknell University, Pennsylvania, USA, in 1998.

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 & ECB's, to the tune of $ 400 million over a period of 3 years. He was also instrumental in strategizing and execution of the several acquisitions that the group had in Germany.

Mr Kalyani is currently an Executive Director on the board of Bharat Forge Limited, the flagship company of the US $ 2.4 billion 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. B. B. Hattarki**

Mr. B. B. Hattarki is a Metallurgy and Mechanical Engineer. Born on 10th October, 1941. He also serves on the Boards of several companies like, BF Utilities Ltd., Kalyani Steels Ltd., Automotive Axles Ltd., Kalyani Investment Co. Ltd.

- **Mr. M. U. Takale**

Mr. Madan U. Takale serves as Non-Executive Independent Director of Kalyani Steels Limited. He is a Mechanical Engineer having more than 23 years experience in forging and automotive related industries. Mr. Takale, after having his initial graduation in Pune, completed his MS in Industrial and Systems Engineering from Columbia University, New York, U.S.A. and MBA from Western Carolina University, NC, U.S.A. He was in U.S.A. for six years and besides obtaining degree in Engineering and Management, has had considerable exposure to technological advancements in automotive field. He also has work experience in Automotive Industry in U.S.A.

- **Relationship between the Directors of the Company**

Mr. Amit Kalyani is son of Mr. B. N. Kalyani. No other director is relative of each other within the meaning of "Relative" as defined in Section 6 of the Companies Act, 1956.

- **Compensation of Managing Directors/ Whole time Directors / Directors**

None of the Directors receive any compensation. The Company does not have any Managing / Whole time Director

- **Corporate Governance**

The provisions of the listing agreement entered into with the Stock Exchanges with respect to corporate governance will be applicable to BFIL immediately upon the listing of its Equity Shares on the Stock Exchanges. The Company is fully compliant with the provisions of Clause 49 of the Listing Agreement. The Board of the Company comprising four Directors has two Independent Directors. The Board has also constituted the Audit Committee, Shareholders/Investors' Grievance Committee as required under Clause 49 of the Listing Agreement as under:

Director	Category	Member of Audit Committee	Member of Shareholders/Invest ors' Grievance Committee
Mr. Babasaheb N. Kalyani :	Promoter	No	No
Mr. Amit B. Kalyani :	Promoter	Yes	Yes
Mr. B. B. Hattarki :	Independent Director	Yes	No
Mr. Madan U. Takale :	Independent Director	Yes	Yes

The role, powers, scope of functions and duties of the Audit Committee and Shareholders/Investors' Grievance Committee of the Board are as per the applicable provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement.

The Status of the Company's compliance with the provisions of Clause 49 of the Listing Agreement is given below:

Particulars	**Clause of Listing Agreement**	**Compliance Status Yes/No**	**Remarks**
I Board of Directors	49 I	Yes	
(A) Composition of Board	49(IA)	Yes	
(B) Non-executive Directors' Compensation & Disclosures	49 (IB)	N.A.	No compensation is paid to Non Executive Directors. Will be complied with to the extent required and when applicable.
(C) Other Provisions as to Board and Committees	49 (IC)	Yes	
D) Code of Conduct	(49 (ID)	Yes	
II. Audit Committee	49 (II)	Yes	
(A)Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B)Meeting of Audit Committee		Yes	
(C)Powers of Audit Committee 49 (IIC)	49 (IIB)	Yes	
(D)Role of Audit Committee	49 II(D)	Yes	
(E)Review of Information by Audit Committee	49 (IIE)	Yes	
III. Subsidiary Companies	49 (III)	N.A.	At present the Company does not have any subsidiary
IV. Disclosures	49 (IV)		
(A) Basis of Related Party Transactions	49 (IV A)	Yes	
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes	
(C) Board Disclosures	49 (IV C)	Yes	
(D) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.	49 (IV D)	N.A.	No proceeds have been raised
(E) Remuneration of Directors	49 (IV E)	N.A.	Will be complied with as and when applicable
(F) Management	49 (IV F)	Yes	complied with in the Annual Report for F.Y.2009-10
(G) Shareholders	49 (IV G)	Yes	The Company has constituted a Shareholders / Investors Grievance Committee of the Board. A Committee of Directors has also been formed with the power *inter alia,* to approve transfer/ transmission of shares. Additional requirements, if any, will be complied with in the Annual Report 2009-10

V.CEO/CFO Certification	49 (V)	Yes	
VI. Report on Corporate Governance	49 (VI)	Yes	Included in the Annual Report for 2009-10. Quarterly report will be submitted at the end of each quarter.
VII. Compliance	49 (VII)	Yes	complied with in the Annual Report for 2009-10

- **Interest of the Directors in the company**

Name of the Director	No. of Shares held as on the date of Information Memorandum
Mr. Babasaheb N. Kalyani	7204
Mr. Amit B. Kalyani	28270
Mr. B. B.Hattarki	0
Mr. Madan U. Takale	0

- **Change in the Directors since Company's inception**

Name of the Director	Date of Appointment	Date of Resignation	Reasons
Mr. Madan U. Takale	5th March, 2010	-	Appointed as Additional Director

- **Date of expiration of current term of Office of directors**

Mr. B. N. Kalyani, Mr. A. B. Kalyani, Mr. B. B. Hattarki, who were appointed as first Directors as per Article 141 of Articles of Association, retired at the first Annual General Meeting of the Company held on 22nd November, 2010 and were re- appointed as directors, liable to retire by rotation.

Mr. Madan U. Takale was appointed as Additional Director on 5th March, 2010 and his term expired at the first Annual General Meeting of the Company, held on 22nd November, 2010. He was re- appointed as directors, liable to retire by rotation in the same Annual General Meeting.

- **Key Management Personnel**

The Company is managed, controlled, and directed by the Board of Directors. The Board has appointed Mr. Satish Kshirsagar as the Company Secretary and Compliance Officer of the Company with effect from 5th March, 2010. Mr. Kshirsagar is an Associate Member of the Institute of Company Secretaries of India.

- **Employees**

At present the services of the employees of BFUL are being availed to conduct the day today operations of the Company, till employees working for the Investment Division of BFUL are transferred to the Company.

PROMOTERS

Before the Scheme becoming effective, the Company was a wholly owned subsidiary of Bhalchandra Investment Ltd. (the First Amalgamating Company) and an indirect subsidiary of BFUL. After the Scheme becoming effective, the Company has allotted equity shares to the shareholders of BFUL. Further, in terms of Clause 15.2 of the Scheme of Arrangement, simultaneously with issue and allotment of shares by the Company to the shareholders of BFUL, the shareholding of Bhalchandra Investment Ltd. in the Company has been cancelled.

After allotment of shares by the Company to the shareholders of BFUL, the Promoter and Promoter Group of BFUL has become the Promoter and Promoter Group of the Company.

Mr. B. N. Kalyani, therefore, is a Promoter of the Company.

Details of Promoters

- **Mr. B. N. Kalyani**

  Baba Kalyani – Chairman of the Company is the Chairman & Managing Director of Bharat Forge Limited. He is also the Chairman of BFUL. Born on 7th January 1949, Mr. Kalyani is a Mechanical Engineer from the Birla Institute of Technology at Pilani, Rajasthan. He also has an M.S. from the Massachusetts Institute of Technology, USA.

  Mr. Kalyani is also the Chairman of Kalyani Group. The group's business interests are in Specialty Steel, Forgings, Auto Components, Infrastructure and Specialty chemicals. With a global workforce of over 10,000 employees, the group comprises companies that include Bharat Forge Limited, Kalyani Steels Ltd, Kalyani Carpenter Special Steels Ltd, Automotive Axles Ltd, Kalyani Hayes Lemmerz Ltd, BF Utilities, Hikal Ltd, CDP Bharat Forge GmbH, Germany, Bharat Forge Aluminiumtechnik GmbH, Germany, Bharat Forge America, Inc, USA, Bharat Forge Kilsta AB, Sweden, Bharat Forge Scottish Stampings Ltd and FAW Bharat Forge (Changchun) Co. Ltd, China. The group's annual turnover is USD 2.4 billion and it has joint ventures with leading global companies that include ArvinMeritor, USA, Carpenter Technology Corporation, USA, Hayes Lemmerz, USA and FAW Corporation, China.

- **Other Information** :

  - **Residential Address** : 'Amit', 221/A,
    Kalyani Nagar, Yerawada,
    Pune-411 006

  - **PAN** : ABIPK5782A

  - **Passport No**. Z 1576043

  By virtue of Mr. B. N. Kalyani being the Promoter of the Company, the following entities form the Promoter Group and relatives of Promoter in terms of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997:

- **Promoter Group**

  1. Ajinkya Investment & Trading Company
  2. KSL Holding Pvt. Ltd.
  3. Gladiola Investment Pvt. Ltd. @
  4. Chakrapani Investments & Trades Ltd. @
  5. Surajmukhi Investment & Finance Ltd. @
  6. Sundaram Trading and Investment Pvt. Ltd.
  7. PIH Finvest Co.Ltd.
  8. Jannhavi Investment Pvt. Ltd.

9. Rajgad Trading Co. Pvt. Ltd.
10. Kalyani Consultants Pvt. Ltd.
11. Kalyani Steels Limited @
12. Dandakaranya Investment & Trading Pvt. Ltd.
13. Campanula Investment & Finance Pvt. Ltd.
14. Cornflower Investment & Finance Pvt. Ltd.
15. Hastinapur Investment & Trading Pvt. Ltd.
16. Dronacharya Investment & Trading
17. Yusmarg Investment & Trading Pvt. Ltd.
18. Tanmarg Investment & Trading Pvt. Ltd.

@ Pursuant to a separate scheme of arrangement u/s 391 and 394 of the Act, between these companies and Kalyani Investment Company Ltd., the shareholding of these companies in BFIL stood vested in Kalyani Investment Company Ltd.

Kalyani Investment Company Ltd. has therefore become a part of Promoter group.

- **Relatives of Promoters**

1. Mrs. Sunita Babasaheb Kalyani
2. Dr. N. A. Kalyani
3. Mrs. Sulochana N. Kalyani
4. Mr. Amit B. Kalyani
5. Mrs. Deeksha Amit Kalyani
6. Mrs. Rohini G. Kalyani
7. Mr. Gaurishankar Neelkanth Kalyani
8. Mrs. Sugandha Jai Hiremath
9. Mr. Ashok Kumar Kheny
10. Mrs. Meera Kheny

- **CURRENCY OF PRESENTATION**

In this Information Memorandum all references to “Rupees” or “Rs.” are to Indian Rupees, the legal currency of the Republic of India.

- **DIVIDEND POLICY**

There is no set dividend payment policy. Dividend is intended to be declared based on the quantum and availability of future profits and will be disbursed on shareholder approval after the recommendation of the Board of Directors. The Company has not declared or paid any dividend in the past.

AUDITOR'S REPORT

To

The Members of

BF Investment Limited

I have audited the attached Balance Sheet of BF Investment Limited as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my Audit.

1. I conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
2. As required by the Companies (Auditors' Report) Order, 2003, read with the Companies (Auditor's Report) (Amendment) Order, 2004, both issued by the Central Government in terms of section 227 (4-A) of the Companies Act, 1956, I enclose in the Annexure, a statement on the matters specified in the said order.
3. Further to my comments in the Annexure referred to in paragraph '2' above :
   (a) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
   (b) In my opinion, proper books of account, as required by law have been kept by the Company so far as appears from my examination of the books.
   (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
   (d) In my opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report, comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
   (e) On the basis of the written representations received from the Directors as at 31st March, 2010 and taken on record by the Board of Directors, I report that none of the Directors of the Company, was disqualified as at 31st March, 2010, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
   (f) As explained to me by the Management, the Company could not pay the cess payable under section 441A of the Companies Act, 1956, for want of notification of the rate and effective date by the Central Government.
   (g) In my opinion and to the best of my knowledge and belief and according to the explanations given to me, the accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) In so far as it relates to the Balance Sheet of the state of the Company's affairs as at 31st March, 2010,
      (ii) In so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.

ANNEXURE REFERRED TO IN PARAGRAPH '2' OF THE AUDITOR'S REPORT ON THE ACCOUNTS OF BF INVESTMENT LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010.

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

(i)
   (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   (b) As explained to me, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to me, no discrepancies were noticed on physical verification of the fixed assets.
   (c) The Company has not disposed off any fixed assets during the year.

(ii)
   (a) The inventory comprising shares was physically verified during the year by the management. In my opinion, the frequency of verification was reasonable.
   (b) In my opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate having regard to the size of the Company and the nature of its business.
   (c) The Company has maintained proper records of the stocks above-referred. As explained to me, no discrepancies were noticed by the management on physical verification of stocks.

(iii) The Company has not granted or taken any loans to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of Clause No. 4(iii) of the Order do not apply to the Company.

(iv) In my opinion and according to the information and explanations given to me, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchases of inventories and fixed assets. The Company is a Core Investment Company and does not sell any other goods or services. During the course of my audit I have not observed any continuing failure to correct major weaknesses in internal control system.

(v) The Company has not carried out any transactions in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956.

(vi) The Company has not accepted deposits from the public within the meaning of Sections 58A or 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed, thereunder.

(vii) In my opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the business in which the Company is engaged.

(ix)

(a) According to the records of the Company, the Company is regular in depositing with appropriate authorities, undisputed statutory dues including Income Tax, other taxes, cess and statutory dues applicable to it. As explained to me by the Management, the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and the Employees' State Insurance Act, 1948 do not apply to the Company. According to the information and explanations given to me, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, cess were outstanding as at 31st March, 2010 for a period of more than six months from the date those became payable.

(b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, cess which have not been deposited on account of any dispute.

(x) The Company does not have any accumulated losses as at 31st March, 2010 and has not incurred any cash loss in the year.

(xi) The Company has neither borrowed any moneys from any financial institution or bank; nor issued any debentures. Hence, the provisions of Clause No. 4(x) of the Order do not apply to the Company.

(xii) According to the information and explanations given to me, the Company has not given any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

(xiii) The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore, the provisions of Clause No. 4(xiii) of the Order do not apply to the Company.

(xiv) The Company has maintained proper records in which timely entries are recorded in respect of the shares dealt in. In a Composite Scheme of Arrangement approved by the High Court of judicature at Bombay as per Order dated 5th February, 2010, the inventory of shares vested in the Company as part of the Investment Business Undertaking of BF Utilities Limited which was transferred to and vested in the Company, on going concern basis, with retrospective effect from the Appointed Date, being 1st April, 2009. As the Scheme became effective only on 26th February, 2010, legal title to all the assets vested and transferred to the Company could not necessarily be transferred in the name of the Company as at 31st March, 2010. The Company is in the process of completing the required legal processes.

(xv) The terms and conditions of the guarantee given by the Company in respect of the loans borrowed by others from banks are not found prima facie prejudicial to the interests of the Company.

(xvi) Since the Company has not raised any term loans, the provisions of Clause No. 4 (xvi) of the Order do not apply to the Company.

(xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the Company, I report that no long term funds have been used to finance short term assets. Similarly, no funds raised on short term basis have been used for long term investments.

(xviii) The Company has not made any preferential allotment of shares, within the meaning of Section 81(1A) of the Companies Act, 1956, to parties and companies covered in the register maintained under Section 301 of the said Act.

(xix) Since the Company has not issued any secured debentures, during the year covered by this report, the clause (xix) of the Order does not apply to the Company.

(xx) Since the Company has not raised any money by public issues during the year, clause (xx) of the Order, does not apply to the Company.

(xxi) Based upon the audit procedures performed and the information and explanations given by the Management, I report that no fraud on or by the Company has been noticed or reported during the course of my audit.

P. V. Deo
Chartered Accountant
Membership No. 41609

Place: Pune
Date : 22th July, 2010.

Balance Sheet as at 31st March, 2010

	Schedule	Amount Rupees	Amount Rupees
I. SOURCES OF FUNDS :			
1. Shareholders' Funds :			
a) Capital	1	188,338,140	
b) Reserves and Surplus	2	5,425,459,572	
			5,613,797,712
TOTAL :			5,613,797,712
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
a) Gross Block		7,712,151	
b) Depreciation		1,914,952	
c) Net Block	3	5,797,199	
d) Capital Work in Progress, expenditure till date		2,569,741	
			8,366,940
2. Investments :	4		3,419,212,647
3. Deferred Tax Asset (Net) :	5		176,231
4. Current Assets, Loans and Advances :			
a) Inventories	6	102,943,493	
b) Cash and Bank Balances	7	183,408,333	
c) Other Current Assets	8	245,601,201	
d) Loans and Advances	9	1,734,195,279	
		2,266,148,306	
Less : Current Liabilities and Provisions			
a) Current Liabilities	10	593,725	
b) Provisions	11	79,512,687	
		80,106,412	
Net Current Assets :			2,186,041,894
TOTAL :			5,613,797,712
Notes forming part of the Accounts :	14		

The schedules referred to above, including the notes on the accounts form an integral part of the Balance Sheet

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

Place : Pune
Date : 22nd July, 2010.

S. R. Kshirsagar
Company Secretary

B. B. Hattarki
Director

M. U. Takale
Director

Place : Pune
Date : 22nd July, 2010.

Profit and Loss Account for the Year Ended 31st March, 2010.

	Schedule	Amount Rupees	Amount Rupees
INCOME :			
Income from Operations :			
Sale of Land	12 (a)	150,000,000	
Other Operating Income	12 (b)	561,884,254	
			711,884,254
Other Income	12 (c)		5,351
TOTAL :			711,889,605
EXPENDITURE :			
Establishment and Other Expenses	13		119,974,594
Depreciation	3		205,108
TOTAL :			120,179,702
Profit before Taxation			591,709,903
Tax (Expense)/Saving :			
Current Tax		(92,500,000)	
Deferred Tax		(535,093)	
			(93,035,093)
Profit for the year after taxation			498,674,810
Less : Appropriation			
Transfer to Reserve Fund (Refer Note No. C-11)			99,735,000
Balance carried to Balance Sheet :			398,939,810
Profit for the year after taxation, as above			498,674,810
Weighted average number of equity shares outstanding during the period (Refer Note No. B-10)			37,667,628
Basic and diluted Earnings per Share in rupees :			13.24
Notes forming part of the Accounts :	14		

The schedules referred to above, including the notes on the accounts form an integral part of the Balance Sheet

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place : Pune
Date : 22nd July, 2010.

On behalf of the Board of Directors,

S. R. Kshirsagar
Company Secretary

B. B. Hattarki
Director

M. U. Takale
Director

Place : Pune
Date : 22nd July, 2010.

