

BF INVESTMENT LIMITED



KALYANI
DRIVING INNOVATION

CONTENTS

1. Board of Directors etc.	1
2. Notice	2
3. Management Discussion and Analysis	6
4. Corporate Governance	7
5. Shareholder Information	9
6. Directors' Report	12
7. Auditors' Report	14
8. Financials	16

**BOARD OF
DIRECTORS**

B. N. KALYANI
Chairman

A. B. KALYANI

B. B. HATTARKI

M. U. TAKALE

BANKERS

AXIS Bank Limited

HDFC Bank Limited

AUDITORS

Prashant V. Deo, Chartered Accountants

REGISTERED OFFICE

BF Investment Limited
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India
Phone : (020) 26822552 / 26702777
Fax : (020) 26823061
E-mail : bfinvestment@vsnl.net



BF INVESTMENT LIMITED
Registered Office : Mundhwa, Pune Cantonment, Pune 411 036.

N O T I C E

NOTICE is hereby given that the First Annual General Meeting of the Members of BF Investment Limited will be held at the Training Centre, Kalyani Steels Ltd at Mundhwa, Pune 411 036 on Monday, 22nd Day of November, 2010 at 10.30 a.m. (IST) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the period ended 31st March, 2010 and the Report of the Directors' and the Auditors' thereon.
2. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

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

SPECIAL BUSINESS :

3. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. B. N. KALYANI, WHO WAS APPOINTED AS THE FIRST DIRECTOR OF THE COMPANY UNDER THE ARTICLES OF ASSOCIATION OF THE COMPANY AND WHO HOLDS OFFICE UP TO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A MEMBER UNDER SECTION 257 OF THE COMPANIES ACT, 1956, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. A. B. KALYANI, WHO WAS APPOINTED AS THE FIRST DIRECTOR OF THE COMPANY UNDER THE ARTICLES OF ASSOCIATION OF THE COMPANY AND WHO HOLDS OFFICE UP TO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A MEMBER UNDER SECTION 257 OF THE COMPANIES ACT, 1956, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. B. B. HATTARKI, WHO WAS APPOINTED AS THE FIRST DIRECTOR OF THE COMPANY UNDER THE ARTICLES OF ASSOCIATION OF THE COMPANY AND WHO HOLDS OFFICE UP TO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A MEMBER UNDER SECTION 257 OF THE COMPANIES ACT, 1956, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT MR. M. U. TAKALE, WHO WAS APPOINTED AS AN ADDITIONAL DIRECTOR OF THE COMPANY BY THE BOARD OF DIRECTORS AND WHO HOLDS OFFICE UP TO THE DATE OF THIS ANNUAL GENERAL MEETING OF THE COMPANY UNDER SECTION 260 OF THE COMPANIES ACT, 1956, AND IN RESPECT OF WHOM THE COMPANY HAS RECEIVED A NOTICE IN WRITING FROM A MEMBER UNDER SECTION 257 OF THE COMPANIES ACT, 1956, PROPOSING HIM AS A CANDIDATE FOR THE OFFICE OF A DIRECTOR, BE AND IS HEREBY APPOINTED AS A DIRECTOR OF THE COMPANY, LIABLE TO RETIRE BY ROTATION."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as SPECIAL RESOLUTION :

“RESOLVED THAT PURSUANT TO SECTION 309 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956, IF ANY, AND SUBJECT TO SUCH PERMISSIONS, CONSENTS AND APPROVALS AS MAY BE REQUIRED, APPROVAL OF THE MEMBERS BE AND IS HEREBY GIVEN TO THE PAYMENT AND DISTRIBUTION, FOR EACH FINANCIAL YEAR COMMENCING FROM 1ST APRIL, 2010, OF A COMMISSION NOT EXCEEDING 1% (ONE PERCENT) OF THE NET PROFITS OF THE COMPANY, IF THE COMPANY HAS A MANAGING DIRECTOR OR WHOLE TIME DIRECTOR OR A MANAGER OR 3% (THREE PERCENT) OF THE NET PROFITS OF THE COMPANY, IN ANY OTHER CASE, I.E. WHEN THE COMPANY DOES NOT HAVE A MANAGING DIRECTOR OR WHOLE TIME DIRECTOR OR A MANAGER, CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 198, 349 AND 350 OF THE COMPANIES ACT, 1956, AMONGST THE DIRECTORS OF THE COMPANY OR ANY ONE OR MORE OF THEM (IN BOTH THE SITUATIONS TO DIRECTORS OTHER THAN THE MANAGING DIRECTOR, JOINT MANAGING DIRECTOR AND WHOLE TIME DIRECTORS, IF ANY) IN SUCH AMOUNT OR PROPORTION AND IN SUCH MANNER AND IN ALL RESPECT AS MAY BE DECIDED BY THE BOARD OF DIRECTORS OF THE COMPANY FROM TIME TO TIME AND SUCH PAYMENT SHALL BE MADE IN RESPECT OF THE PROFITS OF THE COMPANY FOR EACH YEAR.

