
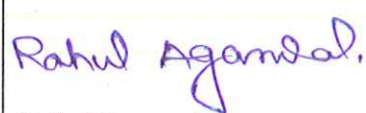
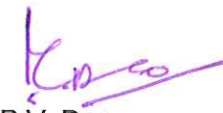




KALYANI INVESTMENT

L65993PN2009PLC134196

Form A
(Pursuant to Clause 31(a) of the Listing Agreement)

Covering letter of the Annual Audit Report
To be filed with the Stock Exchanges

1.	Name of the Company	KALYANI INVESTMENT COMPANY LIMITED
2.	Annual Financial Statements for the year ended	31st March, 2014
3.	Type of Audit Observation	Un-qualified Audit Report
4.	Frequency of Observation	Not Applicable
5.	Signed by :	
	• CEO / Managing Director	 Amit B. Kalyani Chairman
	• CFO	 Rahul Agarwal Chief Financial Officer
	• Auditor of the Company	 P.V. Deo Chartered Accountant Membership No.41609 
	• Audit Committee Chairman	 B.B. Hattarki Director & Audit Committee Chairman

Date: 1-Aug-2014



KALYANI
GROUP COMPANY

KALYANI INVESTMENT COMPANY LIMITED

CIN : L65993PN2009PLC134196

Registered Office : Mundhwa, Pune 411 036



NOTICE

NOTICE is hereby given that the FIFTH Annual General Meeting of the Members of Kalyani Investment Company Limited will be held on Friday, the 5th day of September, 2014, at 2.00 p.m. (I.S.T), at the Registered Office of the Company at Mundhwa, Pune - 411 036, to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014, including the audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of an Interim Dividend on Preference Shares.
3. To appoint a Director in place of Mr.C.G. Patankar (DIN 00136573), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the retiring Auditor, Mr.P.V. Deo, Chartered Accountant, Pune (Membership No.41609), be and is hereby re-appointed as Auditor of the Company to hold the office for the period of three years i.e. from the conclusion of this Meeting until the conclusion of the 8th Annual General Meeting of the Company (subject to ratification of his appointment at every Annual General Meeting to be held hereafter), on such remuneration plus service tax thereon and reimbursement of out of pocket and travelling expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditor based on the recommendation of the Audit Committee."

SPECIAL BUSINESS

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

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

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

Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from 5th September, 2014 to 4th September, 2019."

6. Appointment of Mr.S.S. Vaidya as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr.S.S. Vaidya (DIN 00024245), who has submitted a declaration that he meets the criteria for independence as prescribed in Section 149(6) of the Act and Clause 49 of the Listing Agreement and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from 5th September, 2014 to 4th September, 2019."

7. Appointment of Mr.R.K. Goyal as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr.R.K. Goyal (holding DIN 03050193), who has submitted a declaration that he meets the criteria for independence as prescribed in Section 149(6) of the Act and Clause 49 of the Listing Agreement and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from 5th September, 2014 to 4th September, 2019."

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

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

"RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members be and is

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

By Order of the Board of Directors

for KALYANI INVESTMENT COMPANY LIMITED

Pune

RAHUL AGARWAL

29th May, 2014

COMPANY SECRETARY

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a Poll instead of himself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. In case, a Proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such Proxy shall not act as a Proxy for any other person or member.
The Instrument appointing proxy should, however, be deposited at the Registered Office of the Company duly completed and signed not less than forty-eight (48) hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business under Item Nos.5 to 8 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
3. Corporate members are requested to send board resolution duly certified, authorising their representative to attend and vote on their behalf at the Annual General Meeting.
4. Members who hold shares in dematerialised form are requested to write their DP ID AND CLIENT ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the meeting to facilitate easy identification of membership at the meeting.
5. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depository Participants and those holding shares in physical form are to intimate the said changes to the Registrar and Transfer Agent of the Company, at their address given below.
6. The Share Transfer Books and the Register of Members of the Company will remain closed on Friday, 5th September, 2014, as an Annual Closure for Annual General Meeting.
7. Equity Shares of the Company are under compulsory demat trading by all investors. Those shareholders, who have not dematerialised their shareholding, are advised to dematerialise the same to avoid any inconvenience in future.
8. Brief Profile of Directors proposed to be appointed /

re-appointed, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in dematerialised form are therefore requested to submit their PAN to the Depository Participants with whom they are maintaining the demat account. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent of the Company, at their address given below.
10. The Ministry of Corporate Affairs (MCA), Government of India, had taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and had issued circulars stating that service of notice / documents including Annual Report can be done by e-mail to its members.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialised holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill-up the E-mail Updation Form available at Company's web-site www.kalyani-investment.com and submit the same to the Registrar and Transfer Agent of the Company, at their address given below.

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

11. Voting through Electronic Means :

- a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Fifth Annual General Meeting (AGM) by electronic means and the business shall be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

The instructions for e-Voting are as under :

- A) Member receiving an e-mail from NSDL (for members whose e-mail IDs are registered with the Company / Depository Participant(s)) :
 - a) Open e-mail and open PDF file viz. "kalyani_investment e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and Password / PIN for e-Voting. Please note that the password is an initial password.
 - b) Launch internet browser by typing the URL : <https://www.evoting.nsdl.com>
 - c) Click on Member Login.

- d) In case you are already registered with NSDL for e-voting then you can use your existing user ID and password else Put User ID and Password as initial Password / PIN noted in Step (a) above. Click Login.
- e) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of e-Voting opens. Click on e-Voting : Active Voting Cycles.
- g) Select e-Voting Event Number ("EVEN") of Kalyani Investment Company Limited.
- h) Now you are ready for e-Voting as Cast Vote page opens.
- i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- k) Once you have voted on the resolution, you will not be allowed to modify your vote.
- l) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to evoting@kalyani-investment.com with a copy marked to evoting@nsdl.co.in
- B) Member receiving physical copy of the Notice of AGM (for members whose e-mail IDs are not registered with the Company / Depository Participant(s) or members requesting physical copy) :
- a) Initial password is provided as below at the bottom of the Attendance Slip for the AGM :
- | | | |
|--------------------------------|---------|----------|
| e-Voting
Event No. ("EVEN") | User ID | Password |
|--------------------------------|---------|----------|
- b) Please follow all steps from Serial No. A(b) to Serial No.A(l) above, to cast vote.
- ii) In case of any queries, you may refer the Frequently asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Downloads sections of www.evoting.nsdl.com
- iii) If you are already registered with NSDL for e-Voting, then you can use your existing User ID and Password for casting your vote.
- iv) You can also update your mobile number and e-mail Id in the user profile details of the folio which may be used for sending future communication(s).
- v) The e-Voting commences on Thursday, 28th August, 2014 (9.00 a.m.) and ends on Saturday, 30th August, 2014 (6.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date (Record Date) of 18th July, 2014, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- vi) The voting rights of shareholders shall be in proportion to shares held by them as on the cut-off (Record Date) of 18th July, 2014.
- vii) Mr.S.V. Deulkar, of S.V. Deulkar & Co, Company Secretaries (Membership No. FCS 1321 & CP No. 965) has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- viii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and submit a Scrutinizer's Report of the votes cast in favour or against, if any, forth with to the Chairman of the Company.
12. For members who wish to vote using Ballot Paper :
- Pursuant to Clause 35B of the Listing Agreement, Members who do not have access to e-voting facility may fill in the Ballot Paper enclosed with the Notice (a copy of the same is also part of the soft copy of the Notice) and submit the same in a sealed envelope to the Scrutinizer appointed by the Board of Directors of the Company, Mr.S.V. Deulkar of S. V. Deulkar & Co., Company Secretaries, at C/o Kalyani Investment Company Limited, Secretarial Department, Mundhwa, Pune - 411036 so as to reach not later than 30th August, 2014 by 6:00 p.m. Ballot Paper received thereafter will be treated as invalid.
13. A member shall opt for only one mode of voting i.e either through e-voting or by Ballot Paper. If the member casts vote through both the modes, the votes in the electronic system would be considered and the Ballot Paper would be ignored.
14. The results of voting along with the Scrutinizer's Report shall be placed on the Company's website www.kalyani-investment.com and on the website of NSDL with two (2) days of passing of the resolutions at the Annual General Meeting of the Company and shall be communicated to the Stock Exchanges.
15. Disclosure of Shareholding of Directors recommended by the Board of Directors for Appointment / Re-appointment at the Annual General Meeting pursuant to Clause 49 of the Listing Agreement :