SCHEDULE NO.S '1' TO '14' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

	Amount Rupees	Amount Rupees
SCHEDULE '1' : SHARE CAPITAL		
Authorised :		
40,000,000 Equity Shares of Rs.5/- each.		200,000,000
TOTAL :		200,000,000
Issued, Subscribed and Paid up :		
37,667,628 Equity Shares of Rs.5/- each, fully paid up#		188,338,140
# Allotted to the shareholders of BF Utilities Limited, in terms of the Composite Scheme of Arrangement (Refer Note No.s C-4(a))		
TOTAL :		188,338,140
SCHEDULE `2' : RESERVES AND SURPLUS		
Capital Reserve :		
Transferred from BF Utilities Limited	1,912,510,473	
Add : Excess of assets over liabilities in terms of the Composite Scheme of Arrangement sanctioned by the High Court of judicature at Bombay.	643,351,043	
(Refer Note No. C-3)	2,555,861,516	
Less : Utilised for issue of 37,667,628 Equity Shares of Rs.5/- each fully paid up to the shareholders of BF Utilities Limited, in terms of the Composite Scheme of Arrangement	188,338,140	
(Refer Note No. C-4(a))		2,367,523,376
Capital Redemption Reserve :		
Transferred from BF Utilities Limited		1,340
Reserve Fund [Under Sec. 45IC(1) of the Reserve Bank of India Act, 1934] :		
Transferred from BF Utilities Limited	522,717,338	
Add : Set aside this financial year	99,735,000	
(Refer Note No. C-11)		622,452,338
General Reserve :		
Transferred from BF Utilities Limited		870,000
Profit and Loss Account :		
Transferred from BF Utilities Limited	2,035,461,230	
Add : Adjustment on account of Net Plan Assets for Employees' Gratuity at the beginning	211,478	
Add : Profit for the year, as per annexed account	398,939,810	
		2,434,612,518
TOTAL :		5,425,459,572

SCHEDULE `3' : FIXED ASSETS

	Buildings Rupees	Plant and Machinery Rupees	Furniture and Fixtures Rupees	Total Rupees
GROSS BLOCK, AT COST :				
Additions on account of transfer of assets from BF Utilities Ltd.	7,664,341	4,566,226	75,687	12,306,254
Deductions and adjustments	-	(4,518,416)	(75,687)	(4,594,103)
As at 31st March, 2010	7,664,341	47,810	-	7,712,151
DEPRECIATION :				
On assets transferred from BF Utilities Ltd.	1,771,135	4,317,814	68,090	6,157,039
For the year	124,432	79,416	1,260	205,108
Deductions and adjustments	-	(4,377,845)	(69,350)	(4,447,195)
Upto 31st March, 2010	1,895,567	19,385	-	1,914,952
NET BLOCK :				
As at 31st March, 2010	5,768,774	28,425	-	5,797,199

		Amount Rupees	Amount Rupees
SCHEDULESCHEDULE `4' : INVESTMENTS, AT COST			
Long Term :			
(Refer Note No. B-4)			
(i) In fully paid shares :			
Quoted :			
Equity Shares :			
5,807,338	Equity Shares of Rs.2/- each fully paid in Bharat Forge Ltd.	1,255,705,873	
17,052,371	Equity Shares of Rs.10/- each, fully paid in Kalyani Steels Ltd.	648,457,753	
5,367,806	Equity Shares of Rs.10/- each fully paid in Automotive Axles Ltd.	260,686,926	
436,450	Equity Shares of Rs.10/- each fully paid in Hikal Ltd.	15,868,800	
569,600	Equity Shares of Rs.10/- each fully paid in Kalyani Forge Ltd.	11,268,279	
300	Equity Shares of Rs.10/- each fully paid in Ahmednagar Forgings Ltd.	875	
400	Equity Shares of Rs.10/- each fully paid in MM Forgings Ltd.	6,005	
84	Equity Shares of Rs.10/- each fully paid in Finolex Industries Ltd.	1,940	
100	Equity Shares of Rs.10/- each fully paid in EL Forge Ltd.	875	
			2,191,997,326
Unquoted :			
Preference Shares :			
3,000,000	6 % Non-cumulative Redeemable Preference Shares of Rs.10/- each, fully paid in Kalyani Financial Services Ltd.		30,000,000
Equity Shares :			
52,000,000	Equity Shares of Rs.10/- each fully paid in Khed Economic Infrastructure Pvt. Ltd.	520,000,000	
32,999,000	Equity Shares of Rs.10/- each fully paid in KSL Holdings Ltd.	329,990,000	
1,190,694	Equity Shares of Rs.10/- each fully paid in Meritor HVS India Ltd.	11,906,930	
13,805,936	Equity Shares of Rs.10/- each fully paid in Epicenter Technologies Pvt. Ltd.	159,459,491	
579,000	Equity Shares of Rs.10/- each fully paid in Kalyani Agro Corporation Ltd.	2	
500	Equity Shares of Rs.10/- each fully paid in Kalyani Carpenter Special Steels Ltd.	11,800	
3,195,398	Equity Shares of Rs.10/- each fully paid in Kalyani Carpenter Metal Centre Ltd.	31,953,980	
	Less : Provision for diminution in value	(28,758,980)	
2,399,998	Equity Shares of Rs.10/- each fully paid in Kalyani Lemmerz Ltd.	23,999,980	
2,940,000	Equity Shares of Rs.10/- each fully paid in Kalyani Financial Services Ltd.	47,883,609	
608,824	Equity Shares of Rs.10/- each fully paid in Moksha Yug Access Pvt. Ltd.	10,008,000	
25,000	Equity Shares of Rs.10/- each fully paid in Nandi Engineering Ltd. $	250,000	
1,000,000	Equity Shares of Rs.10/- each fully paid in Seinumero Machine Tools Ltd.	10,000,000	
100	Equity Shares of Rs.10/- each fully paid in Goradia Forge Ltd.	1	
100	Equity Shares of Rs.10/- each fully paid in Patheja Forging Ltd.	1	
100	Equity Shares of Rs.10/- each fully paid in Thapar Exports Ltd.	1	
100	Equity Shares of Rs.10/- each fully paid in Western Paques Ltd.	1	
26,000	Equity Shares of Rs.10/- each fully paid in Canaan International Credicap Ltd.	260,000	
	Less : Provision for diminution in value	(156,000)	
1,131,793	Equity Shares of Rs.10/- each fully paid in Synise Technologies Ltd.	55,852,620	
	Less : Provision for diminution in value	(53,589,034)	
55,556	Equity Shares of Rs.10/- each fully paid in Vasudeva Textiles Ltd.	4,555,592	
	Less : Provision for diminution in value	(4,555,591)	
	carried forward		1,119,072,403

		Amount Rupees	Amount Rupees
brought forward			1,119,072,403
Short Term :			
(i) In Units of Mutual Fund :			
Unquoted :			
2,010,501 Units of Rs.10/- each of Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend		20,864,409	
807,298 Units of Rs.10/- each of Reliance Regular Saving Fund - Debt Plan - Growth Option		10,000,000	
750,000 Units of Rs.10/- each of Templeton India Income Opportunities Fund - Dividend Reinvestment		7,500,000	
18,274 Units of Rs.1,000/- each of Templeton India Short Term Income Retail Plan - Monthly Dividend Reinvestment		20,417,714	
1,145,294 Units of Rs.10/- each of HDFC Floating Rate Income Fund - Short Term Plan - Retail Option Dividend Reinvestment - Daily		11,545,596	
737,811 Units of Rs.10/- each of HDFC High Interest Fund - Short Term Plan - Dividend		7,815,199	
	Rupees		78,142,918
Book Value of Quoted Investments :	2,191,997,326		
Book Value of Unquoted Investments :	1,227,215,321		
Market Value of Quoted Investments :	7,739,129,979		
TOTAL :			3,419,212,647

$ Pledged with Indiabills Financial Services Limited for loan taken by another company

The details of investments bought and sold during the year :

	No. of Units	Cost of acquisition Rupees	Sale Proceeds Rupees
Units of Mutual Funds :			
Axis Treasury Advantage-Growth	42,280	42,500,000	42,627,051
Birla Sunlife Cash Plus - Inst.Premium - Growth	3,553,812	50,000,000	50,874,885
DSP Black Rock Floating Rate Fund	1,048,013	15,000,000	15,014,882
DSP Black Rock Money Manager Fund	84,798	105,000,000	105,366,347
DSP Money Manager Fund Inst. Plan Growth	18,021	22,514,882	22,597,075
DWS Insta Cash	2,163,456	30,000,000	30,296,826
DWS Insta Cash Plus Fund	1,754,811	24,500,000	24,578,761
Fidelity Ultra Short Term Debt Fund Super Inst. Growth	3,118,040	35,656,972	36,172,384
Fidelity Ultra Short Term Debt Inst. Growth Option	5,045,389	55,400,000	55,656,972
Fidelity Ultra Short Term Debt Super Inst. Growth	10,532,943	120,000,000	122,192,676
Fortis moneyplus Ip growth	7,696,969	103,780,036	105,654,051
Fortis Money Plus Inst. Growth	15,545,281	147,030,261	150,000,000
Fortis Monthly Overnight Inst. Growth	1,220,386	16,700,000	16,701,587
Fortis Overnight Inst. Growth	1,464,065	20,000,000	20,007,906
Fortis Overnight Regular Growth	111,810	1,500,000	1,500,805
HDFC Cash Management Fund	5,630,631	108,500,000	110,551,239
HDFC Cmf Treasury Advantage-Wholesale- Growth	1,438,105	28,500,000	28,661,647
ICICIPrudential Inst. Liquid Plus Super Inst. Growth	3,845,621	50,000,000	50,086,911
JP Morgan India Treasury Fund	12,835,846	147,200,000	149,789,190
JP Morgan India Treasury Fund -Sip-Growth	2,419,376	28,500,000	28,591,093
Kotak Flexidebt Ip Growth	3,158,218	35,000,000	35,096,641
Kotak Floater Long Term Growth	6,053,400	84,600,000	85,512,493
Kotak Floater Lt Growth	4,975,468	71,000,000	71,732,903
LIC MF Floating Rate Fund	1,034,668	15,000,000	15,172,583
LIC MF Floating Rate Fund Short Term Plan Growth	1,539,002	22,503,435	22,568,226
LIC MF Incomeplus Growth	8,232,733	99,600,000	100,517,831
LIC MF Liquid Fund Growth Plan	4,483,190	72,500,000	72,612,881
LIC MF Savingsplus Growth	5,059,219	72,500,000	73,586,341

	No. of Units	Cost of acquisition Rupees	Sale Proceeds Rupees
Principal Ultra Short Term Fund	3,337,041	37,800,000	38,078,123
Reliance Floating Rate Fund Growth Growth	643,910	9,000,000	9,140,532
Reliance Money Manager Fund	168,130	201,500,000	205,180,735
Reliance Money Manager Fund-Ip Growth	20,463	25,145,079	25,380,205
Reliance Money Manager Fund-Retail- Growth	3,392	4,140,532	4,145,079
Religare Ultra Short Term Fund Inst. Growth	8,675,367	105,000,000	106,864,910
SBI Magnum Insta Cash Fund	3,176,657	62,500,000	62,826,256
Sbnpp Ultra Short Term Fund Inst. Growth	2,542,351	30,000,000	30,108,304
Tata Floater Fund Growth	4,277,883	57,500,000	57,639,967
Tata Treasury Manager-Ship-Growth	48,792	50,000,000	50,270,819
Templeton India Ultra Short Bond Fund Super Ip Growth	6,135,397	71,000,000	71,817,274
UTI Treasury Advantage Fund	182,205	215,000,000	218,984,671
Birla Sun Life Short Term Fund - Retail - Daily Dividend -	501,453	5,017,287	5,017,287
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Daily Dividend	750,296	7,526,598	7,526,598
HDFC Floting Rate Fund Short Term Plan - Retail Opt- Div Reinvestment	257,913	2,600,000	2,600,000
HDFC High Interest Fund-Short Term Plan-Dividend-Reinvestment	4,609,937	48,981,121	48,822,000
ICICI Prudential Flexible Income Plan Premium-Daily Dividend	199,424	21,086,047	21,086,047
ICICI Prudential Floating Rate Plan	433,898	6,016,556	6,022,848
ICICI Prudential Floating Rate Plan B - Daily Dividend	501,456	5,015,564	5,015,564
ICICI Prudential Floating Rate Plan B - Weekly Dividend	500,790	5,016,542	5,014,707
ICICI Prudential Floating Rate Plan Dividend Short Term Growth	3,840,697	50,086,911	50,281,634
ICICI Prudential Institutuional Short Term Plan - Div - Fortnightly	1,737,153	21,064,449	20,876,759
ICICI Prudential Short Term Plan Cumulative	334,471	6,000,000	6,016,556
Reliance Medium Term Fund - Daily Dividend Plan	440,402	7,528,894	7,528,894
Reliance Medium Term Fund - Weekly Dividend Plan	85	1,453	1,455
Reliance Money Manager Fund-Institutional Option-Monthly Dividend Plan	100,436	101,110,343	101,338,323
Reliance Short Term Fund - Retail Plan - Dividend Plan	2,434,466	26,019,430	25,935,343
Reliance Short Term Fund- Retail Plan-Growth Plan	917,753	15,005,167	15,957,702
Tata Floater Fund - Weekly Dividend Plan	513,971	5,190,404	5,184,151
UTI Treasury Advantage Fund-Daily Dividend Plan - Reinvestment	970	1,003,082	1,003,082
TOTAL :	161,392,710	2,827,841,045	2,859,388,013

	Amount Rupees	Amount Rupees
SCHEDULE `5' : DEFERRED TAX ASSET (NET)		
Deferred Tax Asset		
Timing Differences for Disallowances		230,589
Less: Deferred Tax Liability		
Timing Differences for Depreciation	2,178	
Net Plan Asset for Gratuity	52,180	
		54,358
TOTAL :		176,231
SCHEDULE `6' : INVENTORIES		
(As taken, valued and certified by the Directors)		
(Refer Note No.s B-5 and C-8)		
Shares of Companies		2,573,290
Land		100,370,203
TOTAL :		102,943,493

	Amount Rupees	Amount Rupees
SCHEDULE `7' : CASH AND BANK BALANCES		
Cash on hand		76,942
Balances with scheduled banks :		
In Current Accounts	7,947,472	
In Fixed Deposits	175,383,919	
(Refer Note No. C-9)		183,331,391
TOTAL :		183,408,333
SCHEDULE `8' : OTHER CURRENT ASSETS		
Income Receivable		245,601,201
TOTAL :		245,601,201
SCHEDULE `9' : LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)		
Intercorporate Loans		
Good	1,717,726,772	
Doubtful	978,000	
Less : Provision	(978,000)	
	-	
		1,717,726,772
Advances recoverable in cash, or in kind or for value to be received		
Good	16,468,507	
(Refer Note No. C-10)		
Doubtful	1,560,254	
Less : Provision	(1,560,254)	
	-	
		16,468,507
TOTAL :		1,734,195,279
SCHEDULE `10' : CURRENT LIABILITIES		
Sundry Creditors		
Total outstanding dues to micro enterprises and small enterprises		-
Others		593,725
TOTAL :		593,725
SCHEDULE `11' : PROVISIONS		
Provision for Taxation (Net of taxes paid)		79,086,314
Provision for Employees' Leave Encashment		426,373
TOTAL :		79,512,687
SCHEDULE `12' : SALE AND OTHER INCOME		
a) Sale of Land :		150,000,000
b) Other Operating Income :		
Dividend received on long term investments	186,062,245	
Dividend received on short term investments	5,388,232	
Interest received on loans (T.D.S. Rs.12,640,954)	125,002,364	
Interest received on Bank Deposits (T.D.S. Rs.772,732)	7,721,971	
Other Interest received	510,024	
Profit on sale of long term investments (Net)	205,652,186	
Profit on sale of short term investments (Net)	31,547,232	
		561,884,254
c) Other Income :		5,351
TOTAL :		711,889,605

	Amount Rupees	Amount Rupees
SCHEDULE `13' : ESTABLISHMENT AND OTHER EXPENSES		
Payments to and Provisions for Employees :		
Salaries and Wages	1,636,569	
Contributions to Provident and Other Funds	371,702	
Welfare Expenses	12,600	
		2,020,871
Other Expenses :		
Communication	26,089	
Printing and Stationery	26,336	
Rates and Taxes	401,043	
Repairs and Maintenance (Building)	258,958	
Insurance	1,620	
Travelling and Conveyance	14,477	
Professional Fees	19,379,147	
Donations	3,500,000	
Provision for doubtful advances	2,538,256	
Provision for diminution in value of investments	45,628,304	
Share issue expenses written off	2,006,875	
Preliminery expenses written off	263,940	
Impairment Losses	146,908	
Audit Fees	319,870	
(Ref Note No. C-2)		
Sundry Expenses	1,242,119	
Bank Charges	7,316	
		75,761,258
Add/(Less) : Decrease/(Increase) in Inventory		
Stocks transferred from BF Utilities Ltd. :		
Shares of Companies	5,294,682	
Land	139,841,276	
	145,135,958	
Less: Stocks at close		
Shares of Companies	2,573,290	
Land	100,370,203	
	102,943,493	
		42,192,465
TOTAL :		119,974,594

SCHEDULE '14' : NOTES FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

A. Company Overview :

a) BF Investment Limited, is a public limited company incorporated on 26th May, 2009. The Company received the Certificate of Commencement of Business on 20th July, 2009. The Company is an investment company and it is also engaged in the business of real estate.

b) In a Composite Scheme of Arrangement approved by the High Court of judicature at Bombay, as per Order dated 5th February, 2010, Bhalchandra Investment Limited, Forge Investment Limited, Mundhwa Investment Limited, Jalakumbhi Investment and Finance Limited, Jalakamal Investment and Finance Limited and Kalyani Utilities Development Limited (the Amalgamating Companies) amalgamated with BF Utilities Limited (the Amalgamated Company and the Demerged Company) with retrospective effect from the Appointed Date, being 1st April, 2009. The Investment Business Under-taking of BF Utilities Limited was transferred to and vested in BF Investment Limited (the Resulting Company), on going concern basis, with retrospective effect from the Appointed Date, being 1st April, 2009. The Investment Business Undertaking comprised all investment and real estate business as also all the assets and properties, whether moveable or immoveable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and liabilities, which relate thereto or are necessary therefor, as specified in the Scheme.

c) The said Scheme became effective from 26th February 2010 (the Effective Date) upon which, the Business of the Investment Business Undertaking together with all related assets and liabilities, as stated above, was deemed to have been transferred to and vested in the Company with retrospective effect from 1st April 2009.

d) The Business of the Investment Business Undertaking was deemed to have been carried out by BF Utilities Limited, in trust for the Company from the Appointed Date till the Effective Date. Any income or profit accruing or arising to BF Utilities Limited in relation to the Investment Business Undertaking and all costs, charges, expenses and losses incurred by BF Utilities Limited, in relation to the said undertaking, are for all purposes, to be treated as the income, profits, costs, charges, expenses and losses, as the case may be of BF Investment Limited in accordance with the Scheme. Accordingly, these financial statements incorporate the result of the activities carried out by BF Utilities Limited in trust for the Company from 1st April, 2009 to 26th February, 2010.

e) The Company is a Core Investment Company holding 90% of its assets in investments in shares of or debts in Group Companies. In view of the interpretation of the extant regulatory frame work applicable to core investment compa-nies, as could be seen in the Press Release No. 2009-2010/1428 dated 21st April, 2010, it is not required to obtain Certificate of Registration under Section 45-IA of the Reserve Bank of India Act, 1934.

B. Statement of Significant Accounting Policies :

1. Method of Accounting :

a) The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

b) Financial statements are prepared on historical cost convention. These costs are not adjusted to reflect the impact of the changes in the purchasing power of money.

2. 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. Fixed Assets and Depreciation :

a) Fixed Assets :

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

b) Depreciation and Amortisation :

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

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

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.

5. Inventory Valuation :

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

6. **Revenue Recognition :**

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

7. **Employee Benefits :**

a) Post-employment benefits plan :

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

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

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

b) Short term employee benefits :

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

c) Long term employee benefits :

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

8. **Taxation :**

a) Provision for income tax is made on the basis of taxable income for the current accounting year/period, in accordance with the provisions of the Income Tax Act, 1961.
b) Deferred Tax resulting from timing differences between Book Profits and Tax Profits is accounted for at the applicable rate of Tax to the extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized.

9. **Impairment :**

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

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.

11. **Preliminery Expenses :**

Preliminery Expenses are fully written off in the year in which those are incurred.

12. **Provisions, Contingent Liabilities and Contingent Assets :**

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

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

C. NOTES :

	Rupees
1. **Contingent liabilities not provided for in respect of :**	
Liability on account of conveyance deed of the ownership premises of the Company at Antariksha Bhawan, New Delhi has been executed as yet.	Unascertainable
Corporate Guarantee given on behalf of other company	90,000,000
Estimated amount of contracts remaining to be executed on capital account and not provided for	5,988,000

2. Payment to Auditor, inclusive of Service Tax

	Rupees
a) As Auditor	153,317
b) For Tax Audit	27,575
c) For Certification	138,978
TOTAL :	319,870

3. In the Composite Scheme of Arrangement approved by the High Court of judicature at Bombay, as stated, hereinabove, the Investment Business Undertaking of BF Utilities Limited was transferred to and vested in BF Investment Limited, on going concern basis, with retrospective effect from the Appointed Date, being 1st April, 2009. Consequently, the business of the said undertaking, alongwith the under mentioned assets and liabilities stand transferred in favour of the Company, which have been accounted for in the method and manner, prescribed in the above mentioned Scheme.

As the Scheme became effective only on 26th February, 2010, legal title to all the assets vested and transferred to the Company could not necessarily be transferred in the name of the Company as at 31st March, 2010. The Company is in the process of completing the required legal processes.