PROVIDED THAT FOR THE PURPOSE OF CALCULATING THE COMMISSION PAYABLE FOR ANY PART OF THE FINANCIAL YEAR OF THE COMPANY, THE PROFITS SHALL BE DEEMED TO HAVE ACCRUED OR ARISEN AT AN EVEN RATE THROUGHOUT THE YEAR AND SHALL BE APPORTIONED PRO RATA ON TIME BASIS, THE INTENTION BEING THAT THE COMMISSION SHALL BE PAID AT THE AFORESAID RATES IN RESPECT OF THE PROPORTIONATE PROFITS OF THE COMPANY CALCULATED ON THE AFORESAID BASIS FOR THE PART OF ANY YEAR IN RESPECT OF WHICH THE DIRECTORS ARE TO BE PAID SUCH COMMISSION.”

Mundhwa,
Pune Cantonment,
Pune 411 036.

22nd July, 2010

By Order of the Board of Directors
For BF Investment Limited

S.R. Kshirsagar
Company Secretary

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business under Item Nos. 3 to 7 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. Members who hold shares in dematerialised form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the meeting.
4. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Registrar & Share Transfer Agent of the Company.
5. The Share Transfer Books and the Register of Members of the Company will remain closed on Monday, 22nd November, 2010.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956 :

ITEM NO.3, 4 & 5 :

Mr.B. N. Kalyani, Mr. A.B. Kalyani and Mr.B.B. Hattarki were appointed as first directors as per Articles of Association of the Company. These Directors retire from the office of Director at the end of the ensuing Annual General Meeting.

The Company has received Notices in writing from the Members pursuant to provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr.B.N.Kalyani, Mr. A.B. Kalyani and Mr. B.B. Hattarki as a Director of the Company liable to retire by rotation.

Mr. B.N, 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. B.N. 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. B.N. 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. A.B. Kalyani is a Director of the Company. He is also a director of BF Utilities Ltd. Born on 26th July, 1975, Mr. A.B. 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 A.B. 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 A.B. 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 is a Metallurgy and Mechanical Engineer. Born on 10th October, 1941. He also serves on the Boards of Kalyani International, Gladiola Investment, Hospet Steels, Precision Seals Manufacturing, Kalyani Steels, Kalyani Investment Company and Kalyani Mukand.

Directors recommend passing of these resolutions. Mr.B.N.Kalyani, Mr. A.B. Kalyani and Mr. B.B. Hattarki are interested in this resolution to the extent it relates to their reappointment.

ITEM NO.6 :

The Board of Directors, on 5th March, 2010, appointed Mr. M. U. Takale as the Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956 and Article 148 of the Articles of Association of

the Company, he holds office only till the date of this Annual General Meeting. The Company has received Notice in writing from a Member pursuant to provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. M. U. Takale as the Director of the Company liable to retire by rotation.

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

Directors recommend passing of the resolution.

None of the Directors other than Mr. M. U. Takale is interested in the resolution

ITEM NO. 7 :

Section 309 of the Companies Act, 1956 *inter-alia* provides for payment of remuneration to Directors by way of Commission not exceeding 1% of the Net Profits of the Company in case of a Company having a Managing Director or Whole-time Director or Manager, or not exceeding 3% of the Net Profits of the Company in any other case, i.e. when the company does not have Managing Director or Whole-time Director or a Manager, subject to the approval of the Members of the Company by means of Special Resolution.

