

# BF INVESTMENT

CIN:L65993PN2009PLC134021

SECT/BFIL/

September 5, 2020

National Stock Exchange of India Ltd.  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (E),  
Mumbai – 400 051  
SYMBOL – BFINVEST

Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Tower  
Dalal Street,  
Mumbai – 400 001.  
Scrip Code – 533303

Dear Sir,

**Sub: Notice and Annual Report of Eleventh Annual General Meeting of the Company scheduled to be held on September 30, 2020**

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. Please find enclosed herewith the Notice of the Eleventh Annual General Meeting and Annual Report for the financial year ended March 31, 2020 of the Company scheduled to be held on Wednesday, September 30, 2020 at 11.30 a.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OVAM"), without presence of Members at a common venue.

Event		Date	Time
Cutt-off date to vote on AGM resolutions		23-Sep-2020	NA
Commencement of e-voting		27-Sep-2020	9.00 a.m. IST
End of e-voting		29-Sep-2020	5.00 p.m. IST
Date of AGM		30-Sep-2020	11.30 a.m. IST
Book Closure for AGM	From	30-Sep-2020	NA
	To	30-Sep-2020	NA

Kindly take the same on record.

Thanking you,

Yours Faithfully,  
For BF Investment Limited

  
S. R. Kshirsagar  
Company Secretary

Encl : Notice and Annual Report of Eleventh Annual General Meeting



**KALYANI**  
GROUP COMPANY

BF INVESTMENT LIMITED, MUNDHWA, PUNE CANTONMENT, PUNE 411 036, MAHARASHTRA, INDIA

Phone : +91-20-26725257 Email: [bfinvestment@vsnl.net](mailto:bfinvestment@vsnl.net) Website : [www.bfilpune.com](http://www.bfilpune.com)

Phone: +91-020-26725257 Email: [Secretarial@bfilpune.com](mailto:Secretarial@bfilpune.com)

# BF INVESTMENT LIMITED



**KALYANI**  
DRIVING INNOVATION

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**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Mr. S. R. Kshirsagar

**CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER**

Mr. J. G. Patwardhan

**STATUTORY AUDITORS**

M/s. P. G. Bhagwat Chartered Accountants

**SECRETARIAL AUDITORS**

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

**BANKERS**

HDFC Bank Limited  
Punjab National Bank

**REGISTRAR AND SHARE TRANSFER AGENT**

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

**REGISTERED OFFICE**

BF Investment Limited  
Mundhwa, Pune Cantonment,  
Pune 411 036, Maharashtra, India.  
Phone: +91-20-26725000  
E-mail : [secretarial@bfilpune.com](mailto:secretarial@bfilpune.com)  
Website : <http://www.bfilpune.com>  
CIN : L65993PN2009PLC134021

**INFORMATION FOR SHAREHOLDERS**

Annual General Meeting  
Day & Date : Wednesday, 30<sup>th</sup> September, 2020  
Time : 11.30 a.m.  
Venue : AGM will be held through VC/OAVM  
Date of Book Closure : Wednesday, 30<sup>th</sup> September, 2020



## BF INVESTMENT LIMITED

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

CIN : L65993PN2009PLC134021

### NOTICE

To

The Members of BF Investment Limited,

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of BF Investment Limited will be held on Wednesday, the 30th day of September 2020, at 11:30 a.m. Indian Standard Time (IST) through Video Conference ("VC") / Other Audio Visual Means ("OAVM") facility, to transact the following business:

#### ORDINARY BUSINESS:

1. To consider and adopt :
  - a) the audited standalone financial statements of the Company for the Financial Year ended March 31, 2020, the reports of the Board of Directors and Auditors thereon.
  - b) the audited consolidated financial statements of the Company for the Financial Year ended March 31, 2020 and the report of the Auditors thereon.
2. To appoint a Director in place of Mr. A. B. Kalyani (DIN: 00089430), who retires by rotation and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS:

3. To appoint Ms. Aarti A. Sathe (DIN: 06925030) as a Non-Executive Independent Director

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

"RESOLVED THAT pursuant to the provisions of Section 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Aarti A. Sathe (DIN 06925030), who has submitted a declaration that she meets the criteria for independence as prescribed in Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing her 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 19<sup>th</sup> September, 2020 to 18<sup>th</sup> September, 2025 and is not liable to retire by rotation."

4. Payment of commission to Non Executive Director

To consider and if thought fit, to pass, with or without modifications the following resolution as a Special Resolution:

"RESOLVED THAT, pursuant to Section 197 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the Company be and is hereby accorded to pay a commission of upto Rs. 12,250,000/- to Mr. A. B. Kalyani, Non Executive Director of the Company for the financial year ended 31<sup>st</sup> March, 2020"

By Order of the Board of Directors  
For BF Investment Limited

S. R. Kshirsagar  
Company Secretary  
Membership No. A23653

Place : Pune 411 036  
Date : 28<sup>th</sup> July, 2020

## NOTES :

- A. The Statement of additional information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") in respect of Item Nos. 2 and the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act") in respect of Special Business under Item Nos. 3 and 4 of the Notice, is annexed hereto.
- B. Additional information in respect of Directors seeking appointment/ re-appointment at the 11<sup>th</sup> AGM is annexed to the Notice.
- C. General instructions to the Members participating in the 11<sup>th</sup> AGM through VC/OAVM facility:
1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as ("MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI Listing Regulations and MCA Circulars, the 11<sup>th</sup> AGM of the Company is being held through VC / OAVM facility, which does not require physical presence of Members at a common venue. The deemed venue for the 11<sup>th</sup> AGM shall be the Registered Office of the Company.
  2. In terms of the MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 11<sup>th</sup> AGM. Hence, the Proxy Form and Attendance Slip are not annexed to the Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the 11<sup>th</sup> AGM through VC/OAVM facility and e-Voting during the 11<sup>th</sup> AGM.
  3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM facility on its behalf and to vote either through remote e-voting or during the AGM. The said resolution/authorization should be sent electronically through their registered email address to the Scrutinizer at [cssvdassociates@gmail.com](mailto:cssvdassociates@gmail.com) with a copy marked to [Secretarial@bfilpune.com](mailto:Secretarial@bfilpune.com).
  4. Members attending the AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum for 11<sup>th</sup> AGM as per Section 103 of the Act.
  5. Since the AGM will be held through VC/OAVM facility, the Route Map is not annexed in the Notice.
  6. Central Depository Services (India) Limited (CDSL) will be providing facility for voting through remote e-Voting, for participation in the 11<sup>th</sup> AGM through VC/OAVM facility and e-Voting during the 11<sup>th</sup> AGM.
  7. In line with the MCA Circulars and SEBI Circular, the Notice of the 11<sup>th</sup> AGM and Annual Report for FY 2019-20 will be available on the Company's website [www.bfilpune.com](http://www.bfilpune.com), on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
  8. Members may join the 11<sup>th</sup> AGM through VC/OAVM facility by following the procedure as mentioned in para 'F'. The facility for joining the meeting shall open for Members from 11:15 a.m. IST i.e.15 minutes before the time scheduled to start the 11<sup>th</sup> AGM and the Company may close the window for joining the VC/OAVM facility 15 minutes after the scheduled time to start the 11<sup>th</sup> AGM.
  9. Members may note that the VC/OAVM facility provided by CDSL allows participation of 1000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the 11<sup>th</sup> AGM without any restriction on account of first-come first- served principle.
  10. The Company has fixed Wednesday, September 23, 2020 as the 'Cut- off Date' for the purpose of remote e-voting.
  11. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the Cut-off Date only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.
  12. In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  13. Pursuant to MCA Circulars and SEBI Circular dated May 12, 2020, the Notice of the 11<sup>th</sup> AGM along with the Annual Report for FY 2019-20 are being sent only by email to the Members, whose email addresses are registered with the Company/ Depositories. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the