Particulars	Rupees	Rupees	Rupees
Assets :			
Fixed Assets, Net		6,149,214	
Investments		2 893,611,089	
Current Assets :			
Inventories	5,294,682		
Cash & Bank Balances	169,492,114		
Other Current Assets :			
Interest receivable	216,126,731		
Loans to Companies	1,679,608,992		
Advances towards Investment in Shares	2,626,160		
Advances recoverable in Cash or Kind	365,794		
Purchase of Development Rights of Land	134,657,106		
Security Deposit	18,185		
Total Current Assets	2,208,189,764		
Current Liabilities and Provisions :			
Current Liabilities	241,196,440		
Total Current Liabilities	241,196,440		
Net Current Assets		1,966,993,324	
Deferred Tax Assets / (Liabilities)		820,217	
Assets transferred			4,867,573,844
Funds generated by Investment division of BF Utilities agreed to be transferred (which is temporarily deployed in Fixed Deposits / Investments)			247,337,580
Total Assets transferred ...(A)			5,114,911,424
Transfer of Reserves			
Capital Redemption Reserve	1,340		
Reserve Fund	522,717,338		
		522,718,678	
Other Reserves adjusted in terms of the Scheme:			
Capital Reserve	1, 912,510,473		
General Reserve	870,000		
Surplus in Profit and Loss Account	2,035,461,230		
		3,948,441,703	
...(B)			4,471,560,381
Excess of assets over liabilities credited to Capital Reserve ...(C)=(A-B)			643,351,043
Equity Share Capital to be allotted to the shareholders of BF Utilities Limited ..... (D)			188,338,140
Net amount credited to Capital Reserve ... (E) =(C-D)			455,012,903

4. a) In terms of the said Composite Scheme of Arrangement, the Company has alloted 37,667,628 Equity Shares of Rs. 5/- each, fully paid up (the New Equity Shares) to the shareholders of BF Utilities Limited, whose names appeared in the register of members on the Record Date, fixed for this purpose, which was 12th March, 2010. Thus all the said equity shares have been allotted by the Company for consideration, other than cash.

   b) Simultaneously with the issue and allotment of the New Equity Shares by the Company, the 4,000,000 Equity Shares of Rs. 5/- each, issued to the subscribers to the Memorandum of Association and transferred to the Company in the said Scheme are cancelled on 15th March, 2010.

5. This being, the first year, since incorporation, no statement of cash flows has been drawn up.

6. **Disclosure pursuant to Accounting Standard - 15 (Revised) on "Employee Benefits"**

   a) Defined contribution plans :

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

   The Company recognized Rs. 169,619/- for the provident and superannuation fund contributions in the profit and loss account. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

   b) Defined benefits plans :

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

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

   The following table sets out the funded status of the gratuity plan and the amounts recognized in the financial statements for the year ended 31st March, 2010.

Sr. No.	Particulars	Rs.
I	**Change in benefit obligations :**	
	Projected benefit obligation, at the beginning of the year	-
	Effect of Demerger	363,428
	Interest cost	27,257
	Past service cost	242,185
	Current service cost	28,662
	Benefits paid	-
	Actuarial (gain) / loss	(32,709)
	Present benefit obligation, at the end of the year	628,823
II	**Fair value of plan assets :**	
	Fair value of plan assets, at the beginning of the year	-
	Effect of Demerger	683,800
	Expected return on plan assets	54,103
	Employer's contributions	75,155
	Benefits paid	-
	Actuarial gain / (loss)	(15,366)
	Fair value of plan assets, at the end of the year	797,692
III	**Amount recognized in the balance sheet :**	
	Present benefit obligation, at the end of the year	628,823
	Fair value of plan assets, at the end of the year	797,692
	Funded status	168,869
	Unrecognized actuarial gain / loss	-
	Net asset / (liability) recognized in the balance sheet	168,869

IV	**Amounts recognized in the profit and loss account :**	
	Current service cost	28,662
	Past service cost	242,185
	Interest cost	27,257
	Expected return on plan assets	(54,103)
	Net actuarial (gain) / loss recognized	(17,343)
	Expenses recognized in the profit and loss account	226,658
V	**Actuarial assumptions :**	
	Discount rate	7.50%
	Salary escalation rate	5.00%
	Expected rate of return on plan assets	7.50%
	Expected average remaining working lives of employees (years)	5.39

Amount of Net Plan Asset for Gratuity Plan at the beginning of the year has been recognized by way of adjustment to the accumulated balance in the Profit and Loss Account.

c) Other Long Term Employee Benefits :

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

Sr. No.	Particulars	Rupees
1	Present Value of Obligation	426,373
2	Fair Value of Plan Assets	-
3	Net asset/(liability) recognized in the Balance Sheet	(426,373)

7. Segment Reporting :

Segment information as required by Accounting Standard 17 issued by the Institute of Chartered Accountants of India is as under.

		Rupees
1	**Segment Revenue :**	
	Investment	561,379,581
	Real Estate	150,000,000
	Unallocated Revenue	510,024
	Total Income :	711,889,605
2	**Segment Results :**	
	Profit/(Loss) (before tax from each segment)	
	Investment	491,263,149
	Real Estate	110,233,927
	Total	601,497,076
	Unallocated Expenditure- Net of unallocated income	(9,787,173)
	Profit before Taxation	591,709,903
	Tax (Expense)/Saving	(93,035,093)
	Profit for the year after taxation	498,674,810
3	**Capital Employed :**	
	(Segment Assets-Segment Liabilities)	
	Investment	5,584,990,750
	Real Estate	100,370,203
	Total Capital Employed in Segments	5,685,360,953
	Unallocated Corporate Assets Less Liabilities	(71,563,241)
	Total Capital Employed	5,613,797,712

8. Information pursuant to the provisions of paragraph No.s 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

a) Land under development :

	Area in Sq. Meters	Amount Rupees
Sale	20,000	150,000,000
Closing Stock	50,858	100,370,203

b) Closing Stock of Shares of Companies :

Name of the Company	No. of Shares	Value Rupees
A Quoted		
1 Hindalco Industries Ltd.	140	22,575
2 NIIT Ltd.	112	18,180
3 ITC Ltd.	3,600	595,026
Subtotal(A)	3,852	635,781
B Unquoted		
1 Beta Napthol Ltd.	100	-
2 Elque Polyesters Ltd.	243,700	1
3 Gujarat Rodrel Engineering Products Ltd.	42,000	1
4 Madhavnagar Cotton Mills Ltd.	10,000	1
5 Mark Auto Ltd.	25,000	1,937,500
6 Metalco Ltd.	250,000	1
7 Modi Champion Ltd.	700	1
8 Namtech Systems Ltd.	50,000	1
9 OMC Computers Ltd.	144,300	1
10 Photon Biotech Ltd.	50,000	1
11 Topline Shoes Ltd.	99,600	1
Subtotal(B)	915,400	1,937,509
Total (A + B) :	919,252	2,573,290

9. Fixed Deposits Receipts for an aggregate amount of Rs. 165,000,000/- have been pledged with banks in respect of loans borrowed by Nandi Highway Developers Limited.

10. The amount of Rs. 81,527,043/- receivable from BF Utilities Limited in respect of transactions from the Appointed Date and Effective Date as per the Composite Scheme of Arrangement, referred to hereinbefore, has been included under "Advances recoverable in cash or in kind or for value to be received."

11. Eventhough, the Company is not required to obtain the Certificate of Registration under Section 45-IA of the Reserve Bank of India Act, 1934, it has set aside amount to Reserve Fund as required under Section 45-IC of the said Act, on prudent basis.

12. **Dues to Micro, Small and Medium Enterprises :**

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

13. There are no "Related Parties," within the meaning of the Accounting Standard - 18 on "Related Party Disclosures."

14. In the absence of any notification by the Central Government, as to the rate and effective date for payment of cess under section 441A of the Companies Act, 1956, no provision, for the same, has been made in these accounts.

15. This being the first year, since incorporation, the question of giving figures pertaining to previous year does not arise.

16. Balance Sheet Abstract and the Company's General Business Profile is attached, herewith.

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place : Pune
Date : 22nd July, 2010.

S. R. Kshirsagar
Company Secretary

Place : Pune
Date : 22nd July, 2010.

On behalf of the Board of Directors,

B. B. Hattarki
Director

M. U. Takale
Director

PRASHANT V. DEO
B. Com., F.C.A.
CHARTERED ACCOUNTANT

Flat No.11, Building No. 8-B, Laxminarayannagar No.4 Co-op. Hsg. Society, Erandawana, PUNE – 411 004. ☎ **(020) 2546 5542**

AUDITOR'S REPORT

To
The Board of Directors of
BF Investment Limited

I have audited the attached Balance Sheet of **BF Investment Limited** as at 30th September, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the period of six months ended 30th September, 2010, annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my Audit.

1. I conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

2. I report that :

   (a) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.

   (b) In my opinion, proper books of account, as required by law have been kept by the Company so far as appears from my examination of the books.

   (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

   (d) In my opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report, comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

(e) In my opinion and to the best of my knowledge and belief and according to the explanations given to me, the accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In so far as it relates to the Balance Sheet of the state of the Company's affairs as at 30th September, 2010,

(ii) In so far as it relates to the Profit and Loss Account, of the profit of the Company for the period of six months ended on that date and

(iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the period of six months ended on that date.

P. V. Deo
Chartered Accountant
Membership No. 41609

Place : Pune
Date : 29th December, 2010.

BALANCE SHEET AS AT 30TH SEPTEMBER, 2010.

	Schedule No.	₹	₹	As at 31st March, 2010. ₹
I . SOURCES OF FUNDS :				
1. Shareholders' Funds :				
a) Capital	1	**188,338,140**		188,338,140
b) Reserves and Surplus	2	**5,440,955,863**		5,425,459,572
			5,629,294,003	5,613,797,712
TOTAL :			**5,629,294,003**	5,613,797,712
II. APPLICATION OF FUNDS :				
1. Fixed Assets :				
a) Gross Block		**16,909,678**		7,712,151
b) Depreciation		**3,173,473**		1,914,952
c) Net Block	3	**13,736,205**		5,797,199
d) Capital Work in Progress, expenditure till date		**-**		2,569,741
			13,736,205	8,366,940
2. Investments :	4		**3,193,303,124**	3,419,212,647
3. Deferred Tax Asset (Net) :	5		**272,307**	176,231
4. Current Assets, Loans and Advances :				
a) Inventories	6	**102,932,795**		102,943,493
b) Cash and Bank Balances	7	**218,947,698**		183,408,333
c) Other Current Assets	8	**61,349,262**		245,601,201
d) Loans and Advances	9	**2,059,049,272**		1,734,195,279
		2,442,279,027		2,266,148,306
Less : Current Liabilities and Provisions				
a) Current Liabilities	10	**1,997,313**		593,725
b) Provisions	11	**18,299,347**		79,512,687
		20,296,660		80,106,412
Net Current Assets :			**2,421,982,367**	2,186,041,894
TOTAL :			**5,629,294,003**	5,613,797,712

Notes forming part of the Accounts : 14

The schedules referred to above, including the notes on the accounts form an integral part of the Balance Sheet

As per my attached report of even date,

P. V. Deo
Chartered Accountant

Place : Pune
Date : 29th December, 2010.

On behalf of the Board of Directors,

S. R. Kshirsagar — **Company Secretary**
A. B. Kalyani — **Director**
B. B. Hattarki — **Director**

Place : Pune
Date : 29th December, 2010.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD OF SIX MONTHS ENDED 30TH SEPTEMBER, 2010.

	Schedule No.	₹	₹	Pervious Year ₹
INCOME :				
Income from Operations :				
Sale of Land	12 (a)	**-**		150,000,000
Other Operating Income	12 (b)	**217,030,214**		561,884,254
			217,030,214	711,884,254
Other Income	12 (c)		**-**	5,351
TOTAL :			**217,030,214**	711,889,605
EXPENDITURE :				
Establishment and Other Expenses	13		**11,551,915**	74,346,290
Depreciation	3		**1,258,521**	205,108
TOTAL :			**12,810,436**	74,551,398
Profit for the period before taxation and extra-ordinary items			**204,219,778**	637,338,207
Tax (Expense)/Saving :				
Current Tax		**(38,700,000)**		(92,500,000)
Deferred Tax		**96,076**		(535,093)
			(38,603,924)	(93,035,093)
Profit for the period after taxation but before extra-ordinary items			**165,615,854**	544,303,114
Less : Extra-ordinary items				
Provision for diminution in the value of investments			**(150,119,563)**	(45,628,304)
Profit for the period after taxation and extra-ordinary items			**15,496,291**	498,674,810
Less : Appropriation				
Transfer to Reserve Fund			**-**	99,735,000
(Refer Note No. C-7)				
Profit for the period after taxation, extra-ordinary items and appropriation			**15,496,291**	398,939,810
As per last account			**2,434,612,518**	-
Add : Transferred from BF Utilities Limited			**-**	2,035,461,230
Adjustment on account of Net Plan Assets for Employees' Gratuity at the beginning			**-**	211,478
Balance carried to Balance Sheet :			**2,450,108,809**	2,434,612,518
Profit for the period after taxation and extra-ordinary items, as above			**15,496,291**	498,674,810
Weighted average number of equity shares outstanding during the period			**37,667,628**	37,667,628
(Refer Note No. B-10)				
Basic and diluted Earnings per Share in rupees :			**0.41**	13.24

Notes forming part of the Accounts : 14

The schedules referred to above, including the notes on the accounts form an integral part of the Profit and Loss Account

As per my attached report of even date,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

S. R. Kshirsagar — **Company Secretary**
A. B. Kalyani — **Director**
B. B. Hattarki — **Director**

Place : Pune
Date : 29th December, 2010.

Place : Pune
Date : 29th December, 2010.

BF INVESTMENT LIMITED

CASH FLOW STATEMENT FOR THE PERIOD OF SIX MONTHS ENDED 30TH SEPTEMBER, 2010.

		₹	₹
A.	**Cash flow from operating activities :**		
	Net Profit after tax and extra-ordinary items		**15,496,291**
	Adjusted for :		
	Extra-ordinary items	**150,119,563**	
	Tax expense	**38,603,924**	
	Depreciation	**1,258,521**	
			189,982,008
	Operating Profit before working capital changes :		**205,478,299**
	Changes in :		
	Trade and other receivables	**(140,602,054)**	
	Inventories	**10,698**	
	Trade payables	**1,477,115**	
			(139,114,241)
	Cash generations from operations :		**66,364,058**
	Direct Taxes paid		**(99,986,867)**
	Cash flow before exceptional/extra-ordinary items :		**(33,622,809)**
	Exceptional/Extra-ordinary items		**-**
	NET CASH FROM OPERATING ACTIVITIES :		**(33,622,809)**
B.	**Cash flow from investing activities :**		
	(Purchase) / Sale of Fixed Asset (Net)		**(6,627,786)**
	(Purchase) / Sale of investments (Net)		**75,789,960**
	NET CASH USED IN INVESTING ACTIVITIES :		**69,162,174**
C.	**Cash flow from financing activities :**		**-**
	NET CASH USED IN FINANCING ACTIVITIES :		**-**
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C) :		**35,539,365**
	CASH & CASH EQUIVALENTS - OPENING BALANCE :		**183,408,333**
	CASH & CASH EQUIVALENTS - CLOSING BALANCE :		**218,947,698**

As per my attached report of even date,

P. V. Deo
Chartered Accountant
Place : Pune
Date : 29th December, 2010.

On behalf of the Board of Directors,

S. R. Kshirsagar — **Company Secretary**
A. B. Kalyani — **Director**
B. B. Hattarki — **Director**

Place : Pune
Date : 29th December, 2010.

Schedule No.s `1' to `14' annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account and Cash Flow Statement for the period of six months ended 30th September, 2010.

		₹	₹	As at 31st March, 2010. ₹
SCHEDULE `1' : SHARE CAPITAL				
Authorised :				
40,000,000	(40,000,000) Equity Shares of Rs.5/- each.		**200,000,000**	200,000,000
	TOTAL :		**200,000,000**	200,000,000
Issued, Subscribed and Paid up :				
37,667,628	(37,667,628) Equity Shares of Rs.5/- each, fully paid up#		**188,338,140**	188,338,140
#	These shares have been allotted to the shareholders of BF Utilities Limited, on 15th March, 2010, in terms of the Composite Scheme of Arrangement sanctioned by the High Court of judicature at Bombay on 5th February, 2010.			
	TOTAL :		**188,338,140**	188,338,140
SCHEDULE `2' : RESERVES AND SURPLUS				
Capital Reserve :				
	As per last account	**2,367,523,376**		-
	Transferred from BF Utilities Limited	**-**		1,912,510,473
Add :	Excess of assets over liabilities in terms of the Composite Scheme of Arrangement sanctioned by the High Court of judicature at Bombay.	**-**		643,351,043
		2,367,523,376		2,555,861,516
Less :	Utilised for issue of 37,667,628 Equity Shares of Rs.5/- each fully paid up to the shareholders of BF Utilities Limited, in terms of the Composite Scheme of Arrangement	**-**		188,338,140
			2,367,523,376	2,367,523,376
Capital Redemption Reserve :				
	As per last account	**1,340**		-
	Transferred from BF Utilities Limited	**-**		1,340
			1,340	1,340
Reserve Fund [Under Sec. 45IC(1) of the Reserve Bank of India Act, 1934] :				
	As per last account			-
	Transferred from BF Utilities Limited	**622,452,338**		522,717,338
Add :	Set aside this financial year	**-**		99,735,000
	(Refer Note No. C-7)		**622,452,338**	622,452,338
General Reserve :				
	As per last account	**870,000**		-
	Transferred from BF Utilities Limited	**-**		870,000
			870,000	870,000
Profit and Loss Account :				
	As per annexed account		**2,450,108,809**	2,434,612,518
	TOTAL :		**5,440,955,863**	5,425,459,572

BF INVESTMENT LIMITED

SCHEDULE `3' : FIXED ASSETS

	Buildings	Plant and Machinery	Vehicles	**Total**	As at 31st March, 2010.
	₹	₹	₹	₹	₹
GROSS BLOCK, AT COST :					
As at 31st March, 2010.	7,664,341	47,810	-	**7,712,151**	-
Additions during the Period	-	-	9,197,527	**9,197,527**	-
Additions on account of transfer of assets from BF Utilities Ltd.	-	-	-	**-**	12,306,254
Deductions and adjustments	-	-	-	**-**	(4,594,103)
As at 30th September, 2010.	7,664,341	47,810	9,197,527	**16,909,678**	7,712,151
DEPRECIATION :					
As at 31st March, 2010.	1,895,567	19,385	-	**1,914,952**	-
On assets transferred from BF Utilities Ltd.	-	-	-	**-**	6,157,039
For the Period	62,216	5,685	1,190,620	**1,258,521**	205,108
Deductions and adjustments	-	-	-	**-**	(4,447,195)
As at 30th September, 2010.	1,957,783	25,070	1,190,620	**3,173,473**	1,914,952
NET BLOCK :					
As at 31st March, 2010.	5,768,774	28,425	-	**5,797,199**	
As at 30th September, 2010.	**5,706,558**	**22,740**	**8,006,907**	**13,736,205**	

		₹	₹	As at 31st March, 2010. ₹
SCHEDULE `4' : INVESTMENTS, AT COST				
Long Term :				
(Refer Note No. B-4)				
(i) <u>In fully paid shares :</u>				
Quoted :				
Equity Shares :				
5,807,338	(5,807,338) Equity Shares of ₹2/- each fully paid in Bharat Forge Ltd.	**1,255,705,873**		1,255,705,873
17,052,371	(17,052,371) Equity Shares of ₹10/- each, fully paid in Kalyani Steels Ltd.	**309,573,731**		648,457,753
	(Refer Note No. C-11)			
5,367,806	(5,367,806) Equity Shares of ₹10/- each fully paid in Automotive Axles Ltd.	**260,686,926**		260,686,926
436,450	(436,450) Equity Shares of ₹10/- each fully paid in Hikal Ltd.	**15,868,800**		15,868,800
569,600	(569,600) Equity Shares of ₹10/- each fully paid in Kalyani Forge Ltd.	**11,268,279**		11,268,279
300	(300) Equity Shares of ₹10/- each fully paid in Ahmednagar Forgings Ltd.	**875**		875
400	(400) Equity Shares of ₹10/- each fully paid in MM Forgings Ltd.	**6,005**		6,005
84	(84) Equity Shares of ₹10/- each fully paid in Finolex Industries Ltd.	**1,940**		1,940
100	(100) Equity Shares of ₹10/- each fully paid in EL Forge Ltd.	**875**		875
			1,853,113,304	2,191,997,326
Unquoted :				
Preference Shares :				
3,000,000	(3,000,000) 6 % Non-cumulative Redeemable Preference Shares of ₹10/- each, fully paid in Kalyani Financial Services Ltd.		**30,000,000**	30,000,000
Equity Shares :				
52,000,000	(52,000,000) Equity Shares of ₹10/- each fully paid in Khed Economic Infrastructure Pvt. Ltd.	**520,000,000**		520,000,000
32,999,000	(32,999,000) Equity Shares of ₹10/- each fully paid in KSL Holdings Ltd.	**329,990,000**		329,990,000
1,190,694	(1,190,694) Equity Shares of ₹10/- each fully paid in Meritor HVS India Ltd.	**11,906,930**		11,906,930
13,805,936	(13,805,936) Equity Shares of ₹10/- each fully paid in Epicenter Technologies Pvt. Ltd.	**159,459,491**		159,459,491
	Less : Provision for diminution in value	**(143,513,542)**		-
		15,945,949		159,459,491
579,000	(579,000) Equity Shares of ₹10/- each fully paid in Kalyani Agro Corporation Ltd.	**2**		2
500	(500) Equity Shares of ₹10/- each fully paid in Kalyani Carpenter Special Steels Ltd.	**11,800**		11,800
3,195,398	(3,195,398) Equity Shares of ₹10/- each fully paid in Kalyani Carpenter Metal Centre Ltd.	**31,953,980**		31,953,980
	Less : Provision for diminution in value	**(28,758,980)**		(28,758,980)
		3,195,000		3,195,000
2,399,998	(2,399,998) Equity Shares of ₹10/- each fully paid in Kalyani Lemmerz Ltd.	**23,999,980**		23,999,980
2,940,000	(2,940,000) Equity Shares of ₹10/- each fully paid in Kalyani Financial Services Ltd.	**47,883,609**		47,883,609
608,824	(608,824) Equity Shares of ₹10/- each fully paid in Moksha Yug Access Pvt. Ltd.	**10,008,000**		10,008,000
	Less : Provision for diminution in value	**(8,078,028)**		-
		1,929,972		10,008,000
25,000	(25,000) Equity Shares of ₹10/- each fully paid in Nandi Engineering Ltd. $	**250,000**		250,000
1,705,237	(NIL) Equity Shares of ₹10/- each fully paid in Kalyani Investment Company Limited	**338,884,022**		-
	(Refer Note No. C-11)			
1,000,000	(1,000,000) Equity Shares of ₹10/- each fully paid in Seinumero Machine Tools Ltd.	**10,000,000**		10,000,000
100	(100) Equity Shares of ₹10/- each fully paid in Goradia Forge Ltd.	**1**		1
100	(100) Equity Shares of ₹10/- each fully paid in Patheja Forging Ltd.	**1**		1
100	(100) Equity Shares of ₹10/- each fully paid in Thapar Exports Ltd.	**1**		1
100	(100) Equity Shares of ₹10/- each fully paid in Western Paques Ltd.	**1**		1
26,000	(26,000) Equity Shares of ₹10/- each fully paid in Canaan International Credicap Ltd.	**260,000**		260,000
	Less : Provision for diminution in value	**(156,000)**		(156,000)
		104,000		104,000
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	**(55,852,619)**		(53,589,034)
		1		2,263,586
10,000	(55,556) Equity Shares of ₹10/- each fully paid in Vasudeva Textiles Ltd.	**820,000**		4,555,592
	Less : Provision for diminution in value	**(820,000)**		(4,555,591)
		-		1
			1,304,101,269	1,119,072,403