Sr. No.	Name of Director	No. of Shares held
1	Mr.C.G. Patankar	477
2	Mr.B.B. Hattarki	-
3	Mr.S.S. Vaidya	-
4	Mr.R.K. Goyal	-

**ANNEXURE TO THE NOTICE
Explanatory Statement as required by
Section 102 of the Companies Act, 2013**

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out, the material facts relating to Special Business mentioned under Item Nos.5 to 8 in the accompanying Notice dated 29th May, 2014

ITEM NOS.5 to 7

The Company is having three Non-executive Independent Directors viz. Mr.B.B. Hattarki, Mr.S.S. Vaidya and Mr.R.K. Goyal, on the Board of the Company liable to retire by rotation.

Pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, it is proposed to appoint these Directors as an Independent Directors of the Company for a term of 5 (five) consecutive years from 5th September, 2014 to 4th September, 2019.

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

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

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

Accordingly, the Board recommends the resolutions set out at Item Nos.5 to 7 of the Notice, for the approval of the members of the Company.

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

Except Mr.B.B. Hattarki, Mr.S.S. Vaidya and Mr.R.K. Goyal, being appointees, to their respective appointments, none of the Directors and Key Managerial Personnel of the Company and

their relatives is in any way concerned or interested in the resolutions set out at Item Nos. 5 to 7 of the Notice.

ITEM NO.8

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

The members of the Company at their First Annual General Meeting held on 24th November, 2010 had approved by way of Special resolution under Section 309 of the Companies Act, 1956, the payment of remuneration by way of commission to the non whole-time directors of the Company, for the period of five years commencing from 1st April, 2010.

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

Accordingly, a fresh approval of the members is sought under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the Directors other than Managing Director and Whole-time Directors, as set out in the Resolution at Item No.8 of the Notice.

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

By Order of the Board of Directors
for KALYANI INVESTMENT COMPANY LIMITED

Pune
29th May, 2014

RAHUL AGARWAL
COMPANY SECRETARY



KALYANI INVESTMENT COMPANY LIMITED

CIN : L65993PN2009PLC134196

Registered Office : Mundhwa, Pune 411 036

KALYANI

PROXY FORM

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fifth Annual General Meeting of the Company, to be held on Friday, the 5th day of September, 2014 at 2.00 p.m. at the Registered Office of the Company at Mundhwa, Pune - 411 036 and at any adjournment thereof in respect of such resolutions as are indicated below :

Item No.	Resolution (For details, refer Notice of Fifth Annual General Meeting dated 29th May, 2014)	Vote *(Optional See Note 4)		
		For	Against	Abstain
1.	Adoption of the Financial Statements of the Company for the year ended 31st March, 2014 and the reports of the Board of Directors and Auditors thereon.			
2.	To confirm the payment of an Interim Dividend on Preference Shares.			
3.	Appointment of Mr.C.G. Patankar, as a Director, who retires by rotation, and being eligible, offers himself for re-appointment.			
4.	Appointment of Mr. P.V. Deo, Chartered Accountant, Pune as Auditor of the Company			
5.	Appointment of Mr. B. B. Hattarki as an Independent Director			
6.	Appointment of Mr. S.S. Vaidya as an Independent Director			
7.	Appointment of Mr. R. K. Goyal as an Independent Director			
8.	Payment of Remuneration by way of Commission to Non Whole-time Directors			

Signed this..... day of..... 2014

Signature of member :

Signature of Proxy holder(s) :

Please affix
Revenue
Stamp

Notes :

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



KALYANI INVESTMENT COMPANY LIMITED

CIN : L65993PN2009PLC134196

Registered Office : Mundhwa, Pune 411 036

KALYANI

BALLOT PAPER

(In lieu of E-voting)

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

(*Applicable to investors holding shares in dematerialized form)

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

No.	Item Description (For details, refer Notice of Fifth Annual General Meeting dated 29th May, 2014)	No. of Equity Shares held	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1.	Adoption of the Financial Statements of the Company for the year ended 31st March, 2014 and the reports of the Board of Directors and Auditors thereon.			
2.	To confirm the payment of an Interim Dividend on Preference Shares.			
3.	Appointment of Mr.C.G. Patankar, as a Director, who retires by rotation, and being eligible, offers himself for re-appointment.			
4.	Appointment of Mr. P.V. Deo, Chartered Accountant, Pune as Auditor of the Company			
5.	Appointment of Mr. B. B. Hattarki as an Independent Director			
6.	Appointment of Mr. S.S. Vaidya as an Independent Director			
7.	Appointment of Mr. R. K. Goyal as an Independent Director			
8.	Payment of Remuneration by way of Commission to Non Whole-time Directors			

Place : _____

Date : _____

Signature of the Shareholder(s)

INSTRUCTIONS

- Members may fill up the Ballot Paper by placing the tick (✓) mark at the appropriate box above and submit the same in a sealed envelope to the Scrutinizer, Mr.S.V. Deulkar of S.V. Deulkar & Co. Company Secretaries, C/o Kalyani Investment Company Limited, Secretarial Department, Mundhwa, Pune - 411 036 so as to reach not later than 30th August, 2014 by 6:00 p.m. Ballot Paper received thereafter will be treated as invalid.
- The Company will not be responsible if the envelope containing the Ballot Paper is lost in transit.
- Unsigned, incomplete or incorrectly ticked Ballot Papers are liable to be rejected and the decision of the Scrutinizer on the validity of the Ballot Papers will be final.
- In the event member casts his votes through both the processes i.e. E-voting and Ballot Paper, the votes in the electronic system would be considered and the Ballot Paper would be ignored.
- The right of voting by this Ballot Paper shall not be exercised by a proxy.
- To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the Registrar & Transfer Agent of the Company. Members are requested to keep the same updated.
- There will be only one Ballot Paper for every Folio/ DP ID & Client ID irrespective of the number of joint members.
- In case of joint holders, the Ballot Paper should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot Paper signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Paper signed by other joint holders.
- Where the Ballot Paper has been signed by an authorized representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorisation / Board resolution to vote should accompany the Ballot Paper.
- Instructions for e-voting procedure are available in the Notice of Annual General Meeting and are also placed on the website of the Company.

KALYANI INVESTMENT COMPANY LIMITED



KALYANI
DRIVING INNOVATION

BOARD OF DIRECTORS

Mr. Amit B. Kalyani
Chairman

Mr. S.S. Vaidya

Mr. B.B. Hattarki

Mr. C.G. Patankar

Mr. R.K. Goyal

CORPORATE IDENTITY NUMBER (CIN)

L65993PN2009PLC134196

REGISTERED OFFICE

Mundhwa, Pune - 411 036

Phone : +91-020-26715000 / 66215000

Fax : +91-020-26821124

Website : www.kalyani-investment.com

E-mail : investor@kalyani-investment.com

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Rahul Agarwal

AUDITORS

Mr. Prashant V. Deo

Chartered Accountant

Flat No.11, Building No.8-B,

Laxminarayannagar No.4

Co-op Hsg. Society,

Erandawana, Pune - 411 004

BANKERS

Canara Bank

HDFC Bank Limited

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited

Block No.202, Akshay Complex,

2nd Floor, Off Dhole Patil Road,

Near Ganesh Mandir, Pune – 411 001

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5TH ANNUAL GENERAL MEETING

Day : Friday
Date : 5th September, 2014
Time : 2.00 p.m. (I.S.T.)
Place : Registered Office,
Kalyani Investment Company Limited,
Mundhwa, Pune - 411 036



REPORT ON CORPORATE GOVERNANCE

Kalyani Investment has been practicing the principles of good Corporate Governance and lays strong emphasis on transparency and proper disclosures. The Company believes that timely disclosures, transparent accounting policies and strong Board go a long way in protecting shareholders trust while maximising long term corporate value. The Company recognises that good Corporate Governance is a continuing exercise and is in full compliance with the requirements under Clause 49 of the Listing Agreement with the Stock Exchanges.