The Directors provide to the Company the benefit of their varied experience in business, industry and allied subjects and make useful contribution through the Board Meetings and Meetings of the Committees thereof and otherwise. At present the Directors are not drawing any remuneration either by way of sitting fees for attending the meetings of the Board and the meetings of the Committees thereof; nor they are paid any profit commission. In the above background, it is considered desirable that the Directors are adequately remunerated. The proposed resolution is to remunerate the Directors by way of Commission not exceeding 1% or 3%, as the case may be and as detailed in the foregoing resolution, of the Net Profits of the Company to be computed as per various provisions of the Companies Act, 1956.

The proposed Special Resolution for payment of Commission requires approval of the Members which the Directors recommend for approval of the Members.

All the Directors may be deemed to be concerned or interested in the resolution as recipient of proposed Commission.

Mundhwa,
Pune Cantonment,
Pune 411 036.

22nd July, 2010

By Order of the Board of Directors
For BF Investment Limited

S.R. Kshirsagar
Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS

The Board takes pleasure in presenting your company's first Annual Report for the year 2009–10 along with the compliance report on corporate governance. This Chapter on Management Discussion and Analysis forms a part of the compliance report on corporate governance.

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, 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, Thailand, and Korea have been gradually raising caps on portfolio investment by non-residents, with Taiwan 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 funds, 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 the Company and BF Utilities Ltd. (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.

Internal Control and Internal Audit System.

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has prescribed a set of standards on corporate governance for the listed companies. The Company has signed Listing Agreements with National Stock Exchange of India Ltd, Bombay Stock Exchange Ltd. and Pune Stock Exchange Ltd. and received in principle approval for listing from all of these Stock Exchanges. The final listing approval and trading permission for the Company's equity shares is awaited.

The trading in Company's shares will commence after Securities and Exchange Board of India's (SEBI) permission for relaxation of Rule 19(2)(b) of the Securities Contract (Regulation) Rules 1957. The Company has included a compliance report on Corporate Governance in its Annual Report in the spirit of transparency in management and best board practices. This Chapter of the report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitute such a compliance report on corporate governance during 2009-2010.

1. BOARD LEVEL ISSUES :

- **Composition of the Board**

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

- **Number of Board Meetings**

During the period, eight Board meetings were held on 1st June, 2009, 18th June, 2009, 25th August, 2009, 10th September, 2009, 31st October, 2009, 21st January, 2010, 15th March, 2010 and 31st March, 2010.

- **Directors' Attendance Record and Directorships**

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

Table 1 - Details about Board of Directors of the Company

Name of Director	Category	Number of meetings held	Number of meetings attended	Number of directorships of public limited companies	Materially significant pecuniary or business relationship with the Company
B. N. KALYANI (Chairman)	Promoter, Non-executive	8	8	14	None
A.B. KALYANI	Non-executive	8	8	12	None
B. B. HATTARKI	Non-executive Independent	8	8	10	None
M. U. TAKALE	Non-executive Independent *	8	2 @	3	None

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

@ *Mr. M. U. Takale was appointed as an Additional Director on 5th March, 2010, and attended two meetings held after his appointment.*

Note :

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

- **Information placed before the Board**

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

CORPORATE GOVERNANCE

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

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

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

- **Remuneration of Directors**

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

- **Audit Committee**

The Audit Committee of the Company was constituted on 15th March, 2010, which consists of qualified and non-executive directors. It comprises of Mr. B. B. Hattarki (Chairman), Mr. A. B. Kalyani and Mr. M. U. Takale. The committee in its meeting held on 22nd July, 2010 reviewed the annual financial statement for the period ended 31st March, 2010 before submission to the Board. As per the terms of reference prescribed by the Board, the committee performs such duties and tasks as are assigned to it by the Board. The Chairman is invited to attend the meetings of the Audit Committee as a permanent invitee. The committee has access to all records of the Company. The committee reviews the report of the internal and statutory auditors, internal audit systems and procedures, internal control systems, etc. and also addresses the requirements of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges.

2. MANAGEMENT :

- **Management Discussion and Analysis**

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

- **Disclosures by Management to the Board**

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

3. SHAREHOLDERS :

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

Mr. B. N. Kalyani, Mr. A.B. Kalyani and Mr. B.B. Hattarki were appointed as first directors as per Articles of Association of the Company. These Directors retire from the office of Director at the end of the ensuing Annual General Meeting.