					As at 31st March, 2010.
			₹	₹	₹
Short Term :					
(i) In Units of Mutual Fund :					
Unquoted :					
NIL	(2,010,501) Units of ₹10/- each of Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend		-		20,864,409
NIL	(807,298) Units of ₹10/- each of Reliance Regular Saving Fund - Debt Plan - Growth Option		-		10,000,000
NIL	(750,000) Units of ₹10/- each of Templeton India Income Opportunities Fund - Dividend Reinvestment		-		7,500,000
5,288	(NIL) Units of ₹1000/- each of Axis Liquid Fund Institutinal Growth		**5,516,818**		-
513	(18,274) Units of ₹1,000/- each of Templeton India Short Term Income Retail Plan - Monthly Dividend Reinvestment		**571,733**		20,417,714
NIL	(1,145,294) Units of ₹10/- each of HDFC Floating Rate Income Fund - Short Term Plan - Retail Option Dividend Reinvestment - Daily		-		11,545,596
NIL	(737,811) Units of ₹10/- each of HDFC High Interest Fund - Short Term Plan - Dividend		-		7,815,199
		₹ ₹		**6,088,551**	78,142,918
	Book Value of Quoted Investments :	**1,853,113,304** 2,191,997,326			
	Book Value of Unquoted Investments :	**1,340,189,820** 1,227,215,321			
	Market Value of Quoted Investments :	**7,403,107,393** 7,739,129,979			
	TOTAL :			**3,193,303,124**	3,419,212,647

$ Pledged with Indiabills Financial Services Limited for loan taken by another company

The details of investments bought and sold during the year :

	No. of Units / Shares	Cost of acquisition	Sale Proceeds
		₹	₹
Units of Mutual Funds :			
Axis Liquid Fund	13,883.273	14,483,182	14,500,000
Birla Sun Life Cash Manager Inst Plan Growth	1,268,528.444	20,000,000	20,020,043
Birla Sunlife Cash Manager-Growth	393,480.730	9,001,344	9,039,905
Birla Sun Life Cash Plus Retail Growth	361,588.094	9,000,000	9,001,344
HDFC Cash Management Fund Treasury Advantage-Wholesale -Growth	13,960,879.050	285,000,000	285,450,685
HDFC Floating Rate Fund Short Term Plan - Retail Opt- Div Reinvestment	1,678.974	16,926	16,926
HDFC Floating Rate Fund Short Term Plan - Retail Opt- Div Reinvestment	837.840	8,446	8,446
HDFC Floating Rate Fund Short Term Plan - Retail Opt- Div Reinvestment	5,236.690	52,791	52,791
HDFC Floating Rate Fund Short Term Plan - Retail Opt- Div Reinvestment	934.056	9,416	9,416
HDFC Floating Rate Fund Short Term Plan - Retail Opt- Div Reinvestment	2,052.011	20,686	20,686
HDFC Liquid Fund Premium Plan	12,887,027.845	242,450,685	242,754,650
JP Morgan Liquid Fund	1,639,223.336	20,000,000	20,048,849
LIC Mutual Fund Liquid Fund Growth Plan	1,159,628.687	20,000,000	20,047,661
Templeton India Short Term Income Retail Plan - Monthly Div Reinvestment	7.964	8,932	8,882
Templeton India Treasury Management Institunal Pln - Growth	13,615.583	20,000,001	20,022,814
Equity Shares of Companies :			
Khed Economic Infrastructure Private Limited	13,724,052	137,240,520	137,240,520
TOTAL :	45,432,654.577	777,292,929	778,243,618

				As at 31st March, 2010.
		₹	₹	₹
SCHEDULE `5' : DEFERRED TAX ASSET (NET)				
	Deferred Tax Asset			
	Timing Differences for Disallowances		**272,307**	230,589
Less :	Deferred Tax Liability			
	Timing Differences for Depreciation	-		2,178
	Net Plan Asset for Gratuity			52,180
			-	54,358
	TOTAL :		**272,307**	176,231
SCHEDULE `6' : INVENTORIES				
(As taken, valued and certified by the Directors)				
(Refer Note No.s B-5 and C-5)				
	Shares of Companies		**2,562,592**	2,573,290
	Land		**100,370,203**	100,370,203
	TOTAL :		**102,932,795**	102,943,493

	₹	₹	As at 31st March, 2010. ₹
SCHEDULE `7' : CASH AND BANK BALANCES			
Cash on hand		**3,288**	76,942
Balances with scheduled banks :			
In Current Accounts	**47,999,000**		7,947,472
In Fixed Deposits	**170,945,410**		175,383,919
(Refer Note No. C-6)		**218,944,410**	183,331,391
TOTAL :		**218,947,698**	183,408,333
SCHEDULE `8' : OTHER CURRENT ASSETS			
Income Receivable		**61,349,262**	245,601,201
TOTAL :		**61,349,262**	245,601,201
SCHEDULE `9' : LOANS AND ADVANCES			
(UNSECURED, CONSIDERED GOOD)			
Intercorporate Loans			
Good	**2,042,761,794**		1,717,726,772
Doubtful	**978,000**		978,000
Less : Provision	**(978,000)**		(978,000)
	-		-
		2,042,761,794	1,717,726,772
Advances recoverable in cash, or in kind or for value to be received			
Good	**16,287,478**		16,468,507
Doubtful	**1,560,254**		1,560,254
Less : Provision	**(1,560,254)**		(1,560,254)
	-		-
		16,287,478	16,468,507
TOTAL :		**2,059,049,272**	1,734,195,279
SCHEDULE `10' : CURRENT LIABILITIES			
Sundry Creditors			
Total outstanding dues to micro enterprises and small enterprises	**-**		-
Others	**1,363,378**		573,455
		1,363,378	573,455
Other Current Liabilities		**633,935**	20,270
TOTAL :		**1,997,313**	593,725
SCHEDULE `11' : PROVISIONS			
Provision for Taxation (Net of taxes paid)		**17,799,447**	79,086,314
Provision for Employees' Leave Encashment		**499,900**	426,373
TOTAL :		**18,299,347**	79,512,687

	₹	₹	Pervious Year ₹
SCHEDULE `12' : SALE AND OTHER INCOME			
a) Sale of Land :		-	150,000,000
b) Other Operating Income :			
Dividend received on long term investments	**103,129,640**		186,062,245
Dividend received on short term investments	**117,196**		5,388,232
Interest received on loans (T.D.S. Rs. 10,889,701/- Previous Year : Rs.12,640,954)	**108,897,002**		125,002,364
Interest received on Bank Deposits (T.D.S. Rs. 395,736/- Previous Year : Rs. 772,732)	**3,811,275**		7,721,971
Other Interest received	-		510,024
Profit on sale of long term investments (Net)	-		205,652,186
Profit on sale of short term investments (Net)	**1,075,101**		31,547,232
		217,030,214	561,884,254
c) Other Income :			
Miscellaneous Income		-	5,351
TOTAL :		**217,030,214**	711,889,605
SCHEDULE `13' : ESTABLISHMENT AND OTHER EXPENSES			
Payments to and Provisions for Employees :			
Salaries and Wages	**923,430**		1,636,569
Contributions to Provident and Other Funds	**361,981**		371,702
Welfare Expenses	**6,300**		12,600
		1,291,711	2,020,871
Other Expenses :			
Rates and Taxes	-		401,043
Repairs and Maintenance (Building)	**133,178**		258,958
Professional Fees	**6,556,393**		19,379,147
Donations	-		3,500,000
Provision for doubtful advances	-		2,538,256
Loss on Sale of Long Term Investment	**2,824,472**		-
Share issue expenses written off	-		2,006,875
Preliminery expenses written off	-		263,940
Impairment Losses	-		146,908
Audit Fees	**82,725**		319,870
(Ref Note No. C-2)			
Sundry Expenses	**622,392**		1,310,641
Bank Charges	**30,346**		7,316
		10,249,506	30,132,954
Add/(Less) : Decrease/(Increase) in Inventory			
Stock at commencement			
Shares of Companies	**2,573,290**		5,294,682
Land	**100,370,203**		139,841,276
	102,943,493		145,135,958
Less : Stock at close			
Shares of Companies	**2,562,592**		2,573,290
Land	**100,370,203**		100,370,203
	102,932,795		102,943,493
		10,698	42,192,465
TOTAL :		**11,551,915**	74,346,290

SCHEDULE '14' : NOTES FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT AND CASH FLOW STATEMENT FOR THE PERIOD OF SIX MONTHS ENDED 30TH SEPTEMBER, 2010.

A. Company Overview :

The Company is a Non Deposit taking Systemically Important Core Investment Company holding 90% of its assets in investments in shares of or debts in Group Companies. As per the regulatory framework, notified by the Reserve Bank of India, vide Notification No. RBI/2010-11/168 DNBS (PD) CC NO. 197/03.10.001/2010-11, dated 12th August, 2010, the Company is in the process of obtaining Certificate of Registration under Section 45-IA of the Reserve Bank of India Act, 1934.

The Company is in the process of listing of its equity shares on National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Pune Stock Exchange Ltd. These financial statements comprising period from 1st April, 2010 to 30th September, 2010 have been prepared by the Company for the purpose of inclusion in the Information Memorandum to be submitted to the concerned stock exchanges and to be published for obtaining and listing and trading permissions. Figures pertaining to previous financial year are not necessarily comparable with those for the current period.

B. Statement of Significant Accounting Policies :

1. **Method of Accounting :**
   a) The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

   b) Financial statements are prepared on historical cost convention. These costs are not adjusted to reflect the impact of the changes in the purchasing power of money.

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

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

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

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.

5. **Inventory Valuation :**
Inventories comprising shares of companies and land are valued at lower of cost and net realizable price.

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

7. **Employee Benefits :**
   a) Post-employment benefits plan :
   Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions.

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

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

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

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

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

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

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

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.

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

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

Contingent assets are neither recognized nor disclosed.

C. NOTES :

		₹	Previous Year ₹
1.	**Contingent liabilities not provided for in respect of :**		
	Liability on account of conveyance deed of the ownership premises of the Company at Antariksha Bhawan, New Delhi has been executed as yet.	**Unascertainable**	Unascertainable
	Corporate Guarantee given on behalf of other company	**90,000,000**	90,000,000
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**---**	5,988,000
2.	**Payment to Auditor, inclusive of Service Tax**	**₹**	₹
	a) As Auditor	**82,725**	153,317
	b) For Tax Audit	**---**	27,575
	c) For Certification	**---**	138,978
	TOTAL :	**82,725**	319,870

3. **Disclosure pursuant to Accounting Standard – 15 (Revised) on "Employee Benefits"**
   a) Defined contribution plans :
   The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the funds. The Company recognized ₹ 131,946/- (Previous Year : ₹ 169,619/-) for the provident and superannuation fund contributions in the profit and loss account. The contributions payable to this plan by the Company are at the rates specified in respective legislations.

   b) Defined benefits plans :

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

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

The following table sets out the funded status of the gratuity plan and the amounts recognized in the financial statements for the period of six months ended 30th September, 2010.

Sr. No.	Particulars	₹	Previous Year ₹
I	**Change in benefit obligations :**		
	Projected benefit obligation, at the beginning of the year	**628,823**	---
	Effect of Demerger	**---**	363,428
	Interest cost	**24,915**	27,257
	Past service cost	**315,277**	242,185
	Current service cost	**16,879**	28,662
	Benefits paid	**---**	---
	Actuarial (gain) / loss	**(251,120)**	(32,709)
	Present benefit obligation, at the end of the period/year	**734,774**	628,823
II	**Fair value of plan assets :**		
	Fair value of plan assets, at the beginning of the year	**797,692**	---
	Effect of Demerger	**---**	683,800
	Expected return on plan assets	**29,913**	54,103
	Employer's contributions	**---**	75,155
	Benefits paid	**---**	---
	Actuarial gain / (loss)	**(79,231)**	(15,366)
	Fair value of plan assets, at the end of the period/year	**748,374**	797,692
III	**Amount recognized in the balance sheet :**		
	Present benefit obligation, at the end of the period/year	**734,774**	628,823
	Fair value of plan assets, at the end of the period/year	**748,374**	797,692
	Funded status	**13,600**	168,869
	Unrecognized actuarial gain / loss	**---**	---
	Net asset / (liability) recognized in the balance sheet	**13,600**	168,869
IV	**Amounts recognized in the profit and loss account :**		
	Current service cost	**16,879**	28,662
	Past service cost	**315,277**	242,185
	Interest cost	**24,915**	27,257
	Expected return on plan assets	**(29,913)**	(54,103)
	Net actuarial (gain) / loss recognized	**(171,889)**	(17,343)
	Expenses recognized in the profit and loss account	**155,269**	226,658
V	**Actuarial assumptions :**		

Sr. No.	Particulars	₹	Previous Year ₹
	Discount rate	**7.60%**	7.50%
	Salary escalation rate	**7.50%**	5.00%
	Expected rate of return on plan assets	**7.50%**	7.50%
	Expected average remaining working lives of employees (years)	**5.18**	5.39

Amount of Net Plan Asset for Gratuity Plan at the beginning of the year has been recognized by way of adjustment to the accumulated balance in the Profit and Loss Account.

c) Other Long Term Employee Benefits :
The table below gives summary of the Company's obligations for other long term employee benefits in the form of compensated absences.

Sr. No.	Particulars	₹	Previous Year ₹
1	Present Value of Obligation	**499,900**	426,373
2	Fair Value of Plan Assets	**---**	---
3	Net asset/(liability) recognized in the Balance Sheet	**(499,900)**	(426,373)

4. **Segment Reporting :**
Segment information as required by Accounting Standard 17 on "Segment Reporting" is as under.

		₹	Previous Year ₹
1	**Segment Revenue :**		
	Investment	**217,030,214**	561,379,581
	Real Estate	**---**	150,000,000
	Unallocated Revenue	**---**	510,024
	Total Income :	**217,030,214**	711,889,605
2	**Segment Results :**		
	Profit/(Loss) (before tax from each segment)		
	Investment	**57,727,870**	491,263,148
	Real Estate	**---**	110,233,927
	Total	**57,727,870**	601,497,075
	Unallocated Expenditure- Net of unallocated income	**(3,627,655)**	(9,787,173)
	Profit before Taxation	**54,100,215**	591,709,902
	Tax (Expense)/Saving	**(38,603,924)**	(93,035,093)
	Profit for the year after taxation	**15,496,291**	498,674,809
3	**Capital Employed :**		
	(Segment Assets-Segment Liabilities)		
	Investment	**5,519,000,095**	5,584,990,750
	Real Estate	**116,582,056**	100,370,203
	Total Capital Employed in Segments	**5,635,582,151**	5,685,360,953
	Unallocated Corporate Assets Less Liabilities	**(6,288,148)**	(71,563,241)
	Total Capital Employed	**5,629,294,003**	5,613,797,712

5. **Information pursuant to the provisions of paragraph No.s 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.**

a) **Land under development** :

			Previous Year	
	Area in Sq. Meters	**Amount ₹**	Area in Sq. Meters	Amount ₹
Sale	---	---	20,000	150,000,000
Closing Stock	50,858	100,370,203	50,858	100,370,203

b) **Closing Stock of Shares of Companies** :

	Name of the Company	**30th September, 2010**		31st March, 2010.	
		No. of Shares	Value ₹	No. of Shares	Value ₹
A	**Quoted**				
1	Hindalco Industries Ltd.	140	22,575	140	22,575
2	NIIT Ltd.	112	7,482	112	18,180
3	ITC Ltd.	3,600	595,026	3,600	595,026
	Subtotal(A)	**3,852**	**625,083**	**3,852**	**635,781**
B	**Unquoted**				
1	Beta Napthol Ltd.	100	-	100	-
2	Elque Polyesters Ltd.	243,700	1	243,700	1
3	Gujarat Rodrel	42,000	1	42,000	1
4	Madhavnagar Cotton Mills	10,000	1	10,000	1
5	SKH Metals Ltd (formerly Mark Auto Ltd.)	25,000	1,937,500	25,000	1,937,500
6	Metalco Ltd.	250,000	1	250,000	1
7	Modi Champion Ltd.	700	1	700	1
8	Namtech Systems Ltd.	50,000	1	50,000	1
9	OMC Computers Ltd.	144,300	1	144,300	1
10	Photon Biotech Ltd.	50,000	1	50,000	1
11	Topline Shoes Ltd.	99,600	1	99,600	1
	Subtotal(B)	**915,400**	**1,937,509**	**915,400**	**1,937,509**
	Total (A + B) :	**919,252**	**2,562,592**	**919,252**	**2,573,290**

6. Fixed Deposit Receipts for an aggregate amount of ₹ 165,000,000/- (Previous Year : ₹ 165,000,000/-) have been pledged with banks in respect of loans borrowed by Nandi Highway Developers Limited.

7. Transfer of profits to Reserve Fund, as required under Section 45-IC of the Reserve Bank of India Act, 1934 would be done at the end of the financial year.

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

9. **Related Party Disclosures**

A. Related Parties and their Relationship

I	**Associates**	a) Kalyani Steels Limited b) Kalyani Financial Services Limited c) Kalyani Investment Company Limited
2	**Joint Venture**	a) Meritor HVS India Limited

B. Transactions with Related Parties:

Particulars	**Associates** ₹	**Joint Venture** ₹	**Total** ₹
Dividend Received	21,315,527 (---)	71,441,640 (164,315,772)	**92,757,167** **(164,315,772)**
Unsecured Loan given	107,800,000 (778,906,500)	--- (---)	**107,800,000** **(778,906,500)**
Unsecured Loan refund received	145,825,293 (320,000,000)	--- (---)	**145,825,293** **(320,000,000)**
Interest on Loan charged	29,048,326 (8,656,521)	--- (---)	**29,048,326** **(8,656,521)**
Allotment of shares in pursuance of Composite Scheme of Arrangement (Refer Note No. C-11, below)	338,884,022 (---)	--- (---)	**338,884,022** **(---)**

(Figures in bracket indicate previous year)

C. Balances with Related Parties:
Period ended 30th September, 2010

Particulars	**Associates** ₹	**Joint Venture** ₹	**Total** ₹
Investment	726,341,362 (726,341,362)	11,906,930 (11,906,930)	**738,248,292** **(738,248,292)**
Unsecured Loan given	420,881,207 (458,906,500)	--- (---)	**420,881,207** **(458,906,500)**
Interest on Loan receivable	39,358,250 (13,214,557)	--- (---)	**39,358,250** **(13,214,557)**

(Figures in bracket indicate previous year)

10. Legal title to all the assets vested and transferred to the Company in pursuance of the Composite Scheme of Arrangement approved by the High Court of judicature at Bombay, as per Order dated 5th February, 2010 as already reported could not necessarily be transferred in the name of the Company as at 30th September, 2010. The Company is in the process of completing the required legal processes.