This chapter of the report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitutes the compliance report of the Company on Corporate Governance during the year 2013-14.

1. BOARD LEVEL ISSUES

COMPOSITION OF THE BOARD :

As on 31st March, 2014, the Board of Directors of Kalyani Investment comprised five directors. The Board consists of Non-Executive Chairman, who is a Relative of Promoter and four Non-Executive Directors, of which three are Independent. Details are given in Table 1.

NUMBER OF BOARD MEETINGS :

During the year 2013-14, the Board of the Company met six times on 24th May, 2013, 24th July, 2013, 30th October, 2013, 15th January, 2014, 8th February, 2014 and 27th March 2014. All the meetings were held in such manner that the gap between two consecutive meetings was not more than four months.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS :

Table 1: The composition of the Board, the category of Directors, their attendance record and the number of directorships :

Table - 1 - Details about Board of Directors of the Company							
Name of the Director	Category	Particulars of Attendance			Number of Directorships and Committee Memberships / Chairmanships in Public Limited Companies		
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr.Amit B. Kalyani Chairman	Relative of Promoter Non-Executive	6	6	Yes	12	3	—
Mr.S.S. Vaidya	Non-Executive	6	6	Yes	8	8	4
Mr.B.B. Hattarki	Non-Executive	6	5	Yes	9	4	5
Mr.C.G. Patankar	Non-Executive	6	6	Yes	7	3	—
Mr.R.K. Goyal	Non-Executive	6	5	Yes	3	2	—

As detailed in the table above, none of the Directors is a member of more than ten Board level Committees of public limited companies in which they are Directors or a Chairman of more than five such Committees.

BOARD PROCEDURE :

Information Supplied to the Board

Among others, information supplied to the Board includes :

- Annual operating plans and budgets and any updates thereof
- Quarterly results of the Company
- Minutes of meetings of committees
- Purchase / Sale of investments, assets, if any.
- Non-Compliance of any regulatory, statutory nature or listing requirements etc. if any
- Materially important show cause, demand notices if any

The Board of the Company is presented with all the relevant information on various vital matters affecting the working of the Company as well as those matters, which require deliberation at the highest level. Board Members are given appropriate documents / detailed notes and information in advance of each Board and Committee Meeting.

DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY :

There have been no materially relevant pecuniary transactions or relationship between the Company and its non-executive and / or independent Directors for the year 2013-14.

AUDIT COMMITTEE :

As on 31st March, 2014, the Audit Committee of Kalyani Investment comprised three members, of which two are Independent Directors. All the members have accounting and finance management expertise. The Chairman of the Audit Committee is Mr.B.B. Hattarki. Mr.S.S. Vaidya and Mr.C.G. Patankar are the other members of the Committee.

The representatives of the Statutory Auditors and remaining Board Members are permanent invitees to the Audit Committee Meetings. The Secretary of the Company also acts as the Secretary of the Audit Committee.

During the year 2013-14 Audit Committee met on 24th May, 2013, 24th July, 2013, 30th October, 2013 and 8th February, 2014. Particulars relating to the attendance at the Audit Committee meetings held during the year are given below :

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.B. Hattarki, Chairman	Independent	4	3
Mr.S.S. Vaidya	Independent	4	4
Mr.C.G. Patankar	Non-Executive	4	4

The functions of the Audit Committee include the following :

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual / quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory / internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any.
- Discussions with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to the shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews :

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.

REMUNERATION OF DIRECTORS :

No remuneration was paid to any Director during the year 2013-14. The Company does not have any stock option scheme.

SHAREHOLDING OF DIRECTORS :

Name of the Director	Relationship with other Directors	No. of Shares held
Mr.Amit B. Kalyani, Chairman	None	3,169
Mr.S.S. Vaidya	None	—
Mr.B.B. Hattarki	None	—
Mr.C.G. Patankar	None	477
Mr.R.K. Goyal	None	—

**CODE OF CONDUCT :**

The Board of Kalyani Investment has laid down a Code of Conduct for all the Board Members. All the Board Members have affirmed compliance with the Code of Conduct.

2. MANAGEMENT**MANAGEMENT DISCUSSION AND ANALYSIS :****STRUCTURE OF THE COMPANY AND THRUST OF THE BUSINESS :**

Kalyani Investment is a Core Investment Company holding more than 90% of its assets in investments in shares of or debts in Group Companies. The thrust of business is to hold and continue to hold securities in Kalyani Group Companies.

RISKS AND CONCERNS :

Kalyani Investment's income is mainly from the dividends that may be receivable on investments held by it / may be held in future. Any adverse impact on the industries of which securities are held by Kalyani Investment, also have a bearing on the performance of Kalyani Investment. Any slowdown in the growth of Indian economy or future volatility in global financial market, could also adversely affect the business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company strongly believes that Internal Control Systems are necessary for Good Corporate Governance and has in place an effective system of internal controls to ensure that all assets are properly safeguarded and protected and used optimally and financial transactions are reported accurately.

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 may 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, applicable statutes, litigations etc.

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 discussions nor do they vote on such matters.

3. SHAREHOLDERS**DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS :**

Mr.C.G. Patankar, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, it is proposed to appoint Mr.B.B. Hattarki, Mr.S.S. Vaidya and Mr.R.K. Goyal, as an Independent Directors of the Company for the period of five years with effect from 5th September, 2014 to 4th September, 2019. All the Directors being eligible, offered themselves for appointment. In the opinion of the Board, all the Directors fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder, for their appointment as an Independent Director of the Company.

Details of the Directors to be re-appointed / appointed, are given below :

Mr.C.G. Patankar, born on 6th June, 1956, holds a Bachelor's Degree in Science and he is a Chartered Accountant, having a rich experience of more than 35 years. Mr.Patankar also serves on the Board of Kalyani Technoforge Limited, Kalyani International Limited, Kalyani Mukand Limited, Hospet Steels Limited, Spice Island Apparels Limited and Kalyani Steels Limited.

Mr.B.B. Hattarki born on 10th October, 1941, is a Metallurgy and Mechanical Engineer, having a rich experience of more than 50 years in Steel Industry. He also serves on the Board of Kalyani International Limited, Kalyani Mukand Limited, Hospet Steels Limited, BF Utilities Limited, Automotive Axles Limited, Khed Developers Limited, BF Investment Limited and Kalyani Steels Limited.

Mr.S.S. Vaidya born on 9th August, 1955 is a Chartered Accountant. He is a partner of M/s Kunte & Vaidya, Chartered Accountants, Pune. He has been in practice for over 35 years and has vast experience in Corporate & Legal field, Tax Laws, Company Law, Foreign Exchange Laws etc. Mr.Vaidya also serves on the Boards of Sharp India Limited, BF Utilities Limited, Bosch Chassis Systems India Limited, Nandi Infrastructure Corridor Enterprise Limited, Kalyani Steels Limited, Sahyadri Hospitals Limited and Foundation Brake Manufacturing Limited.

Mr.R.K. Goyal, born on 18th May, 1958, is a Managing Director of Kalyani Steels Limited. Mr.Goyal, is an Engineering Graduate and M.B.A., having more than 30 years of rich experience, in Steel Industry, particularly in stainless steel, for more than 25 years. Before joining Kalyani Steels Limited, Mr.Goyal was working as Director - Strategy and Corporate Affairs in JSL Stainless Limited and was responsible for performance management of companies in JSL Group, Overall Growth Strategy Formulation, Mining Business, Strategic Alliances, Mergers & Acquisitions and Indirect Taxation. Mr.Goyal also serves on the Board of Kalyani Carpenter Special Steels Limited.