The Company has received Notices in writing from the Members pursuant to provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. B.N. Kalyani, Mr. A.B. Kalyani and Mr. B.B. Hattarki as a Director of the Company liable to retire by rotation.

Mr. B.N. 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. B.N. 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. B.N. 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. A.B. Kalyani is a Director of the Company. He is also a director of BF Utilities Ltd. Born on 26th July, 1975, Mr. A.B. 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.

CORPORATE GOVERNANCE

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 A.B. 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 A.B. 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 is a Metallurgy and Mechanical Engineer. Born on 10th October, 1941. He also serves on the Boards of Kalyani International, Gladiola Investment, Hospet Steels, Precision Seals Manufacturing, Kalyani Steels, Kalyani Investment Company and Kalyani Mukand.

The Board of Directors, on 5th March, 2010, appointed Mr. M. U. Takale as the Additional Director of the Company. In terms of Section 260 of the Companies Act, 1956 and Article 148 of the Articles of Association of the Company, he holds office only till the date of this Annual General Meeting. The Company has received Notice in writing from a Member pursuant to provisions of Section 257 of the Companies Act, 1956 proposing the candidature of Mr. M. U. Takale as the Director of the Company liable to retire by rotation.

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

- **Communication to shareholders**

The Company will publish its quarterly results and other information in newspaper once it is listed.

- **Investor Grievances**

The 'Shareholders'/Investors' Grievance Committee' was constituted on 15th March, 2010 for redressing shareholders'/investors' complaints. The Committee comprises of Mr. B. B. Hattarki (Chairman), Mr. M.U. Takale and Mr. A. B. Kalyani, all non-executive Directors. During the period no complaints were received from the shareholders. The status on complaints is reported to the Board of Directors, as an agenda item. Mr. S. R. Kshirsagar, Company Secretary, is the compliance officer.

- **Share Transfer**

The 'Directors Executive Committee' was constituted on 15th March, 2010. The Committee comprises of Mr. B. B. Hattarki (Chairman), Mr. A. B. Kalyani and Mr.M. U. Takale, all non-executive Directors. Pending Listing of Company's shares, the Company has not transferred, transmitted or dematerialised any shares as per the stipulation of Stock Exchanges.

- **Details of Non-Compliance**

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

- **General Body Meetings**

The ensuing meeting is the First Annual General Meeting of the Company.

Information about Extra Ordinary General Meetings.

Financial Year	Date	Time	Venue
2009-10	31 st October, 2009	9.00 A.M.	Mundhwa, Pune 411036
2009-10	25 th February, 2010	9.00 A.M.	Mundhwa, Pune 411036

Special Resolution passed in the Extra Ordinary General Meeting dated 31st October, 2009, Under Section 100 of the Companies Act, 1956 for reduction of Capital by cancellation of 40,00,000 Equity Shares of Rs.5/- each issued to the subscribers to the Memorandum of Association.

SHAREHOLDER INFORMATION

- **Annual General Meeting**

Date :- Monday, 22nd November, 2010, 10.30 a.m.

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

- **Financial Calendar**

1st April to 31st March

- **Book Closure**

The books will be closed on 22nd November, 2010 as annual closure for the AGM

CORPORATE GOVERNANCE

➤ Listing

The Company has made listing application to National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd and Pune Stock Exchange Ltd.

➤ Stock Codes

Will be allotted by Stock Exchanges after final listing approval.

➤ Stock Data

Not applicable since the Company's shares are yet to be listed.

➤ Share Transfer Agents and Share Transfer System

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

➤ Group

As required under Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from the applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are as follows :-

Ajinkya Investment & Trading Company, KSL Holdings Pvt. Ltd., Kalyani Investment Co.Ltd., Sundaram Trading & Investment Pvt. Ltd., PIH Finvest Co.Ltd., Kalyani Steels Limited, Bharat Forge Ltd., BF Utilities Ltd., Ajinkyatara Trading Co. Ltd., Gulbakshi Realty Pvt. Ltd., Lohagaon Trading Co.Pvt.Ltd., Mrs. Sunita Babasaheb Kalyani, Mr.B.N.Kalyani, Mr. Amit B. Kalyani, Mrs. Deeksha Amit Kalyani, Sundaram Enterprises.