11. In pursuance of the Composite Scheme of Arrangement, sanctioned by the High Court of the judicature at Bombay, vide Order dated 12th March, 2010, the Company has received allotment of 1,705,237 Equity Shares of Rs.10/- each, fully paid, in Kalyani Investment Company Limited, in the ratio of one such share for every ten shares of Kalyani Steels Limited, held by the Company on the record date being 23rd April, 2010. The cost of acquisition of shares of Kalyani Steels Limited has accordingly been adjusted in the books of the Company.

12. In the absence of any notification by the Central Government, as to the rate and effective date for payment of cess under section 441A of the Companies Act, 1956, no provision, for the same, has been made in these accounts.

13. Since the statement of cash flows has been drawn up for the first time by the Company, corresponding figures for the previous year have not been given therein.

14. Previous year's figures have been regrouped and rearranged, wherever necessary.

As per my attached report of even date,		**On behalf of the Board of Directors,**	
P. V. Deo **Chartered Accountant**	**S. R. Kshirsagar** **Company Secretary**	**A. B. Kalyani** **Director**	**B. B. Hattarki** **Director**
Place : Pune **Date : 29th December, 2010.**	**Place : Pune** **Date : 29th December, 2010.**		

GROUP COMPANIES FINANCIAL AND OTHER INFORMATION

The Company has fourteen group companies including six listed companies. But in accordance with para-2, sub-item C of Item-IX of Part-A of Schedule-VIII of the ICDR Regulations details of only top five listed group companies on the basis of market capitalization is furnished herewith.

LISTED GROUP COMPANIES

1. BHARAT FORGE LIMITED (BFL)

- **Date of Incorporation** – 19th June, 1961
- **Principal Business**- Steel Forgings

Capital Structure

	As on 30/09/2010 Rs. Crores
Authorised Capital	
300,000,000 Equity Shares of Rs. 2/- each	60.00
43 000 000 Cumulative Preference Shares of Rs. 10/- each	43.00
2 000 000 Unclassified Shares of Rs. 10/- each	2.00
Issued	
232 970 666 Equity Shares of Rs. 2/- each fully paid up	46.59
Subscribed	
232 967 156 Equity Shares of Rs. 2/- each fully paid up	46.59
Paid up	
232 794 316 Equity Shares of Rs. 2/- each fully paid up	46.56

- **Shareholding Pattern**

Shareholding Pattern - as on 30th September, 2010

Sr. No.	Category	No. of Shares of Rs. 2/- each	% of holding	Shares Pledged or otherwise encumbered	
				No.of Shares	As a % of No.of shares
(A)	**Shareholding of Promoter and Promoter Group**				
1.	**Indian**				
	Individuals/HUF / Undivided Family	813,115	0.35	-	-
	Bodies Corporate	97,089,055	41.71	-	-
	Sub Total	**97,902,170**	**42.06**	-	-
2.	**Foreign**	--	--	-	-
	Total shareholding of Promoter and Promoter Group (A)	**97,902,170**	**42.06**	-	-
(B)	**Public Shareholding**				
1.	**Institutions**				
	Mutual Funds/UTI	10,781,080	4.63	-	-
	Financial Institutions/Banks	24,150,101	10.37	-	-
	Insurance Companies	9,181,637	3.94	-	-
	Foreign Institutional Investors	34,346,646	14.75	-	-
	Sub Total	**78,459,464**	**33.70**	-	-
2	**Non Institutions**				
	Bodies Corporate	21,818,303	9.37	-	-
	Individuals				
	Individual shareholders nominal share capital up to Rs.1 lakh	22,402,963	9.62	-	-
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	8,730,197	3.75	-	-
3	**Others**	**3,472,019**	**1.49**	-	-
	Clearing members	190,649	0.08	-	-
	Trusts	2,677,525	1.15	-	-
	Non Residents Indians	603,845	0.26	-	-
	Sub Total	**56,423,482**	**24.24**	-	-
	Total Public shareholding (B)	**134,882,946**	**57.94**	-	-
	Total (A)+(B)	**232,785,116**	**100.00**	-	-
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**9200**		-	-
	Total (A)+(B)+(C)	**232,794,316**	**100.00**	-	-

Board of Directors

Sr.	Name	Designation	Whether Independent or Non-Independent
1	Mr. B.N. Kalyani	Chairman and Managing Director	Promoter, Executive and Non-Independent
2	Mr. S.M. Thakore	Non-Executive Director	Independent
3	Mr. S.D. Kulkarni	Non-Executive Director	Independent
4	Mr. P.G. Pawar	Non-Executive Director	Independent
5	Dr. Uwe Loos	Non-Executive Director	Independent
6	Mr. P.C. Bhalerao	Non-Executive Director	Non-Independent

7	Mrs. Lalita D. Gupte	Non-Executive Director	Independent
8	Mr. P.H. Ravikumar	Non-Executive Director	Independent
9	Mr. Alan Spencer	Non-Executive Director	Independent
10	Mr. Naresh Narad	Non-Executive Director	Independent
11	Dr. T. Mukherjee	Non-Executive Director	Independent
12	Mr. G.K. Agarwal	Deputy Managing Director	Non-Independent
13	Mr. Amit B. Kalyani	Executive Director	Non-Independent
14	Mr. B.P. Kalyani	Executive Director	Non-Independent
15	Mr. S.E. Tandale	Executive Director	Non-Independent
16	Mr. P.K. Maheshwari	Executive Director	Non-Independent
17	Mr. Sunil K Chaturvedi	Executive Director	Non-Independent

Financial Performance

Rs. Crores

Particulars	FY 07-08	FY 08-09	FY 09-10	Half year ended 30/9/2010
Paid up Equity Share Capital	44.54	44.54	44.54	46.57
Reserves and Surplus (Excluding Revaluation Reserves)	1428.73	1442.38	1482.67	-
Sales/Revenue	2284.90	2106.35	1888.73	1367.49
PAT	273.59	103.28	127.04	127.57
EPS (Rs.) (Basic and Diluted)	12.25	4.51	5.71	5.52
Book Value / Per Share (Rs.)	66.17	66.78	68.58	-

Stock Market Data

Month	NSE		BSE	
	High	Low	High	Low
Dec-10	413.00	355.25	412.90	355.25
Nov-10	393.55	351.10	393.10	351.05
Oct-10	391.45	362.00	390.00	362.10
Sep-10	375.00	350.00	374.45	350.05
Aug-10	364.00	323.25	362.75	323.80
Jul-10	341.55	283.90	341.30	284.15

The Company handles in-house the investors' grievances. The average time taken to redress investor's grievances is between 7 to 20 days depending upon the nature of complaint/request. Particulars of investors grievances during the period from July, 10 to September, 10 are as follows:

Complaints Received: 1. Resolved/ Replied: 1. Pending: Nil

2. BF UTILITIES LIMITED (BFUL)

- **Date of Incorporation** – 15th September, 2000
- **Principal Business** – Power Generation and Infrastructure

Capital Structure

	As on 31/12/2010 Rs. Crores
Authorised Capital	
60,000,000 Equity Shares of Rs. 5/- each	30.00
Issued Subscribed and Paid up	
37,667,628 Equity Shares of Rs. 5/- each fully paid up	18.83

- **Shareholding Pattern** –

Shareholding Pattern - as on 30th September, 2010

Sr. No.	Category	No. of Shares of Rs. 5/- each	% of holding	Shares Pledged or otherwise encumbered	
(A)	**Shareholding of Promoter and Promoter Group**			**No.of Shares**	**As a % of No.of shares**
1.	**Indian**				
	Individuals/HUF / Undivided Family	102,942	0.27	-	-
	Bodies Corporate	24,782,942	65.79	1,680,000	6.78
	Sub Total	**24,885,884**	**66.07**	1,680,000	6.75
2.	**Foreign**	--	--	-	-
	Total shareholding of Promoter and Promoter Group (A)	**24,885,884**	**66.07**	1,680,000	6.75
(B)	**Public Shareholding**				
1.	**Institutions**				
	Mutual Funds/UTI	63,764	0.17	-	-
	Financial Institutions/Banks	8,122	0.02	-	-
	Insurance Companies	160,127	0.43	-	-
	Foreign Institutional Investors	840,984	2.23	-	-
	Sub Total	**1,072,997**	**2.85**	-	-
2	**Non Institutions**				
	Bodies Corporate	4,747,818	12.60	-	-
	Individuals				
	Individual shareholders nominal share capital up to Rs.1 lakh	5,173,924	13.74	-	-
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,191,676	3.16	-	-
3	**Others**				
	Clearing members	446,352	1.18	-	-
	Non Residents Indians	144,907	0.38	-	-
	Overseas Bodies Corporate	350	0.00	-	-
	Trusts	3,720	0.01	-	-
	Sub Total	**11,708,747**	**31.08**	-	-
	Total Public shareholding (B)	**12,781,744**	**33.93**	-	-
	Total (A)+(B)	**37,667,628**	**100.00**	1,680,000	4.46
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**-**	**-**		
	Total (A)+(B)+(C)	**37,667,628**	**100.00**	1,680,000	4.46

Board of Directors

Sr.	Name	Designation	Whether Independent or Non-Independent
1	Mr. B.N. Kalyani	Chairman	Promoter, Non-Independent
2	Mr. Amit B. Kalyani	Director	Non-Independent
3	Mr. G. K. Agarwal	Director	Non-Independent
4	Mr. B. B. Hattarki	Director	Independent
5	Mr. S. S. Vaidya	Director	Independent

Financial Performance ^

Rs. Crores

Particulars	FY 07-08	FY 08-09	FY 09-10
Paid up Equity Share Capital	18.83	18.83	18.83
Reserves and Surplus (Excluding Revaluation Reserves)	201.50	40.74	37.30
Sales/Revenue	27.65	19.68	16.37
PAT	4.63	0.29	(4.12)
EPS (Rs.) (Basic and Diluted)	1.23	0.08	(0.91)
Book Value / Per Share (Rs.)	58.50	15.81	14.90

^Year end 30 September

Stock Market Data

Month	NSE		BSE	
	High	Low	High	Low
Dec-10	987.80	645.05	986.00	652.00
Nov-10	1054.80	685.00	1054.90	700.00
Oct-10	1107.90	915.25	1108.00	914.00
Sep-10	1131.00	958.10	1132.20	958.20
Aug-10	1144.00	876.10	1143.90	875.10
Jul-10	1064.40	690.10	1064.40	685.85

The Company has engaged the services of the Registrar and Transfer agent to handle investors' grievances. The average time taken to redress investor's grievances is between 7 to 20 days depending upon the nature of complaint/request. Particulars of investors grievances during the period from July, 10 to September, 10 are as follows:

Complaints Received: 12. Resolved/ Replied: 12. Pending: Nil

3. KALYANI STEELS LIMITED (KSL)

- **Date of Incorporation** – 28th February, 1973
- **Principal Business** – Production and Sale of Iron and Steel

Capital Structure

	As on 30/09/2010 Rs. Crores
Authorised Capital	
95,000,000 Equity Shares of Rs. 5/- each	47.50
3,010,000 Cumulative Redemable Preference Shares of Rs.100 each	30.10
2,400,000 Unclassified Shares of Rs.10 each	2.40
Total	80.00
Issued	
43,759,380 Equity Shares of Rs. 5/- each	21.88
Subscribed and Paid up	
43,653,060 Equity Shares of Rs. 5/- each fully paid up	21.82
Total Subscribed and Paid up	21.82
106,320 Add-Forfeited Equity Shares (Amount Paid up	0.04
Total	21.86

- **Shareholding Pattern** –

Shareholding Pattern - as on 30th September, 2010

Sr. No.	Category	No. of Shares of Rs. 5/- each	% of holding	Shares Pledged or otherwise encumbered	
(A)	**Shareholding of Promoter and Promoter Group**			**No. of Shares**	**As a % of No. of shares**
1.	**Indian**				
	Individuals/HUF / Undivided Family	48,355	0.11	-	-
	Bodies Corporate	26,078,001	59.74	-	-
	Sub Total	**26,126,356**	**59.85**	-	-
2.	**Foreign**	--	--	-	-
	Total shareholding of Promoter and Promoter Group (A)	**26,126,356**	**59.85**	-	-
(B)	**Public Shareholding**				
1.	**Institutions**				
	Mutual Funds/UTI	954,348	2.19	-	-
	Financial Institutions/Banks	18,998	0.04	-	-
	Foreign Institutional Investors	130,002	0.30	-	-
	Sub Total	**1,103,348**	**2.53**	-	-
2	**Non Institutions**				
	Bodies Corporate	5,580,137	12.78	-	-
	Individuals				
	Individual shareholders nominal share capital up to Rs.1 lakh	8,727,825	19.99	-	-
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,558,347	3.57	-	-
3	**Others**	**557,047**	**1.28**	-	-
	Clearing members	397,904	0.91	-	-
	Foreign Nationals	200	0.00	-	-
	Non Residents Indians	158,277	0.36	-	-
	Foreign Corporate Bodies	666	0.00	-	-
	Sub Total	**16,423,356**	**37.62**	-	-
	Total Public shareholding (B)	**17,526,704**	**40.15**	-	-
	Total (A)+(B)	**43,653,060**	**100.00**	-	-
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**0.00**	**0.00**	-	-
	TOTAL (A)+(B)+(C)	**43,653,060**	**100.00**	-	-

Board of Directors

Sr.	Name	Designation	Whether Independent or Non-Independent
1	Mr. B.N. Kalyani	Chairman	Promoter Non Independent
2	Mr. Amit B. Kalyani	Director	Non Independent
3	Mr. S.M. Kheny	Director	Independent
4	Mr. S.S. Vaidya	Director	Independent
5	Mr. B. B. Hattarki	Director	Independent
6	Mr. M. U. Takale	Director	Independent
7	Mr. C. G. Patankar	Director	Executive Director Non Independent

Financial Performance

Rs. Crores

Particulars	FY 07-08	FY 08-09	FY 09-10	Half year ended 30/9/2010
Paid up Equity Share Capital	43.70	43.70	21.86	21.86
Reserves and Surplus (Excluding Revaluation Reserves)	468.77	472.08	255.00	-
Sales/Revenue	993.26	1013.90	1066.42	652.83
PAT	79.25	3.30	43.27	34.35
EPS (Rs.) (Basic and Diluted)	18.15	0.76	9.93	7.87
Book Value / Per Share (Rs.)	117.40	118.15	63.42	-

Stock Market Data

Month	NSE		BSE	
	High	Low	High	Low
Dec-10	113.25	90.10	113.25	88.05
Nov-10	128.00	90.70	129.90	90.55
Oct-10	140.40	116.80	140.50	117.00
Sep-10	151.40	124.30	151.30	127.00
Aug-10	156.20	124.30	156.30	124.30
Jul-10	132.95	86.60	132.65	86.90

The Company has engaged the services of the Registrar and Transfer agent to handle investors' grievances. The average time taken to redress investor's grievances is between 7 to 20 days depending upon the nature of complaint/request. Particulars of investors grievances during the period from July, 10 to September, 10 are as follows:

Complaints Pending at the beginning of quarter: 00 Received: 00. Pending: 00.

4. HIKAL LIMITED

- **Date of Incorporation** – 8th July, 1988
- **Principal Business**- Manufacture of Active Pharmaceutical ingredients and Agro Chemicals

Capital Structure

	As on 30/09/2010 Rs. Crores
Authorised Capital	
25,000,000 Equity Shares of Rs. 10/- each	25.00
5,000,000 Cumulative Redemable Preference Shares of Rs.100 each	50.00
Total	75.00
Issued Subscribed and Paid up	
16,440,100 equity shares of Rs. 10/- each fully paid up	16.44

- **Shareholding Pattern -**

Shareholding Pattern - as on 30th September, 2010

Sr. No.	Category	No. of Shares of Rs. 10/- each	% of holding	Shares Pledged or otherwise encumbered	
(A)	**Shareholding of Promoter and Promoter Group**			**No. of Shares**	**As a % of No. of shares**
1.	**Indian**				
	Individuals/HUF / Undivided Family	1,574,863	9.58	-	-
	Bodies Corporate	9,621,497	58.52	775,750	8.06
	Any Other – Trust	115,500	0.70	-	-
	Sub Total	**11,311,860**	**68.81**	775,750	6.86
2.	**Foreign**	--	--	-	-
	Total shareholding of Promoter and Promoter Group (A)	**11,311,860**	**68.81**	775,750	6.86
(B)	**Public Shareholding**				
1.	**Institutions**			-	-
	Mutual Funds/UTI	1,082,569	6.58	-	-
	Financial Institutions/Banks	-	-	-	-
	Insurance Companies	20,100	0.12	-	-
	Foreign Institutional Investors	34,045	0.21	-	-
	Sub Total	**1,136,714**	**6.91**		
2	**Non Institutions**			-	-
	Bodies Corporate	300,675	1.83		
	Individuals			-	-
	Individual shareholders nominal share capital up to Rs.1 lakh	1,243,621	7.56	-	-
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	254,273	1.55	-	-
3	**Any Others (Specify)**	**2,192,957**	**13.34**	-	-
	Clearing members	37,990	0.23	-	-
	Trusts	721,377	4.39	-	-
	Non Residents Indians / OCB	49,280	0.30	-	-
	Foreign Corporate Body	1,360,000	8.27	-	-

	Foreign Nationals	24,310	0.15	-	-
	Sub Total	**3,991,526**	**24.28**	-	-
	Total Public shareholding (B)	**5,128,240**	**31.19**	-	-
	Total (A)+(B)	**16,440,100**	**100.00**	775,750	4.72
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**0**	**0.00**		
	Total (A)+(B)+(C	**16,440,100**	**100.00**	775,750	4.72

Board of Directors

Sr.	Name	Designation	Whether Independent or Non-Independent
1	Mr. B.N. Kalyani	Chairman	Non-Independent
2	Mr. Jai V. Hiremath	Vice Chairman & Managing Director	Non-Independent
3	Mrs. Sugandha J. Hiremath	Director	Non-Independent
4	Mr. Sameer J. Hiremath	Dy. Managing Director	Non-Independent
5	Mr. Prakash V. Mehta	Director	Independent
6	Mr. Shivkumar M. Kheny	Director	Independent
7	Mr. Kannan K. Unni	Non-Executive Director	Independent
8	Dr. Peter Pollak	Non-Executive Director	Independent
9	Mr. A. B. Kalyani	Alternate Director to Dr. Peter Pollak	

Financial Performance

Rs. Crores

Particulars	FY 07-08	FY 08-09	FY 09-10	Half year ended 30/9/2010
Paid up Equity Share Capital	15.08	16.44	16.44	16.44
Reserves and Surplus (Excluding Revaluation Reserves)	171.85	202.87	272.44	-
Sales/Revenue	310.53	479.45	537.79	242.60
PAT	49.60	58.89	60.16	25.04
EPS (Basic) Rs. Per Share	32.52	37.33	36.60	15.23
EPS (Diluted) Rs. Per Share	31.34	35.87	35.22	14.67
Book Value / Per Share (Rs.)	123.96	133.40	175.71	-

Stock Market Data

Month	NSE		BSE	
	High	Low	High	Low
Dec-10	396.90	331.00	395.00	345.00
Nov-10	452.65	326.70	452.00	349.00
Oct-10	460.00	417.00	460.00	418.30
Sep-10	486.80	421.25	487.10	424.15
Aug-10	455.45	381.00	456.45	379.00
Jul-10	451.15	340.00	439.80	375.25

The Company has engaged the services of the Registrar and Transfer agent to handle investors' grievances. The average time taken to redress investor's grievances is between 7 to 20 days depending upon the nature of complaint/request. Particulars of investors grievances during the period from July, 10 to September, 10 are as follows:

Complaints Received: 2. Resolved/ Replied:2. Pending: Nil

5. AUTOMOTIVE AXLES LIMITED (AAL)

- **Date of Incorporation** – 21st April, 1981
- **Principal Business** - Manufacture of Commercial Vehicle Axles

Capital Structure

	As on 30/9/2010 Rs. Crores
Authorised Capital	
23,000,000 Equity Shares of Rs. 10/- each	23.00
2,000,000 Preference Shares of Rs. 10 each	2.00
TOTAL	25.00
Issued Subscribed and Paid up	
15,111,975 Equity Shares of Rs. 10/- each fully paid up	15.11