Notice of the 11<sup>th</sup> AGM and the Annual Report for FY 2019-20 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:

- (i) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email address [Secretarial@bfilpune.com](mailto:Secretarial@bfilpune.com)
  - (ii) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
14. The Company has appointed Link Intime India Private Limited, Mumbai as its Registrar and Transfer Agent. All correspondence relating to transfer and transmission of shares, sub-division of shares, issue of duplicate share certificates, change of address, dematerialization of shares, payment of dividend etc. will be attended to and processed at the office of the Registrar and Transfer Agent at the following address:-
- Link Intime India Private Limited,  
Block No. 202, 2nd Floor, Akshay Complex,  
Off Dhole Patil Road, Pune - 411 001, (Maharashtra),  
Telephone No. 020 2616 1629 / 2616 0084.
15. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts, if not given already. Members holding shares in physical form can submit their PAN to the Company / Link Intime India Private Limited.
16. In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 01, 2019, transfer of shares in physical mode is prohibited and mandates holding in demat except in case of transmission and transposition. Accordingly, Members are requested to convert physical holding to demat through depository participant. Members may contact the Company/ RTA for any assistance in the said process of physical to demat of shares.
17. Pursuant to Section 72 of the Companies Act, 2013, Shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Share Transfer Agent or from the Company.
18. Members requiring information on the audited financial statement for the Financial Year ended March 31, 2020 or any other information, are requested to write to the Company on email address [Secretarial@bfilpune.com](mailto:Secretarial@bfilpune.com) at least seven (7) days before the date of the meeting to enable the Company to furnish the information in suitable manner. In the absence of such advance request, the Company may not be able to provide explanations during the course of the meeting.
19. During the 11<sup>th</sup> AGM, Members may access the statutory registers and electronic copy of the documents referred to in the accompanying Notice of the AGM and the Explanatory Statement through the link <https://www.linkintime.co.in/>.
20. Mr. Sridhar Mudaliar (Membership No. FCS 6156 CP No. 2664) Partner of SVD & Associates, Company Secretaries, Pune, has been appointed as the Scrutinizer to scrutinize the e-voting process and vote casted through e-voting during the meeting in a fair and transparent manner. Members may note that the scrutinizer will provide consolidated report for the votes casted through remote e-voting and e-voting during the meeting.

D. Instructions for remote e-voting by Members:

- (i) The voting period begins on Sunday, 27<sup>th</sup> September, 2020 at 9.00 a.m. and ends on Tuesday, 29<sup>th</sup> September, 2020 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday 23<sup>rd</sup> September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from [Login - Myeasi](#) using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
- (xx) A Member can opt for only single mode of voting, i.e. either through remote evoting or voting at the AGM.



If the Member has already casted votes through remote e voting, option of voting during the AGM shall not be available for that Member.

**E. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES / RTA FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

**F. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at ([secretarial@bfilpune.com](mailto:secretarial@bfilpune.com)). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at ([secretarial@bfilpune.com](mailto:secretarial@bfilpune.com)). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**G. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**H. Note for Non - Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of

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the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [Secretarial@bfilpune.com](mailto:Secretarial@bfilpune.com) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

- I. The Scrutinizer will submit his report to the Chairman after the completion of scrutiny and the result of the voting will be declared within 48 hours of conclusion of the meeting. The declared results along with the Scrutinizer Report will also be displayed on the website of the Company at [www.bfilpune.com](http://www.bfilpune.com) and will simultaneously be communicated to BSE Limited and National Stock Exchange of India Limited where equity shares of the Company are listed.

## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and statement of additional Information as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to following items of the Notice:

### Item No. 2

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

In terms of Section 152 of the Companies Act, 2013, Mr. A. B. Kalyani (DIN: 00089430) Director retires by rotation at the Meeting and being eligible offers himself for re-appointment. Details of Directors to be re-appointed / appointed, are given below :

Mr. Amit B. Kalyani, born on 26<sup>th</sup> July, 1975. After having his initial education in Pune, he graduated in Mechanical Engineering from Bucknell University, Pennsylvania, U.S.A. He initially worked with Kalyani Steels Limited, followed by other companies within the group. He then joined Bharat Forge Limited in 1999 as Vice President and Chief Technology Officer. He was also instrumental in strategising and execution of the several acquisitions that the group had in Germany.

Mr. Amit B. Kalyani is currently a Deputy Managing Director of Bharat Forge Limited. He also takes care of the overall group strategy and is responsible for the expansion of steel business and driving the infrastructure foray of the group.

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

Name of the Company	Board position held	Name of the Committees	Chairman/Member
Bharat Forge Limited	Deputy Managing Director	Corporate Social Responsibility Committee	Member
Kalyani Steels Limited	Director & Member	Nomination and Remuneration Committee	Member
BF Utilities Limited	Director	Audit Committee, Nomination and Remuneration Committee Corporate Social Responsibility Committee	Member Member Member
Kalyani Investment Company Limited	Director & Member	Nomination and Remuneration Committee	Member
Hikal Limited	Director	-	-
BF-NTPC Energy Systems Limited	Director	-	-
Schaeffler India Limited	Additional Independent Director	-	-

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

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

Mr. Kalyani holds 28270 shares in the Company.

Mr. Kalyani is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. The Board is of the opinion that he fulfils the conditions specified in the Companies Act, 2013 and rules thereof and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively. The Board considers that his experience and expertise would be of immense benefit to the Company.

### Item No. 3

To appoint Ms. Aarti A. Sathe (DIN: 06925030) as a Non-Executive Independent Director

The Company had appointed Ms. Aarti A. Sathe as an Independent Director in its Sixth Annual General Meeting held on Saturday, 19<sup>th</sup> Day of September, 2015 for a period of five years.

Her term as an independent Director expires on 18<sup>th</sup> September, 2020.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed to re-appoint Ms. Aarti A. Sathe as Independent

Director of the Company for a further term of 5 (five) consecutive years from 19<sup>th</sup> September, 2020 to 18<sup>th</sup> September, 2025.

The Company has received a declaration in writing from Ms. A. A. Sathe that she meets the criteria of independence as provided in sub-Section (6) of Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Ms. A. A. Sathe fulfill the criteria specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for her appointment as an Independent Director of the Company. The Board also considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail her services as an Independent Director on the Board of the Company.

The Company has received notice in writing from members under Section 160 of the Companies Act, 2013 proposing the candidatures of Ms. Sathe for the Directorship of the Company.

Ms. Sathe does not hold any shares in the Company as on 31<sup>st</sup> March, 2020.

Ms. Sathe is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

Accordingly, the Board recommends the resolutions set out at Item No. 3 of the Notice, for the approval of the members of the Company.

Brief Profile of Ms. Sathe is provided hereunder as well as in the report on Corporate Governance forming part of the Annual Report.

Ms. Aarti A. Sathe, is a Master in Laws in Constitutional & Administrative Laws from University of Mumbai. She is presently an Independent Counsel and appears before various quasi judicial bodies such as Income Tax Appellate Tribunal, Customs, Excise and Service Tax Appellate Tribunal, etc. She also appears as a Counsel in Bombay High Court before the tax bench for tax Appeals, writs, etc., before Authority of Advance Rulings in International tax matters and also before the Supreme Court in tax matters.