➤ Shareholding pattern

The following tables 2 & 3 give the Pattern of Shareholding as on 31st March, 2010.

Table 2

Pattern of shareholding by ownership as on 31 March, 2010

Company	No. of shares held	Shareholding %
Promoters	24895884	66.09
Financial Institutions / Bank	4822	0.01
Mutual Funds	83684	0.22
Insurance Companies	160127	0.43
Foreign Institutional Investors	3879217	10.30
Bodies Corporate	3695076	9.81
Indian Public	4824834	12.81
Non Resident Indians	123984	0.33
TOTAL	37667628	100.00

Table 3

Pattern of shareholding by share class as on 31 March, 2010

Shareholding class	No.of shareholders	No.of shares held	Shareholding %
Up to 5000	30439	2723029	7.23
5001 to 10000	461	660679	1.75
10001 to 20000	214	600115	1.59
20001 to 30000	76	374300	0.99
30001 to 40000	38	256949	0.68
40001 to 50000	24	218854	0.58
50001 to 100000	35	476221	1.26
100001 and above	72	32357481	85.90
TOTAL	31359	37667628	100

➤ Dematerialisation

As on 31st March, 2010, dematerialised shares accounted for 34.29% of the total equity.

➤ Investors Correspondence Address

Link Intime India Private Limited

Registrar & Transfer Agents

202, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, Pune 411 001.

Phone No.: 020-26051629 Fax No.020-26053503 Email : pune@linkintime.co.in

AUDITORS REPORT

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE TO THE MEMBERS

I have examined the compliance of conditions of corporate governance by **BF INVESTMENT LIMITED** (“the Company”) for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

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

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

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

Place: Pune
Date : 22nd July, 2010

P. V. Deo
Chartered Accountant
Membership Number. 041609

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST MARCH, 2010

To,
The Members,

Your Directors have pleasure in presenting their First Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the period ended 31st March, 2010.

1. FINANCIAL HIGHLIGHTS :

(Rs. in Million)

	Period ended 31 st March, 2010
Income from Operations	711.89
Profit before Interest and Depreciation	591.90
Less : Interest	-
Depreciation	0.20
Profit before tax	591.70
Provision for Taxation	93.03
Net Profit/(Loss) for the period	498.67

2. INCORPORATION :

The Company was incorporated on 26th May, 2009 and obtained Certificate of Commencement of business on 20th July, 2009.

3. DIVIDEND :

Your Directors do not recommend any dividend on the equity shares for the year ended 31st March, 2010.

4. SCHEME OF ARRANGEMENT :

The Hon'ble Bombay High Court, vide its Order dated 5th February, 2010, approved the Scheme of Arrangement between BF Utilities Limited (BFUL) (hereinafter referred to as the "Amalgamated Company" / the "Demerged Company") and Bhalchandra Investment Limited, Forge Investment Limited, Mundhwa Investment Limited, Jalakumbhi Investment and Finance Limited, Jalakamal Investment and Finance Limited, Kalyani Utilities Development Limited, (hereinafter collectively called as the "Amalgamating Companies") and BF Investment Limited (BFIL) (hereinafter referred to as the "Resulting Company") and their Respective Shareholders ("the Scheme"). The Scheme became effective on 26th February, 2010, and the Appointed Date of the Scheme is 1st April, 2009.

As per Scheme of Arrangement the Infrastructure Undertakings as explained in Clause 2.10 of the

Scheme has been vested in BF Utilities Limited and the Investment Business Undertaking, as explained in Clause 2.6 of the Scheme stood transferred to and vested in BF Investment Ltd.

Pursuant to the Scheme, on 15th March, 2010 the Resulting company, BFIL has allotted Equity Shares to the Shareholders of BFUL, whose names appeared on the Register of Members on 12th March, 2010 (being the Record Date fixed for this purpose), in the ratio of 1 Equity Share of Rs.5/- each fully paid up of BFIL for every 1 Equity Share of Rs.5/- each held in BFUL.