- **Shareholding Pattern**

Shareholding Pattern - as on 30th September, 2010

Sr. No.	Category	No. of Shares of Rs. 10/- each	% of holding	Shares Pledged or otherwise encumbered	
(A)	**Shareholding of Promoter and Promoter Group**			**No.of Shares**	**As a % of No.of shares**
1.	**Indian**				
	Individuals/HUF / Undivided Family	0	0.00	-	-
	Bodies Corporate	5,367,806	35.52	-	-
	Sub Total (A) 1	**5,367,806**	**35.52**	-	-
2.	**Foreign**				
	Bodies Corporate	5,367,275	35.52	-	-
	Sub Total (A) 1	**5,367,275**	**35.52**	-	-
	Total shareholding of Promoter and Promoter Group (A)	**10,735,081**	**71.04**	-	-
(B)	**Public Shareholding**				
1.	**Institutions**				
	Mutual Funds/UTI	1,384,668	9.16	-	-
	Financial Institutions/Banks	113	0.00	-	-
	Insurance Companies	0	0.00	-	-
	Foreign Institutional Investors	24,976	0.17	-	-
	Sub Total	**1,409,757**	**9.33**	-	-
2	**Non Institutions**				
	Bodies Corporate	1,734,318	11.48	-	-
	Individuals			-	-
	Individual shareholders nominal share capital up to Rs.1 lakh	974,046	6.45	-	-
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	154,960	1.03	-	-
3	**Any Others (Specify)**	**103,813**	**0.69**	-	-

	Clearing members	53,519	0.35	-	-
	Trusts	799	0.01	-	-
	Non Residents Indians	49,495	0.33	-	-
	Sub Total	**2,967,137**	**19.63**	-	-
	Total Public shareholding (B)	**4,376,894**	**28.96**	-	-
	Total (A)+(B)	**15,111,975**	**100.00**	-	-
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**0**	**0.00**	-	-
	Total (A)+(B)+(C	**15,111,975**	**100.00**	-	-

Board of Directors

Sr.	Name	Designation	Whether Independent or Non-Independent
1	Mr. B.N. Kalyani	Chairman – Non Executive Director	Promoter
2	Mr. Ashok Rao	Whole time Director	Executive Director
3	Mr. B. B. Hattarki	Director	Independent
4	Mr. Prabhakar B.C,	Director	Independent
5	Mr. Timothy Earl Joseph Bowes	Director	Non-Executive Director
6	Mr. P.C. Bhalerao	Director	Independent
7	Mr. Satish Sekhri	Director	Independent

Financial Performance ^

Rs. Crores

Particulars	FY 07-08	FY 08-09	FY 09-10
Paid up Equity Share Capital	15.11	15.11	15.11
Reserves and Surplus (Excluding Revaluation Reserves)	154.78	159.61	188.76
Sales/Revenue	752.77	270.48	672.02
PAT	55.78	9.66	44.07
EPS (Rs.) (Basic and Diluted)	36.91	6.39	29.17
Book Value / Per Share (Rs.)	112.42	115.61	135.00

^Year end 30 September

Stock Market Data

Month	NSE		BSE	
	High	Low	High	Low
Dec-10	520.00	378.00	515.00	416.00
Nov-10	519.90	395.00	549.90	398.50
Oct-10	580.00	481.00	559.00	483.00
Sep-10	554.00	431.05	541.90	460.10
Aug-10	504.85	421.05	534.85	431.10
Jul-10	519.20	413.15	518.50	406.10

The Company has engaged the services of the Registrar and Transfer agent to handle investors' grievances. The average time taken to redress investor's grievances is between 7 to 20 days depending upon the nature of complaint/request. Particulars of investors grievances during the period from July, 10 to September, 10 are as follows:

Complaints Received: 0. Resolved/ Replied: 0. Pending: Nil

Industry Overview

Asian equity markets are sizable and fast growing. Since 1990, Asia's capitalization has more than doubled in U.S. dollar terms to $13.7 trillion, 30 percent of world capitalization. Excluding Japan and Australia, it has risen almost tenfold. The financial hubs of Hong Kong SAR, Singapore, and Japan dominate the region, accounting for two-thirds of Asian equity assets. Markets in some other countries, such as Malaysia, and Taiwan Province of China, are also sizable. But, for the most part, market capitalization remains well below industrial country levels.

The growth in Asian markets has been accompanied by improved liquidity and breadth. Since 1990 market liquidity (share turnover) has more than doubled in relation to GDP, while turnover velocity (share turnover/market capitalization) has risen almost fourfold. Market breadth (the percentage of market capitalization and turnover accounted for by the ten largest companies—a higher figure implies greater concentration) is now greater in Asia than in other emerging markets, although less than in industrial countries. While Asian finance remains bank-dominated, stock markets are an important source of corporate finance. In 2005, companies in emerging Asia tapped equity markets for some $814 billion in new capital through initial and secondary public offerings.

- **Factors Driving the Development of Asian Equity Markets**

- **International Investor Diversification:**

Equity flows into emerging Asia have soared and inflows have been especially strong in recent years. By end-2004, international investors had invested some $638 billion in emerging Asia equity markets—a twelve fold increase over 1990s levels. Accordingly, emerging Asian markets now capture three-quarters of global equity investments in emerging markets, up from about half in 1992. One underlying factor is the explosion of flows from dedicated emerging market equity funds, whose assets have grown at rates in excess of 54 percent per year since 2000.

- **Financial Integration:**

Controls on foreign investor participation in equity markets have been loosened over time. Since the early 1990s, economies such as Taiwan Province of China, Thailand, and Korea have been gradually raising caps on portfolio investment by non-residents, with Taiwan Province of China completely eliminating these caps in 2003

- **Growing Domestic Institutional Investor Base:**

Domestic institutional investors have emerged as a relatively new driving force in Asian equity markets. Between 2000 and 2004, domestic mutual finds, pension funds and insurance companies' assets doubled to just over 36 percent of emerging Asia GDP. In some countries, a large share of such companies' assets is invested in equities. Nonetheless, the sector still holds major potential for growth, since it remains small relative to developed countries.

- **Improvement in Market Infrastructure & Governance:**

Efforts over the past decade have resulted in the region having some of the most technically efficient markets in the world and have also improved corporate governance. On the technical side, most countries in the region have developed electronic clearing and settlement systems. Steps have also been under way to enhance corporate transparency and to adopt global accounting and disclosure standards—which are important because corporate governance figures prominently in investment decisions. Formally, the rules and regulations governing corporate governance across the region are in general quite strong

Source: IMF working papers: Asian Equity Markets: Growth, Opportunities, and Challenges

Business Overview

In terms of the Scheme of Arrangement between BFIL and BFUL and the Amalgamating Companies and their respective Shareholders, which became effective on 26th February, 2010, the Investment Business Undertaking of BFUL stood transferred to and vested with the Company. The Company is holding the investments and other assets and liabilities of the Investment Business Undertaking, transferred to it under the Scheme and is a Core Investment Company.

Internal Control and Internal Audit System.

The company has initiated the process of establishing internal control and internal audit systems. The Audit and controls are as per the prevailing Laws and Company Policies. The Audit Committee appointed by the Board selectively reviews its adequacy, address the significant findings, and follow up needs on such issues.

Risk and Concerns

For information on various risks and concerns please refer to the section named risk factors on page number 7 of this information memorandum.

Significant developments subsequent to the last financial year

The first financial year of the Company ended on 31st March, 2010. There is nothing material to report under this section.

Other Significant developments

There are no material developments after the date of the last Balance Sheet.

LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL INFORMATION

Clause 19 of the Scheme provides for manner of dealing with legal proceedings which are as under.

19.1 All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date and relating to the Demerged Undertaking of the Demerged Company, shall be continued and /or enforced until the Effective Date as desired by the Resulting Company and as and from the Effective Date shall be continued and enforced by or against the Resulting Company in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. On and from the Effective Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the Demerged Undertaking in the name of the Resulting Company.

19.2 After the Appointed Date, if any proceedings are taken against the Demerged Company in respect of the matters referred to in the Clause 19.1 above, it shall defend the same at the cost of the Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

19.3 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 19.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company.

Save as stated herein, there are no outstanding or pending material litigation, suits, criminal or civil prosecution, proceedings initiated for any offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956) or litigation for tax liabilities against the Company, its promoters, directors, group companies and there are no material defaults, non payments or overdue or statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits. No disciplinary action has been taken by SEBI/Stock Exchanges against the Company or its Subsidiaries, its Directors, its Promoters and the Group Companies.

1. Outstanding litigation Involving the Company (BF Investment Ltd.)

There are no cases filed by and against the Company.

The following case filed by Mundhwa Investment Ltd. is pending in respect of the Demerged Undertaking. This case will be continued in BF Investment Ltd.

Mundhwa Investment Limited v/s. ITC Bhadrachalam Paper Boards Ltd. [Regular Civil Suit No. 2262/2000]

Mundhwa Investment Ltd. has filed Regular Civil Suit No. 2262/2000 before the Civil Judge, Senior Division, Pune. Mundhwa Investment Ltd. held 3800 Equity Shares of erstwhile ITC Bhadrachalam Paper Boards Ltd. in its own name. The said shares were sold by Mundhwa Investment Ltd. through Indsec Share & Stock broking Ltd. The share certificates alongwith signed transfer deeds were dispatched for delivery to the broker on 4-11-1995. The said shares were reported to be lost in transit by DHL Courier on 6-11-1995. Mundhwa Investment Ltd. had filed an application for permanent injunction for restraining transfer of these shares and restoration of duplicate share certificates, which was granted by the Court. The matter is pending for hearing for further directions.

There are no cases filed against BFUL / the Amalgamating Companies in respect of the Demerged Undertaking.

2. Outstanding litigations involving Group Companies

2.1 BHARAT FORGE LIMITED (BFL)

A. Outstanding litigation / proceedings initiated against BFL

Writ Petition

1. **Mr. Dilip Dherange & others v/s MIDC & other**
[Writ Petition (PIL)No.37/2010][Bombay High Court]

Mr. Dilip Namdeo Dherange & others have filed Writ Petition (Public Interest Litigation) No. 37/2010 in the Bombay High Court against the Maharashtra Industrial Development Corporation and others, i.e. Company and Khed Economic Infrastructure Private Ltd. . The Petitioners are the land owners from village Gulani, Varude Tal. Khed, District. Pune . The lands owned by Petitioners are proposed to be acquired for setting up SEZ project .
The Petitioners have challenged ;

(i) the constitutional validity of SEZ Act, 2005 and SEZ Rules, 2006 ,
(ii) the Notification No. IDC-2007/ (201)/ Industry-14 dt.14/7/2006 issued under the Maharashtra Industrial Development Act, 1961 & Public Notice No. SJL /LA/SR-3/2006 dt.17-12-2009 for acquisition of Land for SEZ Project ,
(iii) the process of acquisition of lands under the Maharashtra Industrial Development Act, 1961 , SEZ Act,2005 & Rules, 2006 and Guidelines applicable for setting up of Multi-Product SEZ , Environment Protection Act, 1985 and Environment Impact Assessment Rules and Notification there under ,and
(iv) the order of Approval No. SEZ-2008/CR-120/IND dt.27/8/2008 issued by State of Maharashtra in favour our Company & Khed Economic Infrastructure Ltd..

The PIL is pending for admission .

Statutory

1. **Mr. U. H. Patil v. Mr. P. D. Patil & Bharat Forge Ltd. [RTS Revision No. 24/2000]**

In RTS Revision No. 24/2000 filed by Mr. U.H. Patil against Mr. P.D. Patil and our Company before the Additional Divisional Commissioner, Nasik Division , Nasik , against the Judgment and order dt.22/11/1999 passed by the Additional Collector, Jalgaon in respect of a dispute regarding a piece of land admeasuring 1 hectare 81 acres ("disputed land") situated at village Kusumbe Khurd, Jalgaon on which our Company's guesthouse is constructed. The Collector in Appeal held that the transfer of the disputed land by Mr. P.D. Patil to our Company's seller *i.e.* Mr. U.H. Patil was illegal under the provisions of the Bombay Tenancy and Agricultural Land Act, 1948 as no requisite permission under Section 43 of the said Act was obtained. The Additional Divisional Commissioner, Nasik, has partly allowed the appeal and remanded the case back to the Collector, Jalgaon for review.

The matter is pending for initiation of proceeding by the Collector, Jalgaon.

2. **Before the Collector, Pune (Kalyani Carpenter Special Steels Ltd - Premium Demand)**

The Collector, Pune on 17/8/2010 has served Notices on our Company and Kalyani Carpenter Special Steels Ltd.(KCSSL), Pune demanding premium for the period 2000 to 2010 along with interest thereon, totaling Rs.5,75,09,627/-. It appears the premium was arrived on the basis of Ready Reckoner rates of land prevailing in 1999,@ Rs.2145/- sq.meter.

The notices were issued on the basis of audit objection raised by the Comptroller & Auditor General of India (CAG) in Audit Report (Revenue) Maharashtra for the year 2004-05 and was reported to Public Accounts Committee, Maharashtra State .

Our Company & KCSSL jointly has made detailed representation and written submissions to the Collector, Pune giving factual position in the matter and also denying their liability to pay the Premium amount. The hearing has taken place before the Collector, Pune on 13/10/2010, when on our behalf & KCSSL oral as well as written submissions were made .

The matter is pending for orders .

Civil

1. **Ispat Profiles India Ltd. v. Bharat Forge Ltd. [Special Civil Suit No. 49/2002]**

Ispat Profiles India Ltd. ("Ispat") had filed a Special Civil Suit No. 49/2002 in the Court of Civil Judge, Senior Division, Pune against our Company for recovery of an amount of Rs.35,16,908/- along with interest thereon @ 24% p.a. w.e.f. 22/2/2002 till its full realization for the supply of raw materials by Ispat to our Company. However, as per our Company's books of accounts, an amount of Rs. 5,45,011.38 is payable to Ispat and the same is being withheld against dues payable by Ispat to our Company's Satara Division. As per the order of the Hon'ble Bombay High Court in Writ Petition No. 2681/2003, Ispat has withdrawn the aforesaid suit with the liberty to refer the present dispute for arbitration.

Presently, our Company and Ispat are in the process of appointing an arbitrator, but have not yet identified an arbitrator mutually acceptable to both parties.

B. Outstanding litigation / proceedings initiated by Company

Writ Petition

1. Bharat Forge Ltd. v/s Chief Controlling Revenue Authority, Maharashtra State, Pune [Writ Petition No. 1500/2005] [Bombay High Court]

Our Company has filed a Writ Petition No. 1500/2005 before the Bombay High Court, challenging the order passed by the Chief Controlling Revenue Authority, Maharashtra State, Pune ,dismissing the appeal filed by the Company. Our Company, in the said appeal, had challenged the order passed by the Collector of Stamps, Pune dt.26/2/1999 for payment of differential stamp duty of Rs.37,50,000/- along with a fine of Rs. 300/- within 60 days of its Order.

The writ petition is admitted and is pending for final hearing.

2. **Bharat Forge Ltd. v/s. Pune Cantonment Board & another [Writ Petition No. 4293/2010] [Bombay High Court]**

The Company has filed Writ Petition No. 4293/2010 in the Hon'ble Bombay High Court challenging the common Judgment and Decree dt. 18/2/2010 passed by the District Judge-9, Pune in Civil Appeal No. 668/2008 and Civil Appeal No. 52/2009 dismissing the appeals filed by the Company .

The Company had filed Civil Appeal No. 52/2009 & 668/2008 with Stay applications in the District Court, Pune challenging the Property Tax Bills dt. 14/2/2008 & 12/9/2008 (for Rs.5,16,69,536/- including arrears for the year 2005-06, 2006-07 & 2007-08) and the fixation of the ratable value of the BFL's land @ Rs.1470 per sq. meter (Rs.137/-per sq. ft.) and also prayed to assess and levy Property Tax of BFL only on the basis of the Resolution No. 44 dt. 6/5/2004 passed by the PCB.

The District Judge , Pune by its order dt. 26/11/2008 rejected the stay application of the Company , against which the Company had filed Writ Petition No. 2367 of 2009 before the

Hon'ble Bombay High Court . The Hon'ble Bombay High Court by its order dt. 10/7/2010 directed the Company to deposit the undisputed amount of bill/s that may be raised by PCB with PCB and disputed in District Court, Pune pending disposal of Appeals. As per order of the Hon'ble Bombay High Court dt. 10/7/ 2009, the Company deposited undisputed amount of Rs.3,13,40,440/- with PCB and disputed amount of Rs.3,50,65,034/- in District Court, Pune.

The District Judge, Pune by its common Judgment & Decree dt. 18/2/2010 dismissed both the Appeals filed by the Company .

The Writ petition had come up for hearing before the Hon'ble High Court has admitted the writ petition and directed the Company to deposit the future Bill amount with PCB without prejudice to their rights in writ petition . The Hon'ble Court further observed that if the Company succeed in the writ petition , the court will then decide regarding refund of disputed amount of Rs.3,50,65,034/-,if any, to the Company with interest .

Statutory

I. <u>Bharat Forge Ltd. v/s Mr. U. H. Patil & Mr. P. D. Patil</u> [RTS Revision No. 85/2000]

Our Company has filed RTS Revision No.85/2000 against Mr. P.D. Patil and Mr. U.H. Patil before the Additional Divisional Commissioner, Nasik, against the Judgment and Order passed by the Additional Collector, Jalgaon dt. 27/1/2000 in respect of the dispute regarding a piece of land admeasuring 1 hectare 81 acres ("disputed land") situated at village Kusumbe Khurd, Jalgaon on which our Company's guesthouse is constructed. The Collector has, in Appeal, held that the transfer of the disputed land by Mr. P.D. Patil to our Company's seller *i.e.* Mr. U.H. Patil was illegal under the provisions of the Bombay Tenancy and Agricultural Land Act, 1948 as no requisite permission under Section 43 of the said Act was obtained. The Additional Divisional Commissioner, Nasik has partly allowed the appeal and remanded the case back to the Collector, Jalgaon for review.
The matter is pending for initiation of proceedings by the Collector, Jalgaon.

II. <u>Bharat Forge Ltd. v/s. Gram Panchayat , Kadave & another</u>
[Gram Panchayat Tax Appeal No. /2009] [Standing Committee, Zilha Parishad, Satara]

The Company filed Gram Panchayat Tax Appeal before the Standing Committee of Zilha Parishad, Satara challenging the part of order of Block Development Officer, Panchayat Sammittee, Patan dt.30/10/2009 in Gram Panchayat Appeal No. 19/2009.

The Company was served with Property Tax Bill & Notice for attachment of wind mills at Village Kadave Khurd, Taluka. Patan dt. 20/6/2009 for Rs.17,01,000/- for the year 2008-09 including arrears of Rs. 15,12,000/- by the Gram Panchayat, Kadave Khurd, Patan. The Company by its letter dt.23/6/2009 denied the Bill & arrears and paid the current demand of Rs.1,89,000/- under protest.

The Company has filed Gram Panchayat Appeal No. 19/2009 before the B.D.O., Panchayat, Sammittee , Patan challenging the said Bill & Notice . The B.D.O., Patan by its order dt. 30/10/2009 has partly allowed the Appeal filed by the Company and held that the Gram Panchayat can't recover the Property tax retrospectively and the demand for arrears is illegal . However, the B.D.O. upheld the current demand for Rs.1,89,000/- legal and proper and directed the Company to pay the same , which the Company has already paid under protest.

The Appeal is pending for hearing. (Note: Appeal No. will be allotted at later stage)

Civil

1. **<u>Bharat Forge Ltd. v/s Mr. Gitan M. Shah</u> [First Appeal No. 1457/2004] [Bombay High Court]**

Our Company had filed a Special Civil Suit No. 1451/1998 in the Court of the Civil Judge, Senior Division, Pune for recovery of compensation of Rs. 2,15,000/- against Mr. Shah for breach of an undertaking given by him to our Company. The said suit was dismissed by the Court on 23/7/2004. Our Company has filed a First Appeal No. 1457/2004 before the Bombay High Court challenging the order dt.23/7/2004.
The appeal is admitted and pending for final hearing.

2. **<u>Bharat Forge Ltd. v/s M/s. Dhananjay Engineering & others</u> [Special Civil Suit No. 1131/1999]**

Our Company has filed a Special Civil Suit No. 1131/1999 against M/s Dhananjay Engineering and its partners in the Court of Civil Judge, Senior Division, Pune, for recovery of an amount of Rs.19,00,056/- with interest thereon @ 21% p.a. w.e.f. 19/9/1990, till its full realization or to deliver the steel raw material and steel end pieces which were supplied to M/s Dhananjay Engineering for carrying out cutting and turning operations.

The suit is pending for hearing.