Ms. Sathe has wide experience in direct and indirect taxation, international taxation, FEMA, etc.

Her articles and case law updates are published in the Income Tax Review, a publication of the Chamber of Tax Consultants, Mumbai. Earlier, she was a visiting Faculty on Direct Taxes in Mergers & Acquisitions at Symbiosis Institute of Management Pune.

Directorships / Committee memberships / Chairmanships of Ms. Sathe in other companies are as under:

Name of the Company	Board position held	Name of the Committees	Chairman/Member
BF Utilities Limited	Independent Director	Audit Committee	Member

Except Ms. A. A. Sathe, being appointee, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the resolutions set out at Item No.3 of the Notice.

#### Item No. 4

##### Payment of commission to Non Executive Director

Mr. A. B. Kalyani is a Non Executive Director of the Company since past ten years. He has played a very active role, as a member of the Board, in formulating and advising on various investment and growth strategies of the Company. The Company has immensely benefited because of his special efforts and the same is reflected in the revenues and profits over the past several years. Apart from the payment of sitting fees for attending the Board meetings, the Company does not pay any remuneration to Mr. Kalyani. It is, therefore, proposed to pay him a commission of upto Rs. 12,250,000/- for the Financial Year 2019-20.

Except for Mr. A. B. Kalyani, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the resolutions set out at Item No.4 of the Notice.

The Board recommends the resolution set out at Item No.4 of the Notice, for the approval of the members of the Company.

By Order of the Board of Directors  
For BF Investment Limited

Place : Pune 411 036  
Date : 28<sup>th</sup> July, 2020

S. R. Kshirsagar  
Company Secretary  
Membership No. A23653

Additional information as required under the Companies Act, 2013 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 in respect of the Directors' appointment/ re-appointment is provided below:

Name	Age (Years)	Educational Qualification	Experience/ Expertise/ Brief Resume	Relationship with other Directors / Key Managerial Personnel (KMP)	Directorships and No. of Membership of Committees in other entities as on March 31, 2020	Shareholding as on March 31,2020
Mr. Amit B. Kalyani	45	Mechanical Engineer from Bucknell University, Pennsylvania, U.S.A.	Refer item No. 2 of the explanatory statement of the Notice convening the meeting	Not related to any Director/ KMP	1. Bharat Forge Ltd. (Member-CSR Committee*) 2. BF Utilities Ltd.(Member-Audit Committee & NRC Committee*) 3. Kalyani Steels Ltd. (Member-NRC Committee*) 4. Kalyani Investment Ltd. (Member- NRC Committee*) 5. BF-NTPC Energy Systems Ltd. 6.Hikal Ltd. 7. Schaeffler India Ltd.	28270 Shares
Ms. Aarti A. Sathe	43	Master in Laws in Constitutional & Administrative Laws from University of Mumbai.	Refer item No. 3 of the explanatory statement of the Notice convening the meeting	Not related to any Director/ KMP	Independent Director 1) BF Utilities Ltd. (Member- Audit Committee)	NIL

Note:

\*(CSR) - Corporate Social Responsibility Committee. (NRC)- Nomination & Remuneration Committee.

Terms and conditions of appointment or re-appointment including remuneration:

- Mr. Amit B. Kalyani, Non-Executive and Non-Independent Directors, is liable to retire by rotation and is not entitled to any remuneration. The terms of remuneration including sitting fees for attending Board meetings, reimbursement of expenses and the profit related commission as permissible under law from time to time, are as approved by Members.
- Ms. Aarti A. Sathe, Independent Director, is not liable to retire by rotation. The terms of remuneration including sitting fees for attending Board meetings, reimbursement of expenses and the profit related commission as permissible under law from time to time, are as approved by Members.

## REPORT ON CORPORATE GOVERNANCE

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

### 1. The Company's philosophy on Code of Corporate Governance

The Securities and Exchange Board of India (SEBI) has prescribed a set of standards on corporate governance for the listed companies.

The Company has included a compliance report on Corporate Governance in its Annual Report in the spirit of transparency in management and best board practices. This Chapter of the report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitute such a compliance report on corporate governance during 2019-20.

### 2. Board of Directors

#### a. Composition of the Board

As at 31<sup>st</sup> March, 2020, the Board comprised of 6 (six) Directors. The Composition of the Board is as under:

Category of Directors	No. of Directors
Executive	Nil
Non-Executive and Independent	4
Non-Executive and Non-Independent	2
Total	6

The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 read with Section 149 of the Companies Act, 2013.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There has been no change in the circumstances affecting their status as Independent Directors of the Company during the Financial Year and till the date of this report and are independent of management.

The Independent Directors of the Company have confirmed compliance of relevant provisions of Rule 6 of the Companies (Appointments and Qualifications of Directors) Rules, 2014. Requisite disclosures have been received from the Directors in this regard.

None of the Directors of the Company are related to each other.

#### b. Number of Board Meetings

During the Financial Year under review, seven Board Meetings were held on 30<sup>th</sup> May, 2019, 31<sup>st</sup> July, 2019, 14<sup>th</sup> August, 2019, 25<sup>th</sup> September, 2019, 14<sup>th</sup> November, 2019, 3<sup>rd</sup> February, 2020 and 20<sup>th</sup> February, 2020.

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

The information on composition and category of the Board of Directors as at 31<sup>st</sup> March, 2020, attendance of each Director at Board Meetings held during the Financial Year 2019-20 and the Annual General Meeting (AGM) held on 25<sup>th</sup> September, 2019, Directorships and Committee positions in other public companies of which the Director is a Member / Chairman and the shareholding of Non-Executive Directors is as follows:

Sr. No.	Name of Director	No. of shares held by Non-Executive Directors	No. of Directorships in other public companies #	No. of Committee positions held in other public companies*		No. of Board Meetings held	Attendance at the meetings	
				Chairman	Member		Board	AGM
	Executive Director	NA	NA	NA	NA	NA	NA	NA
	Non-Executive Directors							
1	Mr. A. B. Kalyani ®	28,270	7	0	1	7	6	1
	Independent and Non-Executive Directors							
2	Mr. B. B. Hattarki	0	4	4	3	7	7	1
3	Mr. M. U. Takale	0	2	0	1	7	7	1
4	Ms. A. A. Sathe	0	1	0	1	7	3	0

Sr. No.	Name of Director	No. of shares held by Non-Executive Directors	No. of Directorships in other public companies #	No. of Committee positions held in other public companies*		No. of Board Meetings held	Attendance at the meetings	
				Chairman	Member		Board	AGM
5	Mr. S. G. Joglekar	0	1	1	0	7	5	1
6	Mr. B. S. Mitkari	0	1	0	0	7	7	1

Note:

- ® Promoters within the meaning of Securities Exchange Board of India (SEBI) (Substantial Acquisition of Shares & Takeover) Regulations, 2011.
- # Other Directorships exclude directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.
- \* For this purpose only Audit and Stakeholders' Relationship Committees of the Public Limited Companies have been considered

Directors and their Directorships in other listed Companies are as under :

Sr.	Name of the Director	Name of the listed entities in which Director holds Directorship		Category of Directorship
1	Mr. A. B. Kalyani	1	Bharat Forge Ltd.	Executive Director
		2	Kalyani Steels Ltd.	Director
		3	Kalyani Investment Company Ltd.	Director
		4	Hikal Ltd.	Director
		5	BF Utilities Ltd.	Director
		6	Schaeffler India Ltd.	Additional Independent Director
2	Mr. B. B. Hattarki	1	BF Utilities Ltd.	Director
		2	Kalyani Investment Company Ltd.	Director
		3	Automotive Axles Ltd	Director
		4	Kalyani Steels Ltd.	Director
3	Mr. M. U. Takale	1	Kalyani Steels Ltd.	Director
4	Ms. A. A. Sathe	1	BF Utilities Ltd.	Director
5	Mr. S. G. Joglekar	1	Kalyani Investment Company Ltd.	Director
6	Mr. B. S. Mitkari	1	BF Utilities Ltd.	Director

Notes :

1. Directorships held in foreign companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956 / under Section 8 of the Companies Act, 2013 have not been considered.
2. None of the Directors on the Board is a Director of more than eight listed companies.