Necessary applications have been already filed by BFIL with National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Pune Stock Exchange Ltd. for listing of its Equity Shares.

5. OPERATIONS :

Pursuant to the Scheme the Company has taken over the Investment Business undertaking of BFUL on going concern basis w.e.f.1st April, 2009.

6. INVESTOR RELATIONS :

As stated above, the Company has allotted Equity Shares to the existing shareholders of BFUL on 15th March, 2010. The Company has allotted the same in both, physical as well as demat form. For that purpose, the Company has already entered into agreements with both the depositories presently operating viz. National Securities Depository Limited and Central Depository Services (India) Limited for dematerialisation of shares.

7. SUBSIDIARIES :

The Company does not have any subsidiary Company.

8. PARTICULARS OF EMPLOYEES :

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

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

The additional information required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Report is reproduced hereunder :

DIRECTORS' REPORT

I. CONSERVATION OF ENERGY : Not Applicable.

II. TECHNOLOGY ABSORPTION :

1. Research and Development (R & D) :

Not Applicable.

2. Technology Absorption, Adaptation and Innovation :

The Company has not imported any technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total Foreign Exchange Used and Earned :

Used : Nil

Earned : Nil

10. DIRECTORS :

Mr. B. N. Kalyani, Mr. A. B. Kalyani and Mr. B. B. Hattarki were appointed as first directors of the Company in the Articles of Association of the Company. All the first directors retire at the 1st Annual General Meeting. The Company has received notices in writing from members proposing the candidature of Mr. B. N. Kalyani, Mr. A. B. Kalyani and Mr. B. B. Hattarki as director of the Company. The matter is included in the Notice for the ensuing Annual General Meeting.

Mr. M. U. Takale was appointed as an Additional Director of the Company w.e.f. 5th March, 2010. A notice proposing appointment of Mr. M. U. Takale as Director having been received, the matter is included in the Notice for the ensuing Annual General Meeting.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) That in the preparation of the accounts for the financial period ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent

so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss of the company for the period under review ;

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

(iv) That the Directors have prepared the annual accounts for the financial period ended 31st March, 2010 on a 'going concern' basis.

12. AUDITORS :

Dalal and Shah, Chartered Accountants, who were the first auditors of the Company, appointed by the Board of Directors, have resigned on 1st February, 2010. The Shareholders in the Extra Ordinary General Meeting held on 25th February, 2010, have filled up the casual vacancy arising due to this resignation, by appointing Prashant V. Deo, Chartered Accountant, as statutory auditor of the Company for the financial year ended 31st March, 2010, to hold the office till the conclusion of the first Annual General Meeting.

Mr. P.V. Deo - Chartered Accountant, being eligible, offers himself for reappointment as Auditor.

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

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

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

For and on behalf of the
Board of Directors

PUNE
Dated : 22nd July, 2010

B.N. KALYANI
Chairman

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 subsection (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
			<u>5,613,797,712</u>
TOTAL :			
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
			<u>5,613,797,712</u>
TOTAL :			
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

S. R. Kshirsagar
Company Secretary

B. B. Hattarki
Director

M. U. Takale
Director

Place : Pune
Date : 22nd July, 2010.

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	
Other Income	12 (c)		711,884,254
TOTAL :			<u>5,351</u>
			<u>711,889,605</u>
EXPENDITURE :			
Establishment and Other Expenses	13		119,974,594
Depreciation	3		205,108
TOTAL :			<u>120,179,702</u>
Profit before Taxation			591,709,903
Tax (Expense)/Saving :			
Current Tax		(92,500,000)	
Deferred Tax		(535,093)	
Profit for the year after taxation			<u>93,035,093</u>
Less : Appropriation			498,674,810
Transfer to Reserve Fund (Refer Note No. C-11)			99,735,000
Balance carried to Balance Sheet :			<u>398,939,810</u>
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,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

S. R. Kshirsagar
Company Secretary

B. B. Hattarki
Director

M. U. Takale
Director

Place : Pune
Date : 22nd July, 2010.