4. **<u>Bharat Forge Ltd. v/s. Union Of India (Railway Dept.)</u>**
[First Appeal No. 1892 of 2008] [Bombay High Court]

The Company booked one Wagon of Diesel with Hindustan Petroleum Corporation through Railway from Sirari to Hadapsar . As the Diesel Wagon was not delivered, the Company filed Case No. 970031/1997 on 17/2/1997 before the Railway Claims Tribunal , Mumbai for recovery of compensation of Rs.1,45,069/- with interest @ 18 % from the date of filing of the claim application . The Member, Railway Claims Tribunal, Mumbai by its Judgment & Order dt.24/9/1998 has dismissed the claim application of the Company. Even the Review Application No. 25/1998 filed by Company before the same Tribunal was also rejected . The Company, therefore, filed First Appeal before the Bombay High Court challenging the Judgment & order dt.24/9/1998 .

The Appeal is pending for hearing.

6. **<u>Bharat Forge Ltd. v/s. Gram Panchayat, Kadave & another</u> [Regular Civil Suit No. 88/2009]**

The Company has filed Regular Civil Suit No. 88/2009 before the Civil Judge, Junior Division, Patan, District. Satara challenging the Property Tax Bill & Notice for attachment of wind mills dt. 20/6/2009 issued by the Gram Panchayat, Kadave Khurd, Patan for Rs.17,01,000/- for the year 2008-09 including arrears for Rs.15,12,000/- on the ground that the bill and notice is erroneous & the assessment of tax & formula applied is not as per the Bombay Village Panchayat Act and Gram Panchayat can't recover the property tax retrospectively.

The Hon'ble Court has granted status quo in the matter and the suit is pending for hearing.

Criminal

<u>Proceedings initiated under Section 138 of the Negotiable Instruments Act</u>

I) <u>Bharat Forge Ltd. v/s M/S. Anand Exports Ltd. & others</u> [27 Criminal cases]

Our Company has filed 27 complaints under Section 138 of the Negotiable Instruments Act, 1881 against Mrs. T.K. Sabitha, proprietress of Anand Exports, before the Court of the Judicial Magistrate, First Class, Pune for dishonour of twenty seven cheques aggregating to Rs. 58,00,000/- during the year 2002, 2003 & 2004.
All the cases are pending for hearing

Other cases **BHARAT FORGE LIMITED**

CENTRAL EXCISE CASES

Principal Parties	Charges / Allegations	Court/Tribunal	Amount involved Rs.Mln.
Additional Commissioner Pune-III	Availed Cenvat credit on customer returned material.	CESTAT, Mumbai	2.080 (+Interest + Penalty)
Additional Commissioner Pune-III	Duty not reversed on shortage of goods during annual stock taking of 2001-02.	CESTAT, Mumbai	2.960 (+ Interest + Penalty)
Commissioner Pune-III	Service Tax on commission paid to the commission agents abroad	CESTAT, Mumbai	12.080 (+ Interest + Penalty)
Jt.Commissioner Central Excise, Pune-III	Service Tax on commission paid to the commission agents abroad.	Addl.Commissioner Central Excise - Pune-III	6.610 (+ Interest + Penalty)
Additional Commissioner, Pune-III	Payment of technical know-how fees to Metalart. Service Tax for the period 2002-03 and 2003-04 Service Tax as "Consulting Engineer".	Additional Commissioner, Pune-III	2.140 (+ Interest + Penalty)
Additional Commissioner, Pune-III	Demand of Excise Duty on Inventory losses during the period 2004-05.	Additional Commissioner, Pune-III	2.760 (+ Interest + Penalty)
Additional Commissioner, Pune-III	Availment of Cenvat on capital and inputs related to exclusively job work activity.	CESTAT, Mumbai	4.900 (+ Interest + Penalty)
Joint Commissioner, Pune-III	Availment of Cenvat on capital and inputs related to exclusively job work activity.	CESTAT, Mumbai	4.820 (+ Interest + Penalty)
Asstt. Commissioner, Pune-III	Availment of Cenvat on capital and inputs related to exclusively job work activity.	Asstt. Commissioner, Pune-III	0.225 (+ nterest + Penalty)
Deputy Commissioner, Pune-III	Availment of Cenvat on capital and inputs related to exclusively job work activity.	Commissioner, (Appeals) Pune-III	0.107 (+ Interest + Penalty)
Commissioner, Pune-III	Excise Duty payable on Sales Tax amount retained by BFL	Commissioner, Pune-III	52.500 (+Interest + Penalty)
Additional Commissioner, Pune-III	Excise duty on Die Preparation charges	CESTAT, Mumbai	4.540 (+ Penalty + Interest)
Additional Director DGCEI, Zonal Unit Mumbai	Cenvat on outward transportation upto place of final destination.	Additional Director DGCEI, Zonal Unit Mumbai	2.790 (+ Interest + Penalty)
Jt.Commissioner Central Excise, Pune-III	Wrong availment of Cenvat credit on Dies for Aluminium Roadwheel	CESTAT, Mumbai	1.340 (+ Interest & Penalty)
Asstt. Comm. Central Excise, Pune-III	Wrong availment of Cenvat credit on Dies for Aluminium Roadwheel	CESTAT, Mumbai	0.268 (+ Interest & Penalty)
Dy. Comm. Central Excise, Pune-III	Wrong availment of Cenvat credit on Dies for Aluminium Roadwheel	Dy. Comm. Central Excise, Pune-III	0.054 (+ Interest & Penalty)
Additional	Service Tax on expenses towards	Additional Director	* 23.394

Director DGCEI, Zonal Unit Mumbai	FCCB& GDR (commercial borrowings from foreign institutations)	DGCEI, Zonal Unit Mumbai	(+ Interest + Penalty)
Commissioner Pune-III	4% additional duty, 100% cenvat on capital goods not allowed	Commissioner Pune-III	14.102 (+ Interest + Penalty)
Commissioner Pune-III	4% additional duty, 100% cenvat on capital goods not allowed	Commissioner Pune-III	8.060 (+ Interes + Penalty)t
Additional Commissioner, Pune-III	4% additional duty, 100% cenvat on capital goods not allowed for the period Jan to Oct.2009.	Additional Commissioner, Pune-III	3.610 (+ Interest + Penalty)
Additional Commissioner, Pune-III	Inventory losses during the period 2006-07 as per balance sheet Schedule L.	Additional Commissioner, Pune-III	0.308 (+ Interest + Penalty)
Additional Commissioner, Pune-III	Inventory losses during the period 2007-08 as per balance sheet Schedule L.	Additional Commissioner, Pune-III	0.179 (+ Interest + Penalty)
Jt.Commissioner Central Excise, Pune-III	Cenvat on return of WIP raw material etc.	CESTAT, Mumbai	1.990 (+ Interest & Penalty)
Deputy Commissioner, Pune-III	Inventory losses during the period 2008-09 as per balance sheet Schedule L.	Deputy Commissioner, Pune-III	0.025 (+ Interest + Penalty)
		TOTAL RS.MLN.	**128.448** (+ Interest + Penalty)

BHARAT FORGE LIMITED

CUSTOMS CASES

Principal Parties	Charges / Allegations	Court/Tribunal	Amount involved Rs.Mln.
Jt. Commissioner of Customs JNPT	Alleged mis-declaration by BFL for classification of Steering Knuckles(Machined) as Alloy Steel Forgings - machined for the purpose of claiming Drawback benefit.	CESTAT, Mumbai	50.97 (+Interest +Penalty)
Commissioner Customs(Imports)	Pending closure of advance licence issued to BFL.	Assistant Comm. of Customs Monitoring Cell(DEEC) Mumbai 400 038.	252.70 (+Interest +Penalty)
		TOTAL	**303.67 (+Interest +Penalty)**

BHARAT FORGE LIMITED

LABOUR CASES

Principal Parties	Charges / Allegations	Court/Tribunal	Amount involved if any (Rupees in Million)
S.K.Kapare V/S Bharat Forge Ltd.	ILLEGAL TERMINATION	3RD LABOUR COURT	Rs.763802/-Back wages from 10.10.01 to 30.09.2010
N.R.Shaikh V/S Bharat Forge Ltd.	ILLEGAL TERMINATION	Labour Court INDUSTRIAL COURT	Rs.412729/- Back wages from 09.06.01 to 30.09.2010
T.D.Khandagale V/S Bharat Forge Ltd.	ILLEGAL TERMINATION	2ND LABOUR COURT	Rs. 652163/- Backwages from 20.03.95 to 30.09.2010
R D Sakhare V/S Bharat Forge Ltd.	ILLEGAL TERMINATION	2ND LABOUR COURT	Rs. 304787/- Backwages from 01.09.2000 to 30.09.2010
B.Y.Sardgudda V/S Bharat Forge Ltd.	ILLEGAL TERMINATION	LABOUR COURT, **SATARA**	Rs.715207/- Back wages from 21.11.02 to 31.03.2010
Sanjay Bose V/S Bharat Forge Ltd.	ILLEGAL TERMINATION	INDUSTRIAL COURT AT **JAMSHEDPUR**	Rs. 558715/- Backwages from 02/02/2004 to 30.09.2010
Maharashtra General Kamgar Mahasangh, Mumbai V/S Bharat Forge Ltd.	ILLEGAL LAY-OFF	INDUSTRIAL COURT-I,PUNE	Bharat Forge Ltd. Is deleted from this case
Maharashtra General Kamgar Mahasangh, Mumbai V/S Bharat Forge Ltd.	ABSORBED ALL CONTRACTOS WORKERS AS CONTRACTS ARE SHYAM & BOGUS	INDUSTRIAL COURT-II,PUNE	Around 390 contract labours are involved
D.V.Shinde V/S Bharat Forge Ltd.	ILLEGAL TERMINATION	Industrail Court	Appproched Industrial Court with a request that he should be paid wages at par with employees in his grade.
D.V.Shinde V/S Bharat Forge Ltd.	ILLEGAL TERMINATION	High Court ,Mumbai	Rs.8,61420/- Back wages from 16.12.00 to 30.09.2010,

2.2 BF UTILITIES LIMITED (BFUL)

The litigations filed by / against BFUL are as under.

Cases filed by BF Utilities Ltd.

1. <u>BF Utilities Limited v/s. Gram Panchayat, Maloshi</u>
[Regular Civil Suit No. 87 /2009]

BFUL has filed Regular Civil Suit No. 87/2009 before the Civil Judge, Junior Division, Patan , District. Satara on June 26, 2009 challenging the Property Tax Bill & Notice for attachment of wind mills dated 20/6/2009 issued by the Gram Panchayat, Maloshi, Tal. Patan, District. Satara for Rs. 66,96,799/- for the year 2008-09 including arrears of Rs. 58,32,799/- on the ground that the bill and notice is erroneous & the assessment of tax & formula applied is not as per the Bombay Village Panchayat Act and Gram Panchayat can't recovered the tax retrospectively.

The Hon'ble Court has granted status quo in the matter and the suit is pending for hearing.

2 <u>BF Utilities Limited v/s. Gram Panchayat, Maloshi</u>
[Gram Panchayat Tax Appeal No. /2009]
[Standing Committee , Zilha Parishad , Satara , District Satara]

BFUL filed Gram Panchayat Tax Appeal No. ___of 2009 before the Standing Committee of Zilha Parishad, Satara on 25-11-2009 challenging the part of order of Block Development Officer, Panchayat Sammittee, Patan dt.30-10-2009 in Gram Panchayat Appeal No. 18/2009.

BFUL was served with Property Tax Bill & Notice for attachment of wind mills at Village Maloshi, Taluka. Patan, District. Satara dated 20-6-2009 for Rs. 66,96,799/- for the year 2008-09 including arrears of Rs. 58,32,799/- by the Gram Panchayat, Maloshi, Tal. Patan, District. Satara. BFUL by its letter dt. 23-6-2009 denied the Bill & arrears and paid the current demand of Rs.8,64,000/- under protest.

BFUL has filed Gram Panchayat Appeal No. 18/2009 before the B.D.O. , Panchayat, Sammittee , Patan , District. Satara challenging the said Bill & Notice on the ground that the bill and notice is erroneous & the assessment of tax & formula applied is not as per the Bombay Village Panchayat Act and Gram Panchayat cannot recover the tax retrospectively.

The B.D.O., Patan by its order dated 30-10-2009 has partly allowed the Appeal filed by the BFUL and held that the Gram Panchayat cannot recover the Property tax retrospectively and the demand for arrears of Rs. 58,32,799/- is illegal . However, the B.D.O. upheld the current demand for Rs. 8,64,000/- legal and proper and directed BFUL to pay same , which the BFUL has already paid under protest .

The Appeal is pending for hearing .(Note : Appeal No. will be allotted at later stage)

3 <u>BF Utilities Limited V/s. Gram Panchayat , Baposhi</u>
[Gram Panchayat Appeal No. _____/2009]

BFUL has filed Gram Panchayat Appeal No. _____/2009 before the Block Development Officer, Panchayat, Samitee , Satara , District. Satara challenging the Property Tax Bill dated 23-7-2009 issued by the Gram Panchayat, Boposhi , Tal & District. Satara for the year 2009-10 for Rs.7,92,000/- on the ground that the bill and notice is erroneous & the assessment of tax & formula applied is not as per the Bombay Village Panchayat Act .

The Appeal is pending for hearing .

4 <u>BF Utilities Ltd. Vs. Enercon (India) Ltd.</u>

(Under Arbitration before Justice B. N. Srikrishna (Retd.).)

Dispute in the matter of overhaul costs and subsequent operation and maintenance costs in respect of windmills setup at Thoseghar site in Satara District, Maharashtra is under arbitration before Justice B. N. Srikrishna (Retd.). The disputed amount is around Rs 7 Crores. The matter is pending for final hearing.

5 <u>BF Utilities Ltd. v/s MSEDCL</u>

BFUL had earlier filed a petition before Maharashtra Electricity Regulatory Commission (MERC) against the MSEDCL demand for license for its windmill projects. MERC had given the decision in favour of BFUL. Subsequently, MSEDCL has gone in appeal before the Appellate Tribunal for Electricity against this MERC Order. [BFUL is Respondent no 2, while Respondent no 1 is MERC]. The judgement is pending..

There are no cases filed against BFUL.

2.3 KALYANI STEELS LIMITED (KSL)

The litigations filed by / against KSL are as under.

The following cases are pending in different Courts filed and against Kalyani Steels Ltd.

S. No.	Parties	Case no.	Suit Particulars	Stage	Court	Claim (Rs)
1.	Smt. Rekha Bhise v/s Kalyani Steels Ltd	253/ 2007	Recovery Claim	Issues	Ah'med Nagar, District Court	Rs. 3,50,000/- Recovery Claim
2.	KSL v/s G. P. Shintre	1269/ 1992	Recovery Suit	Evidence	Civil Court, Pune	Rs. 12,55,003 Recovery Suit
3.	G. P. Shintre v/s KSL	1480/ 1992	Recovery Suit	Evidence	Civil Court, Pune	Rs. 7,41,507.11 Recovery Suit
4.	KSL v/s G. P. Shintre	84/1992 TO 95/1992	Criminal Complaint	Evidence	Cantonment Court, Pune	Criminal offence, Punishment
5.	KSL v/s Olympia	119/ 1998	Execution Proceeding	Notice	Civil Court, Pune	Recovery
6.	KSL v/s Chetan Foundry	2107/ 1997	Recovery suit	Stayed	Civil Court, Pune	Rs.44,06,991.80
7.	KSL v/s E.S.I Corp	14/ 2007	Appeal against recovery	Evidence	ESI Court, Pune	Rs. 1,71,301
8.	KSL v/s. Basweshwar a Entp.	CC 97851/ 2009	Cheque Bouncing	Notice	City Civil Court, B'lore	Cheque Bouncing of 4,39,405/-
9.	Mr. K. Nimbalkar v/s KSL	302/ 2007	Suit for re-instate	Statement	Labour Court, Pune	Suit for Re-instate
10.	Mrs. Deepa Mittal v/s KSL	737/ 2007	Appeal against Decree	Hearing	District Court, Pune	Rs. 1,00,000
11.	KSL v/s A.K. Steels Ltd.	EP/ 759/ 2009	Execution proceeding	Notice	City Civil, Bangalore	Rs. 8,65,000
12.	KSL v/s Hari Om Coke	1029/ 2007	Application for Stay	Hearing	District Court, Pune	Interim Stay
13.	PCMC v/s KSL	74/ 2008	App. for recovery of Octroi	Plea/ Charge	PCMC Court	Rs. 2,49,964
14.	KSL v/s Super Steels	1842/ 1996	Suit for Recovery	Notice	Civil Court, Pune	Rs. 6,18,578.48
15.	ESIC v/s KSL	1983/ 2006	Appeal	Hearing	Bombay High Court	Appeal against dismissal of Application.
16.	KSL v/s Mobar Engg.	1127/ 1996	Suit for recovery	Stayed	Civil Court, Pune	Rs.13,09,635.30
17.	Express Transport v/s KSL	529/ 1997	Suit for recovery of Demurrage	Issues	Bombay High Court	Rs.6,67715.96
18.	KSL v/s MML (siom)		Declaration of Marketing rate & Declaration	Evidence	Arbitrator, Bangalore	Challenged the validity of Agreement tenure

19.	KSL v/s MSPL	5028/ 2008	Challenge of Judgment	Orders	B'lore, High Court	Appeal against Notification cancellation
20.	KSL v/s SMIOR Ltd	5050/ 2008	Challenge of Judgment	Orders	B'lore, High Court	Appeal against Notification cancellation
21.	Lohadri Minerals v/s State & others	10396/ 2007	Challenge of Judgment	Hearing	B'lore, High Court	Appeal against Notification cancellation
22.	KSL v/s State & Others	5600/ 2006	Challenge of Judgment	Orders	B'lore, High Court	Appeal against Notification cancellation
23.	KSL v/s MSPL	WP 22907/ 2009		Admission s	B'lore, High Court	Appeal against notification cancellation
24.	KSL v/s MML	AS 59/2009	Challenged final Award pass by Arbitrator	Reply	City Civil Court, Bangalore	Challenged the Award
25.	KSL v/s New Haven Steel Ball Corp. Pvt Ltd.	CC no. 2251/ 2010	Cheque Bouncing	Notice	Metropolitan Magistrate, Andheri, Mumbai	Punishment & cheque bouncing of Rs. 14,444,182/-
26.	Mobar Engg v/s KSL	CC no. 160A/ 1996	Suit for Recovery of Commission & Demurrage	Hearing	High Court of Kolkatta	Recovery of Rs. 4,82,250/- & Rs. 8,27,385/-
27.	KSL v/s Harnam Engg.	CC 37267/ 2010	Cheque Bouncing	Verification	J. M. F. C, Pune Court	Cheque Bouncing Rs. 10,29,921/-
28.	KSL v/s Hari Om Coke	Arb. Pet. 51/ 2009	Petition to appoint Arbitrator	Admission	High Court, Mumbai	Appointment Of Arbitrator

2.4 AUTOMOTIVE AXLES LIMITED (AAL)

The litigations filed by / against AAL are as under.

DETAILS OF PENDING CASES BEFORE Ind. Tribulan / labour court / high court / ASST. LAB. COMMR./KAT					
Sl. No	**NAMES**	**COURT**	**ISSUES**	**GROUND**	**STATUS AS ON 30.09.2010**
1	K N SURESH Workman & Ex-Union Office bearer	Ind. Tribunal	Dismissal	Instigated workmen to continue with the strike	To hear on merit
2	B VISHWANATH Workman & Ex-Union Office bearer	Lab. Court	Dismissal	Instigated workmen to continue with the strike	To hear on Domestic Enquiry
3	K B PRAKASH (WORKMEN)	High Court	Dismissal	Absenteeism	Challanged the order of the WP 9645/07 and the matter yet to come up for prel.hg.
4	LACHIRAJU	DLC	Dismissal	Absenteeism	Refered to Labour court
5	ABDUL SUBHAN	DLC	Dismissal	Absenteeism	Refered to Labour court
6.	A A L S A	Labour Secretary	Seeking permission to prosecute the Directors	Alleging Unfair Labour Practice	In view of stay granted by the High Court in protected workman case, this matter is deferred till disposal of the writ petition
7.	AAL Vs. Addl Labour Commissioner	High Court	Declaration of protected workmen by Addl Labour Commissioner	They are not workmen	Impugned order dated 7.12.2009 has been stayed by the High Court.
8.	Dy. Director of Factories	JMFC II Court	Claiming Over Time Payment to management staff	Department is claiming that they are coming under the definition of workmen under the factories act.	Challenged the prsocution in Crl. Pet No.4473/2009 and stayed the proceedings.
9	AAL vs Dy. Director of Factories	High Court	Filing of criminal case against the Occupier and the manager for violating the factories act in not paying the O T to staff	Violation of Principles of Natural Justice	Pending disposal of the Crl. Petition, Interim Stay of proceedings before the JMFC II Court in C C No. 626/2009 is granted on 15.9.2009.