None of the Directors are related to any other Director of the Company within the meaning of Section 2(77) of the Companies Act, 2013 and rules thereof.

Statement showing number of equity shares of the Company held by the Directors as on 31st March, 2020:

Sr. No.	Name of Director	Equity Shares of Rs.5 each
1	Mr. A. B. Kalyani	28270
2	Mr. B. B. Hattarki	NIL
3	Mr. M. U. Takale	NIL
4	Ms. A. A. Sathe	NIL
5	Mr. S. G. Joglekar	200
6	Mr. B. S. Mitkari	NIL



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**d. Criteria for performance evaluation**

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

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

**e. Meeting of Independent Directors**

The meeting of Independent Directors was held on Wednesday, 30<sup>th</sup> January, 2020 to

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

Mr. B. B. Hattarki, Chairman of the Committee, Mr. M. U. Takale and Ms. A. A. Sathe, Members attended the Meeting.

**f. Statement of Declaration by the Independent Directors / Directors**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors, after due assessment of veracity of the declarations received from the Independent Directors to the extent possible, confirms that, Independent Directors fulfil the conditions specified in the Regulation 25(8) of the aforesaid Regulations and they are independent of the management.

**g. Familiarization program for Independent Directors**

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

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

For details refer to our website at [www.bfilpune.com](http://www.bfilpune.com) .

**h. Code of Conduct**

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

**i. Information supplied to the Board**

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

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

**j. Directors with materially pecuniary or business relationship with the Company**

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

**k. Skills matrix for the Directors**

The Board of Directors of the Company comprises members who bring in the required skills and expertise for effective functioning of the Company, the Board and its Committees. The table below summarizes key skills and expertise the Board possesses:



Skill	Skill definitions
Business Acumen	Ability to understand business environment and identify new business opportunities
Leadership	Ability to lead a large team of professionals
Technology	Passion for technology upgradation
Legal and Regulatory knowledge	Understanding of regulatory and legal frameworks in Taxation

**I. Disclosure of Expertise or Skills of Directors**

Following are the core skills / expertise / competencies as required in the context of its business(es) and sector(s) for it to function effectively:

General Management, Finance and Accounting, Corporate Laws, Automotive Industry, Operations, Corporate Strategy, Finance and Corporate Treasury, Manufacturing, Engineering, Business Management, Legal and Taxation.

The following table states the identified core skills/expertise/competencies mapped for each of the Director:

Sr.	Name of Directors	Expertise/Skills in specific functional area
1	Mr. A. B. Kalyani	Automotive Industry, Corporate Strategy and Business Management
2	Mr. B. B. Hattarki	Automotive Industry, Operations and Manufacturing
3	Mr. M. U. Takale	Automotive Industry, Engineering and Manufacturing
4	Mr. S. G. Joglekar	Finance & Accounting and Corporate Treasury
5	Ms. A. A. Sathe	Corporate Laws, Legal and Taxation
6	Mr. B. S. Mitkari	Finance & Accounting, Corporate laws, Legal and Operations.

**3. Audit Committee**

**a. Composition**

As at 31<sup>st</sup> March, 2020, the Audit Committee comprised of three Non-Executive Directors, all of whom are Independent. The Company Secretary acts as the Secretary to the Committee. The representatives of Statutory Auditors are also invited to the meetings.

During the Financial Year under review, six meetings of the Committee were held on 30<sup>th</sup> May, 2019, 31<sup>st</sup> July, 2019, 14<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019, 3<sup>rd</sup> February, 2020 and 20<sup>th</sup> February, 2020.

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

	Name of the Director	Category	Meetings attended
1.	Mr. B. B. Hattarki (Chairman)	Independent Director	6
2.	Mr. M. U. Takale	Independent Director	6
3.	Ms. A. A. Sathe	Independent Director	2

**b. Terms of Reference**

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

- i.) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii.) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii.) Examination of the financial statements and the auditors' report thereon;
- iv.) Approval or any subsequent modification of transactions of the Company with related parties;
- v.) Scrutiny of inter-corporate loans and investments;
- vi.) Valuation of undertakings or assets of the Company, wherever it is necessary;
- vii.) Evaluation of internal financial controls and risk management systems;
- viii.) Monitoring the end use of funds raised through public offers and related matters
- ix.) Reviewing of the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;

- x.) Reviewing with management the annual financial statements before submission to the Board;
- xi.) Reviewing with the management, external auditors and internal auditor, the adequacy of internal control systems;
- xii.) Discussing with internal auditor any significant finding and follow up on such issues;
- xiii.) Discussing with the external auditors before the audit commences on the nature and scope of audit, as well as having post audit discussion to ascertain any areas of concern;
- xiv.) Reviewing any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standards;
- xv.) Reviewing details of related party transactions exceeding 1% of last year's turnover;
- xvi.) Reviewing the Company's financial and risk management policies;
- xvii.) Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors;
- xviii.) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- xix.) Reviewing the adequacy of internal audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xx.) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularities or failure of internal control systems of a material nature and reporting the matter to the Board;
- xxi.) To look into the reason for substantial default in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared Dividends) and creditors;
- xxii.) To review the functioning of the whistle blower mechanism;
- xxiii.) Approval of appointment of CFO (i.e. the whole time finance Director or any other person heading the finance function or discharging that function) after accessing the qualifications, experience and background, etc. of the candidate;
- xxiv.) Carrying out any other function as is mentioned in the terms of reference of audit committee.

**c. Powers of Audit Committee**

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

**4. Nomination and Remuneration Committee**

**a. Composition**

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

During the Financial Year under review, three meetings of the Committee were held on 30<sup>th</sup> May, 2019, 31<sup>st</sup> July, 2019 and 3<sup>rd</sup> February, 2020.

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

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

**b. Terms of Reference**

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

- i. Formulate the criteria for determining qualifications, positive attributes and independence of the Director and recommend to the Board a policy, relating to the remunerations to the Directors, Key Managerial Personnel and other employees.
- ii. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management position in accordance with the criteria laid down in this Policy.
- iii. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- iv. Formulation of criteria for evaluation of Independent Directors and the Board.
- v. Devising a policy on Board diversity.
- vi. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

**c. Remuneration to Directors / Key Managerial Personnel**

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

**Details of the remuneration paid to the Directors, Key Managerial Personnel during Financial Year 2019-20:**

Information on remuneration of Directors for the year 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020.

Information on remuneration of Directors for the year ended 31<sup>st</sup> March, 2020.