COMMUNICATION TO SHAREHOLDERS :

Kalyani Investment puts all vital information relating to the Company and its performance, including financial results, official announcements and communication to the investors and analysts on its website www.kalyani-investment.com regularly for the benefit of the public at large.

Financial results are published in leading newspapers such as Financial Express (All Editions) and Loksatta (Pune) and are also sent to the Stock Exchanges immediately after they are approved by the Board.

Letters and Transfer Deeds received from shareholders are acted upon and replied promptly.

INVESTOR GRIEVANCES :

The Company has in place Shareholders' / Investors' Grievance Committee for redressing Shareholders' / Investors' complaints. The Committee comprises of Mr.B.B. Hattarki, Chairman and Mr.C.G. Patankar, Director. During the year 2013-14 Shareholders' / Investors' Grievance Committee met on 24th May, 2013, 24th July, 2013, 30th October, 2013 and 5th February, 2014. Particulars relating to the attendance at the Shareholders' / Investors' Grievance Committee meetings held during the year are given below :

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.B. Hattarki, Chairman	Independent	4	4
Mr.C.G. Patankar	Non - Executive	4	4

During the year 2013-14 no complaint was received. The status of complaints is also reported to the Board of Directors, as an agenda item. Mr.Rahul Agarwal, Company Secretary, is the Compliance Officer.

The Company has already provided separate E-mail ID for registering complaints by investors (investor@kalyani-investment.com) and the said E-mail ID is also displayed on the web-site.

SHARE TRANSFER :

The Company has constituted the 'Share Transfer Committee', which meets on weekly basis to approve share transfers, transmissions, consolidation, sub-division, issue of duplicate certificates and requests for dematerialisation of Company's shares. The Committee comprises of Mr.B.B. Hattarki and Mr.C.G. Patankar Directors of the Company.

DETAILS OF NON-COMPLIANCE :

Kalyani Investment has complied with all the requirements of regulatory authorities. No penalties were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter relating to the capital market during the period under report.

GENERAL BODY MEETINGS :

Particulars of General Body Meetings held for the last three years are given below :

Date	Time	Type of Meeting	Venue	Special Resolutions Passed
12th August, 2011	2.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	—
28th July, 2012	2.00 p.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	—
24th July, 2013	2.00 p.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	—

No Special Resolution was put through postal ballot in the last year.

This year no resolution is proposed to be taken up through postal ballot.

**COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS :**

The Company is fully compliant with the applicable mandatory requirements of the Clause 49. It has not adopted any non-mandatory requirements.

SHAREHOLDER INFORMATION**ANNUAL GENERAL MEETING :**

Day and Date : Friday, 5th September, 2014 at 2.00 P.M.

Venue : Registered Office of the Company at Mundhwa, Pune - 411 036

FINANCIAL CALENDAR :

1st April to 31st March

BOOK CLOSURE :

The books will be closed from on Friday, 5th September, 2014 as an Annual Closure for the Annual General Meeting.

LISTING :

National Stock Exchange of India Limited (NSE)

BSE Limited (BSE)

Pune Stock Exchange Limited (PSE)

STOCK CODES :

NSE : KICL

BSE : 533302

ISIN in NSDL and CDSL : INE029L01018

STOCK DATA :

Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year 2013-14.

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2013	338.00	265.05	10,930	340.00	266.20	4,316
May, 2013	354.00	280.05	12,408	345.00	275.00	4,557
June, 2013	304.00	265.05	13,693	305.00	265.20	7,484
July, 2013	335.00	246.05	5,544	330.00	250.70	5,880
August, 2013	280.00	230.00	877	300.80	250.00	8,504
September, 2013	299.00	230.15	1,084	288.00	250.00	8,578
October, 2013	311.00	250.00	1,896	306.00	260.05	4,674
November, 2013	320.00	270.00	1,454	300.00	262.00	1,477
December, 2013	372.00	272.00	20,542	370.00	265.05	22,528
January, 2014	408.95	325.00	5,174	407.95	326.10	6,860
February, 2014	340.00	305.30	25,025	343.90	305.00	3,657
March, 2014	480.00	304.30	25,755	474.00	310.20	9,224

REGISTRAR AND TRANSFER AGENTS AND SHARE TRANSFER SYSTEM :

M/s. Link Intime India Private Limited, Block No.202, Akshay Complex, 2nd Floor, Off Dhole Patil Road, Near Ganesh Mandir, Pune - 411 001 are the Registrar and Transfer Agents of the Company and carry out the share transfer work on behalf of the Company.

PATTERN OF SHAREHOLDING BY OWNERSHIP AS ON 31.03.2014 :

Category of Shareholder	No. of Equity Shares held	Shareholding %
Promoters	2,740,115	62.770
Mutual Funds / UTI	374,044	8.568
Banks	178	0.004
FII's	41,767	0.957
Bodies Corporate	456,518	10.458
NRIs	20,955	0.480
Foreign Companies / Foreign Nationals	66	0.002
Indian Public	731,663	16.761
TOTAL	4,365,306	100.000

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON 31.03.2014 :

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5,000	21,856	742,989	17.020
5,001 to 10,000	19	136,172	3.119
10,001 to 20,000	7	100,735	2.308
20,001 to 30,000	2	55,402	1.269
30,001 to 40,000	—	—	—
40,001 to 50,000	3	141,767	3.248
50,001 to 100,000	1	52,003	1.191
100,001 and above	4	3,136,238	71.845
TOTAL	21,892	4,365,306	100.000

DEMATERIALISATION :

The Company's Equity Shares are under compulsory Demat Trading. As on 31st March, 2014, dematerialised shares accounted for 92.11% of the total Equity

INVESTORS CORRESPONDENCE ADDRESS :

- | | |
|--|--|
| 1) Link Intime India Private Limited
Registrar & Transfer Agent
Block No.202, Akshay Complex, 2nd Floor,
Off Dhole Patil Road, Near Ganesh Mandir,
Pune - 411 001
Phone No. : 020 - 26161629 / 26160084
Telefax : 020 - 26163503
E-Mail : pune@linkintime.co.in | 2) Kalyani Investment Company Limited,
Secretarial Department
Mundhwa, Pune - 411 036
Phone No. : 020-26715000 / 66215000
Fax No. : 020-26821124
E-mail : investor@kalyani-investment.com |
|--|--|

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Kalyani Investment Company Limited

I have examined the compliance of conditions of Corporate Governance by KALYANI INVESTMENT COMPANY LIMITED ("the Company") for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

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

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

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

Place : Pune
Date : 29th May, 2014

P. V. Deo
Chartered Accountant
Membership No.41609

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors have pleasure in presenting the Fifth Annual Report on the business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2014.

1. Financial Results :

During the year under review, the Company made a net profit of ₹ 179,062,497/- as compared to a net loss of ₹ 53,694,528/- in the previous year.

2. Dividend :

Considering the extent of distributable profits available with the Company, your Directors have declared interim dividend of 7 % on Non-Cumulative Redeemable Preference Shares. The said dividend has been paid pro-rata till the date of redemption of the said shares.

Your Directors do not recommend any dividend on Equity Shares of the Company for the year ended 31st March, 2014.

3. Directors :

Mr.C.G. Patankar, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, it is proposed to appoint Mr.B.B. Hattarki, Mr.S.S. Vaidya and Mr.R.K. Goyal, as an Independent Directors of the Company for the period of five years with effect from 5th September, 2014 to 4th September, 2019. All the Directors being eligible, offered themselves for appointment. In the opinion of the Board, all the Directors fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder, for their appointment as an Independent Director of the Company.

These appointments form part of the Notice of the Annual General Meeting and the Resolutions are recommended for your approval. Profiles of these Directors, as required by the Corporate Governance Code (Clause 49 of the Listing Agreement), are given in the report on Corporate Governance.

