

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

CONTENTS

Corporate Governance	2
Management Discussion and Analysis	4
Shareholder Information	6
Directors' Report	8
Auditor's Report	10
Balance Sheet	12
Statement of Profit and Loss	13
Cash Flow Statement	14
Notes forming part of the Financial Statements	15

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	<u>2,915,112,124</u>		<u>2,748,486,227</u>
			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	<u>157,568</u>		<u>—</u>
			565,139	7,047,646
	TOTAL		<u>2,959,330,323</u>	<u>2,985,186,933</u>
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	<u>500,000</u>		<u>30,930</u>
			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	<u>2,654,724</u>		<u>2,249,924</u>
			61,340,820	37,419,718
	TOTAL		<u>2,959,330,323</u>	<u>2,985,186,933</u>

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, 2014

		Year 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.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



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
		<u>(207,800,831)</u>	<u>20,638,796</u>
Operating Profit / (Loss) before working capital changes :		<u>(28,738,334)</u>	<u>(33,055,732)</u>
Changes in :			
Loans and Advances	(904,800)		(662,554)
Liabilities and Provisions	(6,640,075)		1,432,087
		<u>(7,544,875)</u>	<u>769,533</u>
Cash generation from Operations		<u>(36,283,209)</u>	<u>(32,286,199)</u>
Direct Taxes paid		<u>(11,841,502)</u>	<u>(1,141,349)</u>
Net Cash used in Operating Activities		<u>(48,124,711)</u>	<u>(33,427,548)</u>
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		<u>247,586,355</u>	<u>436,297,298</u>
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		<u>(198,436,600)</u>	<u>(403,081,824)</u>
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.41609Rahul Agarwal
Company SecretaryR.K. Goyal
DirectorB.B. Hattarki
DirectorPlace : Pune
Date : 29th May, 2014Place : 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 :

	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
3.1 SHARE CAPITAL :		
Authorised :		
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	<u>720,000,000</u>	<u>720,000,000</u>
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	<u>43,653,060</u>	<u>229,653,060</u>

(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	<u>35,813,000</u>		<u>—</u>
		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	<u>186,000,000</u>		<u>390,000,000</u>
		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	<u>186,000,000</u>		<u>390,000,000</u>
		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	<u>179,062,497</u>		<u>(53,694,528)</u>
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	<u>35,813,000</u>		<u>—</u>
	48,249,600		—
		110,949,176	(19,863,721)
TOTAL		<u>2,915,112,124</u>	<u>2,748,486,227</u>
3.3 OTHER CURRENT LIABILITIES :			
Statutory Liabilities		224,303	465,328
Accrued Expenses		<u>183,268</u>	<u>6,582,318</u>
TOTAL		<u>407,571</u>	<u>7,047,646</u>
3.4 SHORT TERM PROVISIONS :			
Provision for taxation net of advance tax paid		<u>157,568</u>	—
TOTAL		<u>157,568</u>	—
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	<u>65,610,549</u>		<u>65,610,549</u>
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.



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	<u>57,551,677</u>	<u>35,060,419</u>
3.8 CASH AND CASH EQUIVALENTS :		
Balances with banks		
In current accounts	1,133,272	109,090
Cash on hand	1,147	285
TOTAL	<u>1,134,419</u>	<u>109,375</u>
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	<u>2,654,724</u>	<u>2,249,924</u>
	Year ended	Year ended
	31st March, 2014	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	<u>2,015,016</u>	<u>4,711,781</u>
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	<u>164,225,581</u>	<u>146,882,814</u>
3.12 FINANCE COSTS :		
Other interest	570,000	—
TOTAL	<u>570,000</u>	<u>—</u>
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	<u>30,753,350</u>	<u>37,878,953</u>
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	<u>55,605,250</u>	<u>(166,300,000)</u>



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
3.15 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.