Name of the Director	Relationship with other Directors	Sitting Fees Rs.	Salary and Perquisites	Commission proposed & payable *	Total Rs.
Mr. A. B. Kalyani	None	30,000	N.A.	12,250,000	12,280,000
Mr. B. B. Hattarki	None	30,000	N.A.	7,50,000	7,80,000
Mr. M. U. Takale	None	35,000	N.A.	7,50,000	7,85,000
Ms. A. A. Sathe	None	15,000	N.A.	7,50,000	7,65,000
Mr. S.G.Joglekar	None	25,000	N.A.	7,50,000	7,75,000
Mr. B.S. Mitkari	None	35,000	N.A.	7,50,000	7,85,000

\* After approval of accounts in the ensuing Annual General Meeting

**d. BOARD DIVERSITY AND REMUNERATION POLICY**

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

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

**Remuneration to Non-Executive Directors**

The Non-Executive Directors are entitled to remuneration in the form of commission, upto an aggregate amount of a percentage of the net profits of the Company for the year, as prescribed by the Companies Act, 2013 as may be decided by the Board of Directors from time to time.

The Non-Executive Directors are paid sitting fees for attending the Board Meeting.

**Remuneration to Key Managerial Personnel and other Employees**

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

## 5. Investors' Grievance and Stake Holders' Relationship Committee

The Investors' Grievance and Stake Holders' Relationship Committee has been constituted to look into investors' complaints like transfer of shares, non-receipt of Balance Sheet, etc. and redressal thereof. The Committee consists of Mr. B.B. Hattarki, Mr. M.U. Takale and Ms. A. A. Sathe being Independent Directors.

During the Financial Year under review, 12 (Twelve) Stake Holders' Relationship Committee Meetings were held. The present Committee members attended the said Meeting.

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

The Compliance Officer can be contacted at:

**BF Investment Limited**  
Mundhwa,  
Pune 411 036  
Tel.: (020) 2672 5257  
E-mail: [Secretarial@bfilpune.com](mailto:Secretarial@bfilpune.com)

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

Number and nature of complaints received and redressed during the year 2019-20.

Sr. No.	Nature of Complaints	Opening Balance	Received	Resolved	Closing Balance
1	SEBI	0	0	0	0
2	BSE/NSE	0	0	0	0
3	NSDL/CDSL	0	0	0	0
4	Non-receipt of annual report	0	0	0	0
5	Non-receipt of shares lodged for transfer/transmission	0	0	0	0

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Considering the requirement of the Companies Act, 2013, the Board constituted 'Corporate Social Responsibility (CSR) Committee'. The Committee comprises of Mr. B. B. Hattarki, Chairman - Independent Director, Mr. A. B. Kalyani - Non-Executive Director and Mr. M. U. Takale - Independent Director. During the year 2019-20, the Corporate Social Responsibility Committee met on 3<sup>rd</sup> February, 2020.

Role of CSR Committee :

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

Recommend the amount of expenditure to be incurred on the activities specified in policy.

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

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

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

Name of the Director	Category	No. of meetings held	No. of meetings attended
Mr. B. B. Hattarki	Independent	1	1
Mr. A. B. Kalyani	Non Executive	1	0
Mr. M. U. Takale	Independent	1	1

## CSR Spending

The Company has spent Rs. 50,00,000/- towards educational initiative being a CSR spend during the year. The Company has paid an advance of Rs.7,35,000/- for health care expenses being balance CSR spend. However, due to Covid-19, the said work could not be completed before 31/03/2020 and the amount has been fully expended and the balance CSR spend got completed in April - May, 2020.

## RISK MANAGEMENT COMMITTEE

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner. The Company has formulated Risk Management Policy to

identify and then manage threats / risks that could have impact on the goals and objectives of the Company.

Considering the requirement of the Companies Act, 2013, Risk Management Committee was formed to identify, monitor and minimise risks as also to identify business opportunities. Within the framework of the Risk Management Policy, the Committee reviews risks trends, exposure, potential impact analysis and mitigation plan. The Committee comprises of Mr. B. B. Hattarki, Chairman - Independent Director, Mr. A. B. Kalyani - Non-Executive Director and Mr. M. U. Takale - Independent Director. During the year one meeting of Risk Management Committee was held on 3<sup>rd</sup> February, 2020.

## 6. General Body Meeting

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

Financial Year	Date	Type of Meeting	Venue	Time
2016-17	5 <sup>th</sup> August, 2017	Annual General Meeting	Kalyani Steels Ltd., Pune 411036	11.00A.M.
2017-18	1 <sup>st</sup> September, 2018	Annual General Meeting	Kalyani Steels Ltd., Pune 411036	11.00A.M.
2018-19	25 <sup>th</sup> September, 2019	Annual General Meeting	Kalyani Steels Ltd., Pune 411036	11.00A.M.

In the Annual General Meeting held on 25<sup>th</sup> September, 2019 Special Resolutions were passed for Re-appointment of Mr. M. U. Takale as an Independent Director and Payment of commission to Non Executive Director

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

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

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

## 7. DISCLOSURES

### i. Mandatory Requirements

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

#### a. Related Party Transactions

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

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

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

#### c. Whistle Blower Policy

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

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

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

#### e. Related Party Transactions Policy

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

#### f. Disclosure by Management to the Board

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

- g. The Company has complied with the mandatory Corporate Governance requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- h. The Company has not adopted any discretionary requirements mentioned in Regulation 27(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- i. The Chief Executive Officer and Chief Financial Officer of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting as required under Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- j. Foreign exchange risk and hedging activities:  
The Company does not have any foreign exchange risk since it has no forex dealings.
- k. The Company follows the mandatory Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI) and to the best of its knowledge, there are no deviations in the accounting treatments that require specific disclosure
- l. There were no recommendations of Committees of the Board mandatorily required in a financial year which were not accepted by the Board.
- m. Details relating to fees paid to the Statutory Auditors are given in Note to the Financial Statements.
- n. In the opinion of the Board, the Independent Directors fulfil the conditions specified in these regulations and are independent of the Management.

**ii. Non-Mandatory Requirements**

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

**a. Shareholders' Rights**

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

**b. Statutory Auditors' qualifications**

There are no qualifications on the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020, made by the Statutory Auditors in their Audit Report.

**iii. Other Requirements**

**Disclosure in respect of unclaimed shares**

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

As on 31<sup>st</sup> March, 2020, the total unclaimed equity shares are 156,152 the share certificates of which have been returned undelivered.

**8. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF DIRECTORS**

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

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

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

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

Mr. Amit B. Kalyani, was born on 26<sup>th</sup> July, 1975. After having his initial education in Pune, he graduated in Mechanical Engineering from Bucknell University, Pennsylvania, U.S.A. He initially worked with Kalyani Steels Limited, followed by other companies within the group. He then joined Bharat Forge Limited in 1999 as Vice President and Chief Technology Officer.

He was also instrumental in strategising and execution of the several acquisitions that the group had in Germany.

Mr. Amit B. Kalyani is currently an Deputy Managing Director of Bharat Forge Limited. He also takes care of the overall group strategy and is responsible for the expansion of steel business and driving the infrastructure foray of the group.



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

Name of the Company	Board position held	Name of the Committees	Chairman/ Member
Bharat Forge Limited	Deputy Director	Corporate Social Managing Responsibility Committee	Member
Kalyani Steels Limited	Director & Member	Nomination and Remuneration Committee	Member
BF Utilities Limited	Director	Nomination and Remuneration Committee & Corporate Social Responsibility Committee	Member Member
Kalyani Investment Company Limited	Chairman & Member	Nomination and Remuneration Committee	Member
Hikal Limited	Director	-	-
BF-NTPC Energy Systems Limited	Director	-	-
Schaeffler India Ltd.	Additional Independent Director	-	-

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

Mr. Kalyani holds 28,270 shares in the Company.