4. Directors' Responsibility Statement :

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

- i) in the preparation of the financial statements for the year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year under review;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors had prepared the financial statements for the year ended 31st March, 2014, on a 'going concern' basis.

5. Fixed Deposits :

The Company has not accepted any deposits from the public.

6. Auditor and Auditor's Report :

Mr.P.V. Deo, Chartered Accountant, Statutory Auditor of the Company, holds office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment.

The Company has received letter from Mr.P.V. Deo, Chartered Accountant, to the effect that his re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that he is not disqualified for re-appointment.

The observations and comments given by the Auditor in his Report read together with notes to accounts are self-explanatory and hence do not call for any further comments.

7. Particulars of Employees :

During the year, no person was employed for the whole or part of the year and was in receipt of remuneration at the rate of ₹6,000,000/- per annum or ₹500,000/- per month or in excess thereof as the case may be, respectively.

8. Conservation of energy, technology absorption and foreign exchange earnings & outgo :

Your Directors have nothing to report on the aforesaid matters as your company is not engaged in manufacturing, has no foreign collaboration and has not exported or imported any goods or services.

For and on behalf of the Board of Directors

Place : Pune
Date : 29th May, 2014

R.K. Goyal
Director

B.B. Hattarki
Director

**INDEPENDENT AUDITOR'S REPORT**

To
The Members of
Kalyani Investment Company Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 and 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs, Government of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003, read with the Companies (Auditor's Report) (Amendment) Order, 2004, both issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, I report that :
 - a. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
 - b. in my opinion, proper books of account as required by law have been kept by the Company, so far as appears from my examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d. in my opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013 and 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs, Government of India; and
- e. on the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

Place : Pune
Date : 29th May, 2014

P. V. Deo
Chartered Accountant
Membership No.41609

Annexure referred to in the Independent Auditor's Report on the financial statements of KALYANI INVESTMENT COMPANY LIMITED for the year ended 31st March, 2014

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

- (i) 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.
- (ii) 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.
- (iii) In my opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (iv) 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.
- (v) (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, 2014 for a period of more than six months from the date those became payable.
- (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Cess which have not been deposited on account of any dispute.
- (vi) 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.
- (vii) The terms and conditions of the guarantees given by the Company in respect of the loans borrowed by others from banks or financial institutions are not found prima facie prejudicial to the interest of the Company.
- (viii) 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.
- (ix) 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.
- (x) 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.
- (xi) Provisions of sub-clause Nos. (i), (ii), (iii), (iv), (x), (xi), (xiii), (xiv), (xvi), (xix) and (xx) of Clause 4 of the said Order, do not apply to the Company.

Place : Pune
Date : 29th May, 2014

P. V. Deo
Chartered Accountant
Membership No.41609



KALYANI

5th Annual Report 2013-2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	₹	₹	As at 31st March, 2013 ₹
I. EQUITY AND LIABILITIES :				
1. Shareholders' Funds :				
a) Share Capital	3.1	43,653,060		229,653,060
b) Reserves and Surplus	3.2	2,915,112,124		2,748,486,227
			2,958,765,184	2,978,139,287
2. Current Liabilities :				
a) Other Current Liabilities	3.3	407,571		7,047,646
b) Short-Term Provisions	3.4	157,568		—
			565,139	7,047,646
	TOTAL		2,959,330,323	2,985,186,933
II. ASSETS :				
1. Non-Current Assets :				
a) Non-Current Investments	3.5	2,897,489,503		2,947,736,285
b) Long-Term Loans and Advances	3.6	500,000		30,930
			2,897,989,503	2,947,767,215
2. Current Assets :				
a) Current Investments	3.7	57,551,677		35,060,419
b) Cash and Cash Equivalents	3.8	1,134,419		109,375
c) Short-Term Loans and Advances	3.9	2,654,724		2,249,924
			61,340,820	37,419,718
	TOTAL		2,959,330,323	2,985,186,933

Significant Accounting Policies and
Notes forming part of the Financial Statements 1, 2

The notes above referred form an integral part of the Financial Statements

As per my attached Report of even date

On behalf of the Board of Directors

P. V. Deo
Chartered Accountant
Membership No.41609

Rahul Agarwal
Company Secretary

R.K. Goyal
Director

B.B. Hattarki
Director

Place : Pune
Date : 29th May, 2014

Place : Pune
Date : 29th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014Year ended
31st March, 2013

	Note No.	₹	₹	₹
Revenue from Operations	3.10	2,015,016		4,711,781
Other Income	3.11	164,225,581		146,882,814
Total Revenue			166,240,597	151,594,595
Expenses				
a) Finance Costs	3.12	570,000		—
b) Other expenses	3.13	30,753,350		37,878,953
Total Expenses			31,323,350	37,878,953
Profit before Exceptional Items and Tax			134,917,247	113,715,642
Exceptional Items	3.14		55,605,250	(166,300,000)
Profit / (Loss) before Tax			190,522,497	(52,584,358)
Tax Expense :				
a) Current tax expense		(11,460,000)		(1,100,000)
b) Tax expense for earlier years		—		(10,170)
			(11,460,000)	(1,110,170)
Profit / (Loss) for the year			179,062,497	(53,694,528)
Earnings per Share (of ₹ 10/- each)				
a) Basic	3.24		38.17	(12.30)
b) Diluted	3.24		38.17	(12.30)
Significant Accounting Policies and Notes forming part of the Financial Statements	1, 2			

The notes above referred form an integral part of the Financial Statement.

As per my attached Report of even date

On behalf of the Board of Directors

P. V. Deo
Chartered Accountant
Membership No.41609Rahul Agarwal
Company SecretaryR.K. Goyal
DirectorB.B. Hattarki
DirectorPlace : Pune
Date : 29th May, 2014Place : Pune
Date : 29th May, 2014



KALYANI

5th Annual Report 2013-2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

		Year ended 31st March, 2013
	₹	₹
A. Cash Flow from Operating Activities :		
Net Profit / (Loss) after tax and exceptional items	179,062,497	(53,694,528)
Adjusted for :		
Dividend received	(164,224,830)	(146,770,678)
Other Interest	570,000	—
Determined diminution in value, written off	49,000	—
Profit on sale of long term investments	(55,654,250)	—
Exceptional items	—	166,300,000
Share in profit of partnership firm	(751)	(696)
Tax expense	11,460,000	1,110,170
	(207,800,831)	20,638,796
Operating Profit / (Loss) before working capital changes :	(28,738,334)	(33,055,732)
Changes in :		
Loans and Advances	(904,800)	(662,554)
Liabilities and Provisions	(6,640,075)	1,432,087
	(7,544,875)	769,533
Cash generation from Operations	(36,283,209)	(32,286,199)
Direct Taxes paid	(11,841,502)	(1,141,349)
Net Cash used in Operating Activities	(48,124,711)	(33,427,548)
B. Cash flow from Investing Activities :		
Purchase of Investments	(314,663,995)	(1,009,061,115)
Sale of Investments	398,024,769	1,298,587,039
Dividend received	164,224,830	146,770,678
Share in profit of partnership firm	751	696
Net Cash from Investing Activities	247,586,355	436,297,298
C. Cash flow from Financing Activities :		
Interim Dividend on 14% Non-Cumulative Redeemable Preference Share Capital	(10,630,027)	—
Redemption of 14% Non-Cumulative Redeemable Preference Share Capital	(186,000,000)	(390,000,000)
Dividend distribution tax paid	(1,806,573)	(13,081,824)
Net Cash used in Financing Activities	(198,436,600)	(403,081,824)
Net changes in Cash and Cash Equivalents (A+B+C) :	1,025,044	(212,074)
Cash and Cash Equivalents, at the beginning :	109,375	321,449
Cash and Cash Equivalents, at the close :	1,134,419	109,375
Significant Accounting Policies and Notes forming part of the Financial Statements	1,2,3	
The notes above referred form an integral part of the Cash Flow Statement		

As per my attached Report of even date

On behalf of the Board of Directors

P. V. Deo
Chartered Accountant
Membership No.41609

Rahul Agarwal
Company Secretary

R.K. Goyal
Director

B.B. Hattarki
Director

Place : Pune
Date : 29th May, 2014

Place : Pune
Date : 29th May, 2014

Notes forming part of the Financial Statements for the year ended 31st March, 2014 :**1. Company Overview :**

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

During the financial year covered by these statements, the Company became a subsidiary of Sundaram Trading and Investment Private Limited.