10	**AAL Staff Association Vs. AAL**	District Labour court	Association seeking amendment to Standing Order	Staff needs be governed by the Standing Order	Interim Order has been passed upholding that the Association can seek amendment to the Standing Order. Now, we need to file objection on merit.
11	AAL Vs. Addl Labour Commissioner	Addl. Labour Commissioner	AAL Staff Association seeking protected workmen status for the year 2010-11	They are not workmen	Pending. Posted for final arguments.
12	AAL Staff Association Vs. AAL	District Labour court	Some of the management staff were on strike on 27.05.09 and 28.05.09 without issuing notice prior to the strike. On the basis of "No work no pay" the staff was not remunerated for the days. The allegations were that the staff were prevented from working for 2 days and had filed a case in District Labour Court (DLC) which was dismissed but by mistake DLC made a reference to Government which in turn has referred the case to Labour Court. Now, the DLC to rectify the mistake, has issued fresh notice to AAL and the Labour Court to recall the reference.		

2.5 HIKAL LIMITED (HIKAL)

There are no material outstanding litigation / Proceedings initiated by / against Hikal Ltd

3. Material developments since the last balance sheet date

There are no material developments since the last balance sheet date.

REGULATORY AND STATUTORY DISCLOSURES

Regulatory and Statutory Disclosures

Authority for the Scheme

The Hon'ble High Court of Judicature at Bombay, by its Order dated February 5, 2010 has approved the Composite Scheme of Arrangement between Bhalchandra Investment Limited, Forge Investment Limited, Mundhwa Investment Limited, Jalakumbhi Investment and Finance Limited, Jalakamal Investment and Finance Limited, Kalyani Utilities Development Limited, BF Utilities Limited and BF Investment Limited and their respective shareholders.

Prohibition by SEBI

The Company, its Directors, its Promoters, other Companies promoted by the Promoters and Companies with which the Company's Directors are associated as Directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Caution

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of CIRCULAR NO. SEBI/CFD/SCRR/01/2009/03/2009 DATED SEPTEMBER 3, 2009 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer Clause of NSE

As required, a copy of this Information Memorandum has been submitted to NSE. The NSE has vide its letter dated September 24, 2009, has approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval of NSE's name in this Information Memorandum has been incorporated as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

As required, a copy of the Information Memorandum has been submitted to NSE. It is to be distinctly understood that it should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Information Memorandum; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company.

Every Person who desires to acquire any of our securities, may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of BSE

As required, a copy of this Information Memorandum has been submitted to BSE. BSE has vide its letter dated September 23, 2009, approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval BSE's name in this Information Memorandum has been incorporated as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or

- Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or

- Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company

and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of PSE

As required, a copy of this Information Memorandum has been submitted to PSE. PSE has vide its letter dated September 2, 2009, has approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval PSE's name in this Information Memorandum has been incorporated as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

As required, a copy of the Information Memorandum has been submitted to PSE. It is to be distinctly understood that it should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by PSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Information Memorandum; nor does it warrant that our securities will be listed or will continue to be listed on PSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company.

Every Person who desires to acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against PSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

Copies of this Information Memorandum have been filed with NSE, BSE and PSE on 5th January, 2011.

Listing

Application will be made to NSE, BSE and PSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of the shares.

The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

Demat Credit

The Company has executed Agreements with NSDL and CDSL for admitting its securities in demat form. On 15th March, 2010 the Company made allotment of the equity shares and such shares were allotted in demat form to those shareholders who have provided necessary details to the Company and/or who were holding their shares in BFUL in demat form, as on the Record Date i.e. 12TH March, 2010.

Dispatch of Share Certificates

Upon allotment of Shares to eligible shareholders pursuant to the Scheme on 15th March, 2010, the Company dispatched share certificates to those shareholders who were holding shares in BFUL in physical form, as on the Record Date i.e.12th March, 2010.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Previous rights and public issues

The Company has not made any public or rights issue since incorporation.

Commission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Companies under the Same Management

BFUL and BFIL are the Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956. BFUL has not issued any fresh capital during the last three years.

Promise vis-à-vis performance

This is for the first time the Company is getting listed on the Stock Exchanges.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

Stock Market Data for Equity shares of the Company

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum

Disposal of Investor Grievances

The Shareholders/ Investor Grievance Committee of the Company comprises of Directors viz. Mr. A. B. Kalyani and Mr. M. U. Takale as members of the committee.

The Company has appointed Mr. Satish Kshirsagar, Company Secretary as the Compliance Officer to ensure the due compliance of SEBI requirements and to look into shareholders' grievances on a day-to-day basis and to liase with SEBI in the matter of investors' complaints. The Compliance officer Mr. Satish Kshirsagar can be contacted at the following address:

Mr. Satish Kshirsagar
Company Secretary
BF Investment Limited
Mundhwa,
Pune – 411 036
Phone: 020- 2670 2618
Fax: 020 – 2682 3061
Email : bfinvestment@vsnl.net

93. 1. The Company shall in each year hold, in addition to any other meetings, a general meeting as its Annual General Meeting in accordance with the provisions of Sections 166 and 210 of the Act and shall specify the meeting as such in the notice calling it, except in the case where the Registrar has given an extension of time for holding any annual general meeting and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

PROVIDED THAT if the Register shall have for special reason, extended the time within which any annual general meeting shall be held, such annual general meeting may be held within the additional time.

2. Every annual general meeting shall be called for any time during business hours, on a day that is not a public holiday and shall he held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated for the time being.

3. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as auditor.

94. At every annual general meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the proxy register with proxies, and the Register of Directors' Shareholdings.

95. All general meetings other than annual general meeting shall be called Extra Ordinary General Meeting.

96. 1.The Company shall comply with the provisions of Section 159 of the Act regarding the filling of Annual Return and the provisions of Section 161 of the Act as regards the annual return and certificates to be annexed thereto.

2.The Register of Members, Index of Members, the Register and Index of Debenture holders and copies of all Annual Returns prepared under Sections 159 and 161 of the Act together with the copies of certificates and documents required to be annexed thereto under Sections 159 and 161 of the Act shall be kept at the registered office of the Company.

PROVIDED THAT such registers, indexes, returns and copies of certificates and documents of any one or more of them may, instead of being kept at the registered office of the Company, be kept at any other place within the city or town in which the registered office of the Company is situated for the time being if :-
i. Such other place has been approved for this purpose by a Special Resolution passed by the Company in general meeting and;
ii. The Registrar has been given in advance a copy of the proposed Special Resolution.

3. a. The Registers, index, returns and copies of certificates and other documents referred to in sub-clause (2) hereof shall, except when the Register of members or debenture holders is closed under the provisions of the Act, be open during the business hours (subject to such reasonable restriction as the Company may impose so that not less than two hours in each day are allowed for inspection) for inspection (i) of any member or debenture holder without fee and (ii) of any other person on payment of fee of one rupee for each inspection

b. Any such member, debenture holder or other person may take abstract from the said document or require copy thereof in accordance with Section 163 of the Act.

4. The Company shall cause any copy required by any persons under clause (b) of sub-clause (3) to be sent to that person within a period of ten days exclusive of non-working days, commencing on the day next after the day on which the requirement is received by the Company.

97. 1. Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of members as is hereinafter specified and (unless the annual general meeting otherwise resolved) at the expense of requisitionists :-

a. Give to the members of the Company entitled to receive a notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting.

b. Circulate to members entitled to have notice of any general meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

2. The number of members necessary for a requisition under clause (1) hereof shall be :-

a. Such member or members as represent not less than one-twentieth of the total voting power of all the members having at the date of the requisition a right to vote on the resolution or business to which the requisition relates; or

b. Not less than one hundred members having the right aforesaid and holding shares in the Company on which there has been paid up an aggregate sum of not less than rupees one lakh in all.

3. Notice of any such resolution shall be given and any such statement shall be circulated to members of the Company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each member in any manner permitted by the Act for service of notice of the meeting and notice of any such resolution shall be given to any other member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served or notice of the effect of the resolution shall be given as the case may be in the same manner, and so far as practicable at the same time as notice of the meeting, and where it is not practicable for it to be served or given at that time, it shall be served of given as soon as practicable thereafter.

4. The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless,

a. a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the registered office of the Company.

i. in the case of a requisition requiring notice of resolution not less than six weeks before the meeting, and

ii. in the case of any other requisition not less than two weeks before the meeting, and
b. there is deposited or tendered with the requisition a sum reasonably sufficient to meet the company's expenses in giving effect thereto.

PROVIDED that if after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, and an annual general meeting is called for a date six weeks or less after such copy has been deposited the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purpose thereof.

5. The Company shall not also be bound under this Article to circulate any statement if, on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this clause are being abused to secure needless publicity for defamatory matter.

6. Notwithstanding anything in these Articles contained, the business which may be dealt with at an annual general meeting shall include a resolution of which notice is given in accordance with this Article and for the purpose of this clause notice shall be deemed to have been so given notwithstanding the accidental omission in giving it to one or more members.

98. The Directors may, whenever they think fit convene an extra-ordinary general meeting and they shall on requisition of the members as hereinafter provided, forthwith proceed to convene extra-ordinary general meeting of the Company.

99. In case of requisition the following provisions shall have effect

1. The requisition shall set out the matters for the consideration of which the meeting is to be called shall be signed by the requisitionists and shall be deposited at the registered office of the company.

2. The requisition may consist of several documents in like form, each signed by one or more requisitionists.

3. The number of members entitled to requisition a meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the company as at that date carries the right of voting in regard to that matter.

4. Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.

5. If the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matters proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called-

a. by the requisitionists themselves, or

b. by such of the requisitionists as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of the paid-up share capital of the company as is referred to in sub-clause (3) whichever is less, PROVIDED that for the purpose of this sub-clause the board shall, in the case of a meeting at which a resolution is to be proposed as a special resolution be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section (2) of section 189 of the act.

6. A meeting called under clause (5) by requisitionists or any of them-

a. shall be called in the same manner as nearly possible, as that in which meetings are to be called by the board, but

b. shall not be held after the expiration of three months from the date or deposit of the requisition. PROVIDED that nothing in sub-clause (b) shall prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

7. Where two or more persons hold any shares in the company jointly, a requisition or a notice calling a meeting by one or some only of them shall, for the purposes of this article, have the same force and effect as if it had been signed by all of them.

8. Any reasonable expenses incurred by the requitionists by reason of the failure of the board duly to call a meeting shall be repaid to the requisitionists by the company, and any sums so repaid shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration for their services to such of the Directors as were in default.

100. 1. A general meeting of the company may be called by giving not less than twenty-one days notice in writing.

2. A general meeting may be called after giving shorter notice than that specified in clause (1) hereof if consent is accorded thereto-

i. in the case of an annual general meeting by all the members entitled to vote thereat; and
ii. in the case of any other meeting, by members of the company holding not less than ninety-five per cent of such part of the paid up share capital of the company as gives a right to vote at the meeting.

PROVIDED that where any members of the company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the latter.

101. 1. Every notice of a meeting of the company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

2. Subject to the provisions of the act, notice of every general meeting shall be given-

a. to every member of the company in the manner authorised by sub-sections (1) to (4) of section 53 of the act,

b. to the persons entitled to a share in consequence of the death, or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased or assignee of the insolvent, or by like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and

c. to the auditors or auditor for the time being of the company, in any manner authorised by section 53 of the act in the case of any member of the company.

PROVIDED that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the company under sub-section (3) of section 53 of the act, the statement of material facts referred to in section 173 of the act need not be annexed to the notice as required by the section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the company.

3. Every notice convening a meeting of the company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote and attend instead of himself and that a proxy need not be a member of the company.

102. 1. a. In the case of an annual general meeting, all business to be transacted at the meeting, shall be deemed special with the exception of business, relating to:

i. The consideration of the accounts, balance sheet and reports of the Board of Directors and Auditors;
ii. The declaration of dividend;
iii. The appointment of Directors in the place of those retiring; and
iv. The appointment of, and the fixing of the remuneration of the auditors

b. In the case of any other meeting, all business shall be deemed special.

2. Where any item of business to be transacted at the meeting of the company are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any therein of every Director.

PROVIDED that where any item of special business at the meeting of the company relates to or affects any other companies the extent of share holding interest in that other company of every Director shall be set out in the statement, if the extent of such share holding interest is not less than 20 percent of the paid up share capital of that other company.

3. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

103. The accidental omission to give any such notice as aforesaid to or the non-receipt thereof by any member or other person to whom it should be given, shall not invalidate the proceedings of any such meeting.

104. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the meeting.

105. Five members entitled to vote and present in person shall be quorum for general meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with section 187 of the act. President of India or the Governor of a State being a member of the company shall be deemed to be personally present if he is represented in accordance with section 187A of the Act.

106. If within half an hour from the time appointed for holding a meeting of the company a quorum is not present the meeting if called by or upon the requisition of members shall stand dissolved and in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place as the board may determine. If at the adjourned meeting also a quorum is not present within half an hour from the time appointed for holding the meeting present shall be a quorum and may transact the business for which the meeting was called.

107. Where a resolution is passed at an adjourned meeting of the company, the resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

108. The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or shall decline to take the chair, the Vice-Chairman if any, shall be entitled to take the Chair. If the Vice-Chairman is also not present or is unwilling to take the chair, the Directors present shall elect one of them as Chairman and if no Director be present or if the Directors present decline to take the Chair, then the members present shall elect one of their numbers to be a Chairman. If a poll is demanded on the election of the Chairman it shall be taken forthwith in accordance

with the provisions of the Act and the Chairman elected on show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected as a result of the poll he shall be the Chairman for the rest of the meeting.

109. No business shall be discussed at any general meeting except the election of a Chairman whilst the Chair is vacant.

110. 1.The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

2.No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

3.When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

4.Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or the business to be transacted at any adjourned meeting.

111. At any general meeting, a resolution put to the vote of the meeting unless a poll is demanded under Article 111 be decided on a show of hands.

112. A declaration by the Chairman that in pursuance of Article 109, on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceeding of the company shall be conclusive evidence of the fact, without proof of the number of proportion of votes in favour or against such resolution.

113. 1.Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

2.The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

114. A poll demanded on any question of adjournment shall be taken forthwith. A poll demanded on any other question (not being relating to the election of a Chairman which is provided for in Article 109) shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the meeting may direct.

115. In the case of an equality of votes the Chairman shall both on a show of hands and a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

116. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scretineers so appointed shall always be a member (not being an officer or employee of the company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scretineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.

117. The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

118. Where by any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

119. The following resolution shall require special notice

1. Resolution under section 225 of the act at an annual general meeting appointing as Auditor a person other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed.

2. Resolution under Section 284 of the Act removing a Director before the expiry of his period of office.

3. Resolution under Section 284 of the Act appointing a Director in place of the Director so removed.

120. A copy of each of the following resolution (together with copy of the statement of material facts annexed under section 173 of the Act to the notice of the meeting in which such resolution has been passed) or agreement shall within thirty days after the passing or making thereof be printed or typewritten and duly certified under the signature of officer of the company and filed with the Registrar

a. Every special resolution.

b. Every resolution which has been agreed to by all members of the Company, but which, if not so agreed to would not have been effective for the purpose unless it had been passed as a special resolution.

c. Every resolution of the Board of Directors or agreement executed by the Company relating to the appointment, re-appointment or renewal of appointment or variation in the terms of appointment of a managing director.

d. Every resolution or agreement which has been agreed to by all the members of any class of shareholders but which if not so agreed to, would not have been effective for the purpose unless it had been passed by some particular majority required by the Act or by these Articles and every resolution or agreement which effectively binds all the members or any class of shareholders though not agreed to by all of them.

e. Every resolution passed by the company,

i. According consent to the exercise by the Board of Directors of any of the powers under clause (a), (d) and (e) of sub-sction (1) of Section 293 of the Act;

ii. Approving the appointment of sole selling agents under Section 294 of the Act and;

f. A resolution for voluntary winding up of the company.

A copy of every such resolution or agreement for the time being in force shall also be embodied in or annexed to, every copy of these Articles issued after the passing of the resolution or the making of the agreement.

VOTES OF MEMBERS

121. A member paying the whole or a part of the amount remaining unpaid on any shares held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

122. No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has exercised any right of lien.

123. Subject to the provisions of Articles 121 and 122 every member of the company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised under a power of attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the company. Provided however, if any preference shareholder be present at any meeting of the company, save as provided in clause (b) of sub-section 2 of section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the company for any specified period preceding the date on which the vote is taken.

124. A member of unsound mind or in respect of whom order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll vote by proxy.

125. If there be joint registered holders of any shares any one of such persons may vote at any meeting personally or by an agent duly authorised under a power of attorney or by proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and, if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said person so present who stands higher on the register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holder shall be entitled to be present at the meeting; provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent duly authorised under a power of attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the register in respect of such shares. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these articles be deemed joint holders thereof.

126. 1. A body corporate (whether a company within the meaning of the act or not) may, if it is member or creditor of the company (including a holder of debentures), authorise such person as it thinks fit by a resolution of its board of directors or other governing body to act as its representative at any meeting of the creditors of the company or debenture holders of the company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the company.

2. Where the president of the India or the Governor of a State is a member of the company, the President or, as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the company or at any meeting of any class of members of the company and such a person shall be deemed to be a member of the company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a member of the company.

127. Any person entitled under the transmission clause to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that at least forty eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the directors of his rights to transfer such shares and give such indemnity (if any) as the directors may require unless the directors shall have previously admitted his right to vote at such meeting in respect thereof.

128. Subject to the provisions of these articles vote may be given either personally or by proxy.

129. On a poll taken at a meeting of the company a member entitled to more than one vote or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

130. Any member of the company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself. PROVIDED ALWAYS that a proxy so appointed shall not have any right whatever to speak at the meeting. Every notice convening a meeting of the company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies.

131. An instrument of proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purposes of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

132. No member present only by proxy shall be entitled to vote on a show of hands.

133. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that Power of Attornery or authority, shall be deposited at the office forty-eight hours before the time for holding the meetings at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

134. Every instrument of proxy whether for specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in schedule IX to the act, and signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate be under its seal or be signed by any officer or attorney duly authorised by it.

135. Every member entitled to vote at a meeting of the company according to the provisions of these articles on any resolution to be moved thereat shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect proxies lodged, at any time during the business hours of the company provided not less than three day's notice in writing of the intention so to inspect it given to the company.

136. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney or authority under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received at the office before the commencement of the meeting, or adjourned meeting at which the proxy is used.

137. No objection shall be made to the qualification of any voter or to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting.

138. The Chairman of any meeting shall be the sole judge of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

139. If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the company it shall remain permanently or for such time as the Directors may determine, in the custody of the company. If embracing other objects copy thereof examined with the original shall be delivered to the company to remain in the custody of the company.

OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered Office of the Company, at Mundhwa, Pune – 411 036 on on any working day between 11 a.m. to 1 p.m. till listing of Equity Shares of the Company

Documents for Inspection:

1. Memorandum and Articles of Association, as amended till the date of Information Memorandum.
2. Certification of incorporation dated 26th May, 2009.
3. Audited Accounts of the Company for the year ended 31st March, 2010 along with the Auditors Report.
4. Audited Accounts of the Company for the half year ended 30th September, 2010 along with the Auditors Report.
5. Copy of the Scheme of Arrangement between Bhalchandra Investment Limited, Forge Investment Limited, Mundhwa Investment Limited, Jalakumbhi Investment and Finance Limited, Jalakamal Investment and Finance Limited, Kalyani Utilities Development Limited, BF Utilities Limited and BF Investment Limited and their respective shareholders sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 5th February, 2010.
6. Copy of the Order dated 5th February, 2010 of the Hon'ble High Court of Judicature at Bombay approving the Scheme of Arrangement.
7. ROC filing of the Scheme as on 26th February, 2010.
8. Letters dated September 2, 2009 of Pune Stock Exchange, September 23, 2009 of Bombay Stock Exchange Ltd., September 24, 2009 of National Stock Exchange of India Ltd., approving the Scheme under Clause 24(f) of the Listing Agreement.
9. Tripartite Agreement with NSDL dated 8th March, 2010 and CDSL dated 25th February, 2010.
10. SEBI Letter CFD/DIL/SK/AT/30329/2010 dated December 16, 2010 granting relaxation from the strict enforcement of the requirements of Rule 19(2) (b) of the Securities Contract Regulation (Rules) 1975 for listing of shares of BFIL.
11. In principle listing approvals given by NSE, BSE and PSE vide their letters dated 13/5/2010, 28/5/2010 and 03/6/2010 respectively.

DECLARATION

To the best of knowledge and belief of the Board of Directors of the Company, all statements made in this Information Memorandum are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS
FOR BF INVESTMENT LIMITED

DIRECTOR

Pune
January 5, 2011