Mr. Kalyani is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. The Board is of the opinion that he fulfils the conditions specified in the Companies Act, 2013 and rules thereof and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively. The Board considers that his experience and expertise would be of immense benefit to the Company and recommends the resolution for his reappointment. Mr. Kalyani is not related to any other Director who is presently on the Board of the Company.

**Ms. Aarti A. Sathe -**

The Company had appointed Ms. Aarti A. Sathe as an Independent Director in its Sixth Annual General Meeting held on Saturday, 19<sup>th</sup> Day of September, 2015 for a period of five years.

Her term as an independent Director expires on 18<sup>th</sup> September, 2020.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed to re-appoint Ms. Aarti A. Sathe as Independent Directors of the Company for a further term of 5 (five) consecutive years from 19<sup>th</sup> September, 2020 to 18<sup>th</sup> September, 2025.

The Company has received a declaration in writing from Ms. A. A. Sathe that she meets the criteria of independence as provided in sub-Section (6) of Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Ms. A. A. Sathe fulfill the criteria specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for her appointment as an Independent Director of the Company. The Board also considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail her services as an Independent Director on the Board of the Company and recommends the resolution for her reappointment.

The Company has received notice in writing from members under Section 160 of the Companies Act, 2013 proposing the candidatures of Ms. Sathe for the Directorship of the Company.

Ms. Sathe does not hold any shares in the Company as on 31<sup>st</sup> March, 2020.

Ms. Sathe is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

Brief Profile of Ms. Sathe is provided hereunder as well as in the report on Corporate Governance forming part of the Annual Report.

Ms. Aarti A. Sathe, is a Master in Laws in Constitutional & Administrative Laws from University of Mumbai. She is presently an Independent Counsel and appears before various quasi judicial bodies such as Income Tax Appellate Tribunal, Customs, Excise and Service Tax Appellate Tribunal, etc. She also appears as a Counsel in Bombay High Court before the tax bench for tax Appeals, writs, etc., before Authority of Advance Rulings in International tax matters and also before the Supreme Court in tax matters.

Ms. Sathe has wide experience in direct and indirect taxation, international taxation, FEMA, etc.

Her articles and case law updates are published in the Income Tax Review, a publication of the Chamber of Tax Consultants, Mumbai. Earlier, she was a visiting Faculty on Direct Taxes in Mergers & Acquisitions at Symbiosis Institute of Management Pune.

Directorships / Committee memberships / Chairmanships of Ms. Sathe in other companies are as under:

Name of the Company	Board position held	Name of the Committees	Chairman/ Member
BF Utilities Limited	Independent Director	Audit Committee	Member

Except Ms. A. A. Sathe, being appointee, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the said resolutions..

## 9. MEANS OF COMMUNICATION

### a. Quarterly results

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

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

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

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

### c. MANAGEMENT DISCUSSION AND ANALYSIS

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

## 10. GENERAL SHAREHOLDER INFORMATION

### a. Annual General Meeting

Annual General Meeting

Corporate Identification Number (CIN)	L65993PN2009PLC134021		
Annual General Meeting	Date :	Wednesday , 30 <sup>th</sup> September, 2020	
	Time :	11.30 a.m.	
	Venue :	AGM will be held through VC/ OAVM.	
Book Closure	Wednesday, 30 <sup>th</sup> September, 2020 as annual closure for the AGM.		
Financial Year 2019-20	During the year the financial results were announced as under:		
		Standalone	Consolidated
	First Quarter	14-08-2019	N.A.
	Second Quarter	14-11-2019	14-11-2019
	Third Quarter	03-02-2020	20-02-2020
	Annual	30-06-2020	28-07-2020
International Security Identification Number (ISIN)	INE878K01010		
Bombay Stock Exchange Limited (BSE)	533303		



National Stock Exchange of India Limited, (NSE)	BFINVEST
Designated E-mail address for investor services	<a href="mailto:Secretarial@bfilpune.com">Secretarial@bfilpune.com</a>

**b. Listing Fees**

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

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

**c. Shareholding Pattern as on 31<sup>st</sup> March, 2020.**

	Category	No. of Shares	% of Shareholding
1.	Promoter and Promoter Group	27,640,976	73.38
2.	Mutual Funds / UTI	1,709	0.00
3.	Financial Institutions / Banks	58,605	0.16
4.	Bodies Corporate	3,906,392	10.37
5.	Foreign Portfolio Investors	374,816	1.00
6.	Clearing Members	16,196	0.04
7.	Non Resident Indians	100,938	0.27
8.	General Public	5567996	14.78
	<b>Total</b>	<b>37,667,628</b>	<b>100.00</b>

**d. Distribution of Shareholding as on 31<sup>st</sup> March, 2020.**

Pattern of shareholding by share class as on 31 <sup>st</sup> March, 2020			
Shareholding class	No. of shareholders	No. of shares Held	Shareholding %
Up to 5,000	21093	3395090	9.01
5,001 to 10,000	58	406413	1.08
10,001 to 20,000	23	301019	0.80
20,001 to 30,000	4	113650	0.30
30,001 to 40,000	5	167076	0.44
40,001 to 50,000	3	134715	0.36
50,001 to 100,000	12	816821	2.17
100,001 and above	16	32332844	85.84
<b>TOTAL</b>	<b>21214</b>	<b>37,667,628</b>	<b>100.00</b>
Dematerialisation of shares and liquidity (as on 31 <sup>st</sup> March, 2020)	<b>35,461,180</b> (representing 94.14% of the total issued share capital)		
Outstanding GDR's / ADR's / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDR's / ADR's / Warrants or any Convertible instruments.		

e. **Market Price Data**

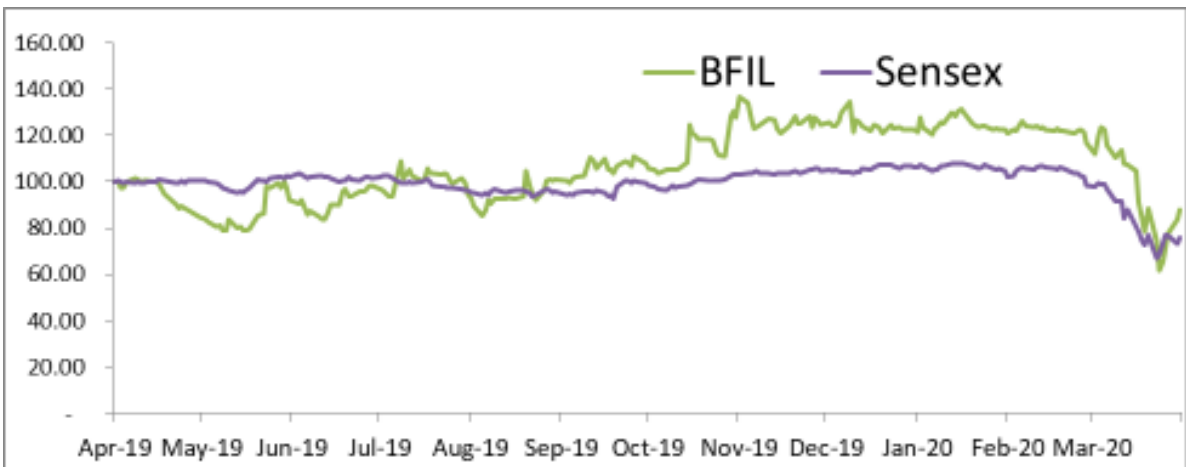
Monthly high / low during the year 2019-20 on the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) are as under:

Stock Exchange	BSE			NSE		
	High Rs.	Low Rs.	Traded Volume	High Rs.	Low Rs.	Traded Volume
Apr-19	275.80	220.00	158897	275.00	220.20	1416145
May-19	271.00	203.80	305084	271.30	203.25	1654762
Jun-19	259.60	216.15	152683	259.90	215.55	1337518
Jul-19	292.50	244.00	560270	291.90	242.35	4134446
Aug-19	279.00	220.40	121899	279.90	219.70	840344
Sep-19	302.50	258.55	223576	302.00	257.45	1484923
Oct-19	348.95	264.70	672863	349.70	267.05	4377787
Nov-19	376.80	311.65	613661	377.00	305.00	3198030
Dec-19	354.80	309.20	575366	355.00	308.55	3359621
Jan-20	353.00	311.00	263383	352.90	310.50	1731082
Feb-20	337.75	294.50	131790	339.90	295.15	829771
Mar-20	330.00	152.00	161236	327.00	151.00	714574

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

Quotes on BSE Sensex Index

BFIL Price in Rs.



Note : Share price of BF Investment Limited and BSE Sensex have been indexed to 100 as on first working day of financial year 2019-20 i.e. 1st April, 2019.

g. **Share Transfer System**

- I. In terms of Regulation 40(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are undertaken by depositories with no involvement of the Company. The Chief Executive Officer and Company Secretary and other officers are authorized by the Board severally, to approve transfers, which are noted at subsequent Board Meetings.
- II. A certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.
- III. **Registrar and Share Transfer Agent (R&T Agent)**

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

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

**h. Compliance Officer**

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

**i. SEBI Complaints Redressal System (SCORES)**

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

**11. Shareholder References**

**(a) Permanent Account Number (PAN)**

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

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

**(b) Email Address**

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

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

**(c) Dematerialization of shares**

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

**(d) Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity.**

There are no convertible instruments outstanding as on 31st March, 2020 for conversion into equity shares.

**(e) Commodity price risk or foreign exchange risk and hedging activities**

**Commodity Price Risk**

The Company's operations do not involve commodity price risk.

**(f) Foreign exchange risk and hedging activities**

The Company's operations do not involve Foreign exchange and hedging risk.

**(g) Total fees for all services paid to the statutory auditor**

During the financial year 2019-20, the Company has paid the statutory fees, certification fees and other services to the statutory auditors. The details of fees paid are disclosed in the Financial Statements.

**(h) Recommendations given by the Committees of the Board**

During the year under review, the Board has accepted all the recommendations given by the Committees of the Board, which are mandatorily required.

**(i) List of Credit Ratings obtained**

The Company has not obtained any credit ratings.

**(j) Disclosures of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A)**

The Company has not raised funds through preferential allotment or qualified institutions under Regulation

32(7A) during the year under review.

**(k) Transfer of unpaid dividend to Investor Education and Protection Fund (IEPF)**

Pursuant to Section 124 of the Companies Act, 2013 and rules thereof, any money transferred to the Unpaid Dividend Account of a company, which remains unpaid or unclaimed for a period of seven years, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF).

Since the Company has not declared any dividend in past, this clause is not applicable.

**(l) Transfer of equity shares to the Investor Education and Protection Fund (IEPF)**

Pursuant to provisions of Section 124(6) of the Companies Act, 2013 and rules thereof as amended from time to time, all shares, in respect of which dividend has not been paid or claimed for seven consecutive years or more, shall be transferred by the company in the name of Investor Education and Protection Fund (IEPF) alongwith a statement containing such details as may be prescribed.

Since the Company has not declared any dividend in past, this clause is not applicable.

**(m) Procedure for dealing with unclaimed shares**

Pursuant to Regulation 39(4) of the Listing Regulations, the Company had in past sent reminder letters to those shareholders, whose share certificates have been returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible shareholders, if these shareholders submit necessary documents to the Company.

**(n) Nominations in respect of shares held in physical form / electronic form**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be vested in the event of death of the registered shareholder(s). The prescribed nomination form can be obtained from the Company or the Registrar and Share Transfer Agent.

Nomination facility for shares held in electronic form is available with the depository participant as per the bye laws and business rules applicable to NSDL and CDSL.

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

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

**(p) Address for correspondence**

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

**(q) CEO & CFO and Company Secretary's Certification**

The CEO & CFO and Company Secretary's Certificate signed by Mr. J.G. Patwardhan and Mr. S. R. Kshirsagar respectively, was placed before the meeting of the Board of Directors held on 28<sup>th</sup> July, 2020.

**(r) KYC details :**

According to the Securities and Exchange Board of India (SEBI) Circular No.SEBI/HO/MIRSD/DOP1/CIR/P/2018/73, members holding shares in physical form, requested to furnish Self attested PAN card and bank details.

**CAUTIONARY STATEMENT**

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

For BF Investment Limited

Place : Pune  
Date : 28<sup>th</sup> July, 2020

B.B. Hattarki  
Director  
DIN:00145710

M.U. Takale  
Director  
DIN:01291287

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## DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the members of BF Investment Limited

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

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

For BF Investment Limited

Place : Pune  
Date : 28<sup>th</sup> July, 2020

J.G. Patwardhan  
C.E.O. & C.F.O.

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## AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of  
BF Investment Limited

We have examined the compliance of conditions of Corporate Governance by BF Investment Limited, for the year ended 31st March, 2020, as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to the Listing Agreement with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further 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.

For M/s P.G.Bhagwat  
Chartered Accountants,  
[FRN : 101118W]

Place : Pune  
Date : 21/08/2020

Sanjay Athavale  
Partner  
Membership No. 83374  
UDIN : 20083374AAAADR8225

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

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

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

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

- a) we have reviewed the standalone financial statements and the cash flow statements of BF Investment Ltd. for the year 2019-20 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by BF Investment Ltd. during the year 2019-20 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting of BF Investment Ltd. and that we have evaluated the effectiveness of the internal control systems of BF Investment Ltd. pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee, with respect to BF Investment Ltd.:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
  - iii) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Pune  
Date : 28<sup>th</sup> July, 2020

**J. G. PATWARDHAN**  
C.E.O. & C.F.O.

**S. R. Kshirsagar**  
Company Secretary

## DIRECTORS' REPORT

FOR THE YEAR ENDED MARCH 31, 2020

To,  
The Members,

Your Directors have pleasure in presenting their Eleventh Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended March 31, 2020.

### FINANCIAL PERFORMANCE :

Particulars	(Rs. in Mln.s)	
	Year ended March 31, 2020	Year ended March 31, 2019
Total Income	718.603	505.464
Total Expenditure	67.478	45.457
Exceptional items	35.806	(4.196)
<b>Profit before taxation</b>	<b>615.319</b>	<b>464.203</b>
Tax Expenses	30.208	31.528
<b>Profit after Tax</b>	<b>585.111</b>	<b>432.675</b>
Balance of Profit/(Loss) from previous year	3317.499	2971.359
<b>Balance available for appropriation</b>	<b>3902.610</b>	<b>3404.034</b>
<b>Appropriations :</b>		
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	(117.022)	(86.535)
<b>Balance carried to Balance Sheet</b>	<b>3784.815</b>	<b>3317.499</b>

### KEY FINANCIAL RATIOS

Details of changes in key financial ratios including significant changes i.e. change of 25% or more as compared to the immediately previous financial year along with detailed explanations:

Particulars	FY 2019-20	FY 2018-19	Explanation for significant change
Debtor Turnover	N.A.	N.A.	N.A.
Inventory Turnover	N.A.	N.A.	N.A.
Interest Coverage Ratio	NIL	NIL	N.A.
Current Ratio	547.63	987.56	N.A.
Debt Equity Ratio	NIL	NIL	N.A.
Operating Profit Margin (%)	90.61	91.01	N.A.
Net profit Margin (%)	81.42	85.60	N.A.