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

2. Statement of Significant Accounting Policies :**2.1 Basis of Accounting and Preparation of Financial Statements :**

These accounts have been prepared under historical cost convention and comply with the Accounting Standards, as prescribed by the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956, read with the General Circular Nos. 15/2013 dated 13th September, 2013 and 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs, Government of India. All income and expenses having a material bearing on the financial statements are recognised on the accrual basis.

2.2 Use of Estimates :

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

2.3 Investments :

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

2.4 Revenue Recognition :

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

2.5 Taxation :

- a) Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- b) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

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

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

**Notes forming part of the Financial Statements for the year ended 31st March, 2014 (continued) :****2.6 Earnings Per Share :**

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

2.7 Provisions, Contingent Liabilities and Contingent Assets :

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

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

Contingent assets are neither recognised nor disclosed.

2.8 Cash Flow Statement :

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

3. Notes on Accounts :**3.1 SHARE CAPITAL :****Authorised :**

		As at 31st March, 2014	As at 31st March, 2013
		₹	₹
12,000,000	(12,000,000) Equity Shares of ₹ 10/- each	120,000,000	120,000,000
60,000,000	(60,000,000) 14% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each	600,000,000	600,000,000
	TOTAL	720,000,000	720,000,000

Issued, Subscribed and Paid up :

4,365,306	(4,365,306) Equity Shares of ₹ 10/- each, fully paid up ^(a)	43,653,060	43,653,060
—	(18,600,000) 14% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each ^(b)	—	186,000,000
	TOTAL	43,653,060	229,653,060

(a) These shares have been allotted to the shareholders of Kalyani Steels Limited, on 27th April, 2010, in terms of the Composite Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay on 12th March, 2010.

(b) These shares have been allotted to Kalyani Steels Limited, on 27th April, 2010, in terms of the Composite Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay on 12th March, 2010.

(c) Equity Shares of the Company have a par value of ₹ 10/-. Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive surplus assets of the Company, remaining after distribution of all preferential amounts.

Notes forming part of the Financial Statements for the year ended 31st March, 2014 (continued) :

- (d) 14% Non-Cumulative Redeemable Preference Shares of the Company had a par value of ₹ 10/-. These shares carried preferential right to be paid a fixed dividend of 14% on the paid up value of the shares, if and when declared by the Company.

These shares carried, in the event of winding up or repayment of capital, a preferential right to be repaid the amount of capital paid up.

These shares were redeemable at the end of 20 years from 1st October, 2009 with an option to the Company to redeem those in one or more tranches at any time after 1st October, 2010. Accordingly, these shares have since been redeemed in full.

- (e) The reconciliation of the number of Equity Shares outstanding and the amount of Equity Share Capital as at 31st March, 2014 and 31st March, 2013 is set out below :

	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance at the beginning of the year	4,365,306	43,653,060	4,365,306	43,653,060
Add : Shares issued during the year	—	—	—	—
Less : Cancelled during the year	—	—	—	—
Balance at the close of the year	4,365,306	43,653,060	4,365,306	43,653,060

- (f) The reconciliation of the number of 14% Non-Cumulative Redeemable Preference Shares outstanding and the amount of Preference Share Capital as at 31st March, 2014 and 31st March, 2013 is set out below :

	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Balance at the beginning of the year	18,600,000	186,000,000	57,600,000	576,000,000
Add : Shares issued during the year	—	—	—	—
Less : Redeemed during the year ⁽ⁱ⁾	(18,600,000)	(186,000,000)	(39,000,000)	(390,000,000)
Balance at the close of the year	—	—	18,600,000	186,000,000

- (g) Details of Shareholders holding more than 5% of the aggregate issued and subscribed Equity Shares :

Name of the Shareholder(s)	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	%	No. of Shares	%
BF Investment Limited	—	—	1,705,242	39.06
Ajinkya Investment and Trading Company	326,182	7.47	326,182	7.47
Sundaram Trading and Investment Private Limited \$	2,401,844	55.02	612,644	14.03
ICICI Prudential Dynamic Plan	363,657	8.33	248,100	5.68

\$ The Holding Company

- (h) Details of Shareholders holding more than 5% of the aggregate issued and subscribed 14% Non-Cumulative Redeemable Preference Shares :

Name of the Shareholder(s)	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	%	No. of Shares	%
Kalyani Steels Limited	—	—	18,600,000	100.00

- (i) During the financial year covered by these statements, the Company has redeemed 18,600,000 (Previous Year : 39,000,000) 14% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up at par from out of the balance held by it in General Reserve.



Notes forming part of the Financial Statements for the year ended 31st March, 2014 (continued) :

	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
3.2 RESERVES AND SURPLUS :		
Reserve Fund		
(Under Section 45IC(1) of the Reserve Bank of India Act, 1934) :		
As per last Account	45,703,900	45,703,900
Add : Set aside this financial year	35,813,000	—
	81,516,900	45,703,900
General Reserve :		
As per last Account	2,332,646,048	2,722,646,048
Less : Transferred to Capital Redemption Reserve	186,000,000	390,000,000
	2,146,646,048	2,332,646,048
Capital Redemption Reserve :		
As per last Account	390,000,000	—
Add : Transferred from General Reserve, this financial year, upon redemption of 18,600,000 (Previous Year : 39,000,000) 14% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up, at par	186,000,000	390,000,000
	576,000,000	390,000,000
Surplus in the Statement of Profit and Loss :		
As per last Account	(19,863,721)	33,830,807
Add : Profit / (Loss) for the year transferred from the Statement of Profit and Loss	179,062,497	(53,694,528)
Amount available for appropriation	159,198,776	(19,863,721)
Less : Appropriations		
Interim Dividend on 14% Non-Cumulative Redeemable Preference Share Capital	10,630,027	—
Dividend Distribution Tax	1,806,573	—
Amount transferred to Reserve Fund	35,813,000	—
	48,249,600	—
	110,949,176	(19,863,721)
TOTAL	2,915,112,124	2,748,486,227
3.3 OTHER CURRENT LIABILITIES :		
Statutory Liabilities	224,303	465,328
Accrued Expenses	183,268	6,582,318
TOTAL	407,571	7,047,646
3.4 SHORT TERM PROVISIONS :		
Provision for taxation net of advance tax paid	157,568	—
TOTAL	157,568	—
3.5 NON-CURRENT INVESTMENTS, AT COST :		
Other than Trade :		
(i) Equity Instruments, Quoted :		
Investments in Associates :		
5,155,650 (5,155,650) Equity Shares of ₹ 10/- each fully paid up of Hikal Limited	65,610,549	65,610,549
Carried over	65,610,549	65,610,549

KALYANI INVESTMENT

Notes forming part of the Financial Statements for the year ended 31st March, 2014 (continued) :