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 :		<u>200,000,000</u>
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 :		<u>188,338,140</u>
SCHEDULE '2' : RESERVES AND SURPLUS		
Capital Reserve :		
Add : Transferred from BF Utilities Limited	1,912,510,473	
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)	<u>2,555,861,516</u>	
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 :		<u>5,425,459,572</u>

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	<u>5,768,774</u>	<u>28,425</u>	<u>-</u>	<u>5,797,199</u>

	Amount Rupees	Amount Rupees
SCHEDULE '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	
			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
ICICI Prudential 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 Instituional 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	
TOTAL :		54,358
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)		
Intercompany 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	
	<hr/>	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	
Preliminary 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	
	<hr/>	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	
	<hr/>	145,135,958
Less: Stocks at close		
Shares of Companies	2,573,290	
Land	100,370,203	
	<hr/>	102,943,493
		<hr/>
		42,192,465
TOTAL :		<hr/> <hr/> 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 Undertaking 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 immovable, 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 companies, 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. Preliminary Expenses :

Preliminary 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 allotted 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 Naphthol 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,

On behalf of the Board of Directors,

P. V. Deo
Chartered Accountant

S. R. Kshirsagar
Company Secretary

B. B. Hattarki
Director

M. U. Takale
Director

Place : Pune Place : Pune
Date : 22nd July, 2010.

Date : 22nd July, 2010.

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile

1 Registration Details :

Registration No.

State Code (Refer Code List)

Balance Sheet Date

Date Month Year

2 Capital raised during the year : (Amount in Rs. Thousands)

Public Issue <input type="text" value=""/>	Rights Issue <input type="text" value=""/>
Bonus Issue <input type="text" value=""/>	Private Placement <input type="text" value=""/>
	# Allotted in pursuance of Scheme of Arrangement

3 Position of mobilisation and deployment of funds : (Amount in Rs. Thousands)

Total Liabilities <input type="text" value=""/>	Total Assets <input type="text" value=""/>
Source Of Funds	
Paid up Capital <input type="text" value=""/>	Reserves & Surplus <input type="text" value=""/>
Secured Loans <input type="text" value=""/>	Unsecured Loans <input type="text" value=""/>
Application of Funds	
Net Fixed Assets <input type="text" value=""/>	Investments <input type="text" value=""/>
Deffered Tax Assets <input type="text" value=""/>	Net Current Assets <input type="text" value=""/>
Miscellaneous Expenditure <input type="text" value=""/>	

4 Performance of Company : (Rs. in Lacs)

Turnover/Income <input type="text" value=""/>	Total Expenditure <input type="text" value=""/>
<input type="text" value=""/>	Profit/(Losss) Before Tax <input type="text" value=""/>
<input type="text" value=""/>	Profit/(Losss) after Tax <input type="text" value=""/>
Earnings per share (Rs.) <input type="text" value=""/>	Dividend Rate (%) <input type="text" value=""/>

5 Generic Names of principal, services of the Company :

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

On behalf of the Board of Directors,

Place : Pune
Date : 22nd July, 2010.

S. R. Kshirsagar
Company Secretary

B. B. Hattarki
Director

M. U. Takale
Director

BF INVESTMENT LIMITED

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

NAME OF MEMBER/PROXY*

DP. Id.**

Folio No.

Client Id.**

No. of Shares held

I hereby record my presence at the First Annual General Meeting held at the Training Centre, Kalyani Steels Limited at Mundhwa, Pune 411 036 on Monday, 22nd Day of November, 2010 at 10.30 A.M.

SIGNATURE OF THE SHAREHOLDER/PROXY*

* Strike out whichever is not applicable

** Applicable for Members holding shares in Dematerialised form

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

*PROXY***BF INVESTMENT LIMITED**

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

I/We of

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

of

or failing him/her of

..... as my/our proxy to attend and vote for

me/us on my/our behalf at the First Annual General Meeting of the Company to be held on Monday, 22nd Day of November, 2010 at 10.30 A.M.

Signed at this day of 2010

Folio No.

DP Id.*

No. of Shares held

Client Id.*

Please
affix
Revenue
Stamp of
proper value

* Applicable for Members holding shares in Dematerialised form.

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

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

cover page 3
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KALYANI
DRIVING INNOVATION

BF INVESTMENT LIMITED

MUNDHWA, PUNE CANTONMENT, PUNE 411 036
MAHARASHTRA, INDIA.
website : <http://kalyanigroup.com/BFI.asp>