		As at 31st March, 2014	As at 31st March, 2013
	₹	₹	₹
Brought over	65,610,549		65,610,549
Investments in Other Companies :			
6,195,046 (6,062,342) Equity Shares of ₹ 5/- each fully paid up of BF Utilities Limited	172,239,912		36,190,426
31,656,095 (31,656,095) Equity Shares of ₹ 2/- each fully paid up of Bharat Forge Limited	1,376,310,874		1,376,310,874
— (6,062,342) Equity Shares of ₹ 5/- each fully paid up of BF Investment Limited	—		342,370,519
		1,614,161,335	1,820,482,368
(ii) Equity Instruments, Unquoted :			
Investments in Associates :			
579,000 (579,000) Equity Shares of ₹ 10/- each fully paid up of Kalyani Agro Corporation Limited	1		1
450,000 (450,000) Equity Shares of ₹ 10/- each, fully paid up of Lord Ganesha Minerals Private Limited	55,187,500		55,187,500
Investments in Other Companies :			
22,005 (22,005) Equity Shares of ₹ 100/- each fully paid up of Dandakaranya Investment and Trading Limited	2,200,500		2,200,500
22,005 (22,005) Equity Shares of ₹ 100/- each fully paid up of Hastinapur Investment and Trading Limited	2,200,500		2,200,500
22,005 (22,005) Equity Shares of ₹ 100/- each fully paid up of Dronacharya Investment and Trading Limited	2,200,500		2,200,500
220,000 (220,000) Equity Shares of ₹ 10/- each fully paid up of Campanula Investment and Finance Limited	2,200,000		2,200,000
220,000 (220,000) Equity Shares of ₹ 10/- each fully paid up of Cornflower Investment and Finance Limited	2,200,000		2,200,000
245,000 (245,000) Equity Shares of ₹ 10/- each fully paid up of Carpenter Kalyani Special Alloys Private Limited	2,462,250		2,462,250
Less : Provision for diminution in value	(2,217,250)		(2,217,250)
	245,000		245,000
5,001,000 (5,001,000) Equity Shares of ₹ 10/- each fully paid up of KSL Holdings Private Limited	50,160,050		50,160,050
4,900 (4,900) Equity Shares of ₹ 10/- each, fully paid up of KG Renewable Energy Private Limited@	49,000		49,000
Less : Determined diminution in value, written off	(49,000)		—
	—		49,000
		116,594,051	116,643,051
Carried over		1,730,755,386	1,937,125,419

@ KG Renewable Energy Private Limited became a fellow subsidiary of the Company during the financial year covered by these statements.



KALYANI

5th Annual Report 2013-2014

Notes forming part of the Financial Statements for the year ended 31st March, 2014 (continued) :

		As at 31st March, 2014	As at 31st March, 2013
	₹	₹	₹
	Brought over	1,730,755,386	1,937,125,419
(iii) Preference Shares, Unquoted :			
Investments in the Holding Company :			
53,000 (53,000) 12% Non-Cumulative Redeemable "C" Preference Shares of ₹ 100/- each fully paid up of Sundaram Trading and Investment Private Limited \$ Sundaram Trading and Investment Private Limited became the Holding Company during the financial year covered by these statements. These shares do not carry any voting rights.	5,300,000		5,300,000
Investments in Associates :			
4,900,000 (—) 1% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each fully paid up of Lord Ganesha Minerals Private Limited	49,122,500		—
Investments in Other Companies :			
3,000,000 (3,000,000) 11% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of KSL Holdings Private Limited	30,000,000		30,000,000
14,500,000 (9,400,000) 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Baramati Speciality Steels Limited	145,000,000		94,000,000
85,000,000 (85,000,000) 8% Non-Cumulative Optionally Convertible Redeemable Preference Shares of ₹ 10/- each of Kenersys India Private Limited	850,000,000		850,000,000
		1,079,422,500	979,300,000
iv) Debentures, Unquoted :			
Investments in Other Companies :			
560,000 (—) 0% Fully Convertible Unsecured Debentures of ₹ 100/- each, fully paid up of Azalea Enterprises Private Limited	56,000,000		—
313,000 (313,000) 0% Fully Convertible Unsecured Debentures of ₹ 100/- each, fully paid up of Gloxinia Investment and Finance Limited	31,300,000		31,300,000
		87,300,000	31,300,000
(v) In a Partnership Firm :			
M/s Sundaram Enterprises (Refer note 3.19)		11,617	10,866
	TOTAL	2,897,489,503	2,947,736,285
Book Value of Quoted Investments :		1,614,161,335	1,820,482,368
Book Value of Unquoted Investments :		1,283,328,168	1,127,253,917
Market Value of Quoted Investments :		19,900,459,871	10,049,227,314
Aggregate provision for diminution of in value of investments :		2,217,250	2,217,250

3.6 LONG TERM LOANS AND ADVANCES (UNSECURED, GOOD) :

Security Deposits	500,000	—
Advance tax paid net of provision for taxation	—	30,930
TOTAL	500,000	30,930

KALYANI INVESTMENT

Notes forming part of the Financial Statements for the year ended 31st March, 2014 (continued) :

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
3.7 CURRENT INVESTMENTS, AT LOWER OF COST AND FAIR VALUE :		
Other than trade :		
In Units of Mutual Funds, Unquoted :		
5,643,317 (3,437,903) Units of ₹ 10/- each of HDFC Liquid Fund		
- Dividend - Daily Reinvest Option - Reinvest	57,551,677	35,060,419
TOTAL	57,551,677	35,060,419
3.8 CASH AND CASH EQUIVALENTS :		
Balances with banks		
In current accounts	1,133,272	109,090
Cash on hand	1,147	285
TOTAL	1,134,419	109,375
3.9 SHORT TERM LOANS AND ADVANCES (UNSECURED, GOOD) :		
Advances recoverable in cash or in kind or for value to be received	2,654,724	2,249,924
TOTAL	2,654,724	2,249,924
	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
3.10 REVENUE FROM OPERATIONS :		
Interest received on loans	1,197,249	4,711,781
Interest received on bank deposits	817,767	—
TOTAL	2,015,016	4,711,781
3.11 OTHER INCOME :		
Dividend received on long term investments	162,487,243	141,730,233
Dividend received on short term investments	1,737,587	5,040,445
Share in profit of partnership firm (Refer Note No. 3.19)	751	696
Provisions for employee benefits written back	—	111,440
TOTAL	164,225,581	146,882,814
3.12 FINANCE COSTS :		
Other interest	570,000	—
TOTAL	570,000	—
3.13 OTHER EXPENSES :		
Rates and taxes	6,970	1,196,041
Professional fees	7,308,798	14,579,963
Infrastructure support charges	20,224,800	20,224,800
Fees and subscription	195,200	204,805
Printing and stationery	224,711	242,306
Communication	209,339	208,067
Advertisement	183,309	198,752
Audit Fees (Refer Note No. 3.16)	168,540	184,651
Brand usage fees	561,800	—
Travelling and conveyance	1,194,001	96,363
Sundry expenses	475,882	743,205
TOTAL	30,753,350	37,878,953
3.14 EXCEPTIONAL ITEMS :		
Profit on sale of long term investments (Net)	55,654,250	—
Determined diminution in value of investment written off	(49,000)	—
Loss on sale of long term investments	—	(166,300,000)
TOTAL	55,605,250	(166,300,000)



Notes forming part of the Financial Statements for the year ended 31st March, 2014 (continued) :

As at 31st
March, 2014 As at 31st
31st March, 2013

3.15 Contingent Liabilities not provided for :

- i) Corporate Guarantees given, in respect of loans borrowed by other companies :
- | | | |
|---------------------------------------|---------------|---------------|
| Guarantee Amount ^{(a)(b)} | 1,540,280,716 | 1,107,854,949 |
| Balance outstanding ^{(a)(b)} | 1,166,779,400 | 804,702,260 |
- (a) Guarantee amount and balance outstanding include a Corporate Guarantee amount and loan balance of ₹ 10,175,785/- (Previous year ₹ 10,178,549/-), equivalent to ₹ 840,280,716/- (Previous year ₹ 707,854,949/-).
- (b) The Company has given Corporate Guarantee for External Commercial Borrowing of ₹ 10,178,549/- raised by another company within Kalyani Group. The Company's commitments under the said Guarantee include negative pledge over assets, undertaking not to dispose of assets of value exceeding ₹ 250 Million in a year without prior written consent of the lender, maintenance of ratio of financial indebtedness to tangible net worth not exceeding 0.75 during the tenor of the ECB, undertaking not to sell, transfer, encumber the Company's existing investments in listed entities of the Kalyani Group or in KSL Holdings Private Limited or any other entity which has paid dividend in any of the past 3 years.

3.16 Payment to Auditor, inclusive of Service Tax :

	Year ended 31st March, 2014	Year ended 31st March, 2013
As auditor	168,540	140,450
For certification	—	44,201
TOTAL	168,540	184,651

3.17 Segment Reporting :

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

3.18 Related Party Disclosures :

a) Related Parties and their relationships :

- | | |
|-----------------------|--|
| i) Holding Company | Sundaram Trading and Investment Private Limited [*]
\$The Company became subsidiary of Sundaram Trading and Investment Private Limited, during the financial year covered by these statements. |
| ii) Associates | Hikal Limited
Lord Ganesha Minerals Private Limited |
| iii) Joint Ventures | M/s Sundaram Enterprises, a partnership firm |
| iv) Fellow Subsidiary | KG Renewable Energy Private Limited@
@KG Renewable Energy Private Limited became Fellow Subsidiary of the Company during the financial year covered by these statements. |

b) Transactions with Related Parties :

Particulars	Holding Company ₹	Associates ₹	Joint Venture ₹	Fellow Subsidiary ₹	Total ₹
Dividend Received	—	23,200,425	—	—	23,200,425
	—	(30,933,900)	—	—	(30,933,900)
Capital Contribution / Investment in Shares	—	49,122,500	—	—	49,122,500
	—	—	—	—	—
Share in profit of partnership firm	—	—	751	—	751
	—	—	(696)	—	(696)
Sale of shares	327,366,468	—	—	—	327,366,468
	—	—	—	—	—
Determined diminution in value of investment, written off	—	—	—	49,000	49,000
	—	—	—	—	—

(Figures in bracket indicate previous year)

Notes forming part of the Financial Statements for the year ended 31st March, 2014 (continued) :
c) Balances with Related Parties :

Particulars ₹	Holding Company ₹	Associates ₹	Joint Venture ₹	Fellow Subsidiary ₹	Total ₹
Balance on Capital with partnership firm	—	—	11,617	—	11,617
	—	—	(10,866)	—	(10,866)
Current	—	—	—	—	—
	—	—	—	—	—
Non Current	—	—	11,617	—	11,617
	—	—	(10,866)	—	(10,866)

(Figures in bracket indicate previous year)

3.19 INVESTMENT IN CAPITAL OF PARTNERSHIP FIRM :

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

Name of the Partner	Capital Contribution		Profit / Loss Sharing Ratio	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
	₹	₹	%	%
Kalyani Investment Company Limited	11,617	10,866	20%	20%
BF Investment Limited	34,853	32,601	60%	60%
Sundaram Trading and Investment Private Limited	5,809	5,433	10%	10%
Gulbakshi Realty Private Limited	—	5,433	—	10%
Axiom Project Consultants Private Limited(a)	5,809	—	10%	—
TOTAL	58,088	54,333	100%	100%

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

The details of the aggregate amounts of the assets, liabilities, income and expenses of M/s Sundaram Enterprises, related to the Company's interest therein, based on its accounts for the year ended 31st March, 2014 are as under :

	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Total	Share of the Company	Total	Share of the Company
	₹	₹	₹	₹
Assets	162,958	32,592	157,523	31,505
Liabilities	104,870	20,974	103,190	20,638
Income	5,435	1,087	5,032	1,006
Expenses	1,680	336	1,550	310

3.20 The Company does not owe any moneys to the suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006.
3.21 18,000 - 12% Non-Cumulative Redeemable "C" Preference Shares of ₹ 100/- each fully paid up of Sundaram Trading and Investment Private Limited are redeemable on or before 11th October, 2014.

35,000 - 12% Non-Cumulative Redeemable "C" Preference Shares of ₹ 100/- each fully paid up of Sundaram Trading and Investment Private Limited are redeemable on or before 26th July, 2027.

3,000,000 - 11 % Non-Cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid up in KSL Holdings Private Limited are redeemable on the expiry of 10 years from the date of allotment, i.e. on 28th September, 2022, with an option to the said Company to redeem the said preference shares, in one or more tranches, at any time on or after 28th December, 2012.

9,400,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at the end of 20 years i.e. on 28th March, 2033, with an option to the said Company to redeem the said shares in one or more tranches at any time on or after 28th September, 2013.

**Notes forming part of the Financial Statements for the year ended 31st March, 2014 (continued) :**

5,100,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at the end of 20 years i.e. on 28th September, 2033, with an option to the said Company to redeem the said shares in one or more tranches at any time on or after 28th March, 2014.

85,000,000 - 8% Non-Cumulative Optionally Convertible Redeemable Preference Shares of ₹ 10/- each fully paid up of Kenersys India Private Limited may be redeemed in part or totality to the extent not converted into equity shares, at any time before the end of 20 years from the date of allotment, i.e. on or before 28th March, 2033 in one or more tranches, at the request of Kalyani Investment Company Limited and acceptance of such request by Kenersys India Private Limited, subject to necessary investor approvals. Kalyani Investment Company Limited shall be entitled to have the option to convert the preference shares into equity shares in one or more tranches (whether fully or partially) at any time after 31st May, 2017, at such pricing as shall be mutually decided by Kenersys India Private Limited and Kalyani Investment Company Limited, at the time, in consultation with the then existing shareholders of Kenersys India Private Limited, at such discount to fair value as may be mutually decided by Kalyani Investment Company Limited and Kenersys India Private Limited, subject to necessary investor approvals.

4,900,000 - 1% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each fully paid up of Lord Ganesha Minerals Private Limited carry option to convert the entire amount outstanding into equity shares of the said company at par. The said 4,900,000 - 1% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each fully paid up, if not opted for conversion, are redeemable on 31st March, 2020. However, the said Company as well as the holders of 1% Non-Cumulative Optionally Convertible Preference Shares, have a call / put option respectively, by giving one month's notice to the other party.

3.22 Legal title to all the assets vested and transferred to the Company in pursuance of the Composite Scheme of Arrangement approved by the Hon'ble High Court of Judicature at Bombay, as per Order dated 12th March, 2010 as already reported could not necessarily be transferred in the name of the Company as at 31st March, 2014. The Company is in the process of completing the required legal processes.

3.23 Each of the 560,000 - 0% Fully Convertible Unsecured Debentures of ₹ 100/- each fully paid up of Azalea Enterprises Private Limited are compulsorily convertible into such number of fully paid up equity shares of ₹ 10/- each at such a price as shall be fixed by the said Company upon the expiry of the period of 5 years from the date of their original issue, viz. 29th March, 2014.

Each of the 313,000 - 0% Fully Convertible Unsecured Debentures of ₹ 100/- each fully paid up of Gloxinia Investment and Finance Private Limited are compulsorily convertible on or before 29th March, 2022, into Equity Shares of ₹ 10/- each fully paid up at such price as shall be fixed by the said Company upon the expiry of the period of 10 years from the date of original issue viz. 29th March, 2012.

3.24 Earnings Per Share :

	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
Profit / (Loss) for the year, as per the Statement of Profit and Loss	179,062,497	(53,694,528)
Less : (i) Interim Dividend on 14% Non-Cumulative Redeemable Preference Share Capital	(10,630,027)	—
(ii) Dividend Distribution Tax	(1,806,573)	—
(a) Profit attributable to equity shareholders	166,625,897	(53,694,528)
(b) Weighted Average Number of Equity Shares, outstanding during the period	4,365,306	4,365,306
(c) Earnings per share (of ₹ 10/- each) :		
Basic (₹ per share) (a / b) :	38.17	(12.30)
Diluted (₹ per share) (a / b) :	38.17	(12.30)

3.25 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per my attached Report of even date

On behalf of the Board of Directors

P. V. Deo
Chartered Accountant
Membership No.41609

Rahul Agarwal
Company Secretary

R.K. Goyal
Director

B.B. Hattarki
Director

Place : Pune
Date : 29th May, 2014

Place : Pune
Date : 29th May, 2014



KALYANI

DRIVING INNOVATION

KALYANI INVESTMENT COMPANY LIMITED

MUNDHWA, PUNE - 411 036
MAHARASHTRA, INDIA.