Details of any change in Return on Net Worth as compared to the immediately previous financial year:

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Return on Net Worth (%)	6.23	3.19	8.43	6.16

Return on net worth is computed as net profit by average net worth. The details for change, if any, in return on net worth are explained in relevant sections above.

### SHARE CAPITAL

The paid-up Equity Share Capital as on 31<sup>st</sup> March, 2020 stood at Rs.188.338 Mln. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on 31<sup>st</sup> March, 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

### DIVIDEND :

Your Directors do not recommend any dividend on the equity shares for the year ended March 31, 2020.

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## MANAGEMENT DISCUSSION AND ANALYSIS

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

### COVID-19:

The outbreak of COVID-19 turned into global pandemic in March 2020 and held the world at its standstill. Consequent lockdown announced across India resulted in temporary closure of offices of the Company in line with the government/ local authorities' directions.

Your Company as a part of its safety policies ensured that its employees are working from home. As the restrictions were eased out, your Company while closely monitoring the situation and following safety guideline reopened its offices.

### COMPANY PERFORMANCE

During the Financial Year under review, your Company earned total income of Rs.718.603 Mln. (previous year Rs.505.464 Mln.). The net profit after tax is Rs.585.111 Mln. (previous year Rs.432.675 Mln.).

### OPERATIONS OF THE COMPANY

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

### HUMAN RESOURCES

As on March 31, 2020, the Company had 2 Key Managerial Personnel on deputation, including the CEO / CFO & Company Secretary.

### CONCERNS AND THREATS

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

### PROSPECTS FOR THE CURRENT YEAR

The current economic slowdown and COVID-19 pandemic in India and globally has posed new challenges to the Company. The Company is taking all efforts to mitigate these challenges.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The internal control system is supported by the internal audit process. The internal audit is conducted by an Independent Chartered Accountant. The Audit Committee of the Board reviews the Internal Audit process and the adequacy and effectiveness of internal audit and controls periodically.

### SAFETY, HEALTH AND ENVIRONMENT

The Company ensures safety of all its employees working at different places.

### CAUTIONARY STATEMENT

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

### SUBSIDIARY COMPANIES, JOINT VENTURES & ASSOCIATES

The Company does not have any subsidiary company as on March 31, 2020. The information of joint ventures and associates is given in the annual accounts for the year ended March 31, 2020 enclosed and forming part of the Annual Report.



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

The details are given in 'Annexure I'

**EXTRACT OF ANNUAL RETURN**

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

**NUMBER OF MEETINGS OF THE BOARD**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the Annual Financial Statements for the year ended March 31, 2020, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- b) accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently. Further judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Financial Statements have been prepared on a going concern basis;
- e) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

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

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 2015 and also confirmed that they have complied with the Code of Independent Directors prescribed in Schedule IV of The Companies Act, 2013.

The Company has laid down a Code for the Board of Directors and Senior Management of the Company. The said Code is available on the website of the Company viz. [www.bfilpune.com](http://www.bfilpune.com)

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

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

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

**ACCOUNTS AND AUDIT**

**a. Statutory Auditors**

M/s. P. G. Bhagwat, Chartered Accountants, Pune (FRN.101118W), are the auditors of the Company and will continue the audit for Financial year 2020-21.

**b. Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s. SVD & Associates, Company Secretaries, (Membership No. FCS 1321 CP No. 965), to undertake the Secretarial Audit of the Company for the year 2019-20. The Report of the Secretarial Audit is annexed herewith as 'Annexure IV' and the Secretarial Compliance Report as 'Annexure V' to this Report.

**c. Consolidated Accounts**

The Consolidated Accounts for the year ended 31<sup>st</sup> March, 2020 are enclosed. Further, a statement containing the salient features of the financial statements of associate companies and joint ventures in the prescribed Form AOC-1 is appended as 'Annexure VII' which forms part of this Report.

The Company will make the said financial statements and related detailed information available upon the request by any Member of the Company. These financial statements will also be kept open for inspection by any Member at the Registered Office of the Company. Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements along with relevant documents are available on the website of the Company.

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

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

<b>Auditors Qualifications</b>	<b>Boards' explanation</b>
<b>Secretarial Audit -</b>	
<i>I. The Company has not attached form AOC-1 to the Director's Report as prescribed by the first proviso to Sub-section 3 of Section 129 of the Act read with Rule 5 Companies (Accounts) Rules, 2014.</i>	All the information contained in form AOC1 was given in the Directors' Report and annual accounts.
<i>II. The Company has spent Rs. 50,00,000/- towards educational initiative being a CSR spend during the year. The Company has paid an advance of Rs.7,35,000/- for health care expenses being balance CSR spend which got completed in April - May 2020.</i>	The Company had planned for certain additional CSR activities in the month of March, 2020 and had paid advance for the same before 31/03/2020. However, due to Covid-19, the CSR activities could not be completed before 31/03/2020. The CSR activity was completed and amounts were fully expended in April - May, 2020.
<i>a. The Disclosure of Related party Transactions for the half year ended 30th September, 2019 was submitted to the stock Exchanges beyond the time period prescribed under Sub-regulation 9 of Regulation 23 of LODR.</i>	The delay was accidental
<i>b. The Audited Consolidated Financial statements for the quarter and year ended on 31<sup>st</sup> March, 2019 were submitted to the Stock Exchanges beyond the time period prescribed under Regulation 33 of LODR.</i>	The finalization and limited review of accounts by some of the associates / joint ventures got delayed due to some unavoidable circumstances, leading to delay in publishing the consolidated results by the Company.
<i>c. The Consolidated Financial Results along with the limited review report for the quarter ended on 31st December, 2019 were submitted to the Stock Exchanges beyond the time period prescribed under Regulation 33 of LODR.</i>	The finalization and limited review of accounts by some of the associates / joint ventures got delayed due to some unavoidable circumstances, leading to delay in publishing the consolidated results by the Company.
<i>d. The Copy of the Annual Report for the year ended 31st March, 2019, required to be submitted to the stock exchange during the period under review, in terms of Regulation 34 of LODR, was submitted beyond the time prescribed under the said Regulation .</i>	The delay was due to connectivity issues faced during the period.
<i>III. SEBI Circular No. CIR/CFD/CMD-1/142/2018 dated 20.11.2018 requires that, if any listed entity does not submit its financial results in accordance with the timelines specified in Regulation 33 of LODR, the listed entity shall disclose detailed reasons for such delay to the stock exchanges within one working day of the due date of submission for the results. However the Company has not submitted the reasons for delay in submission of consolidated financial results for the quarter and year ended 31st March, 2019 and for the quarter ended 31st December, 2019.</i>	The reasons for delay was due to delay in finalization of quarterly results by some of the associates and Joint ventures. This fact was mentioned as a footnote in the standalone financial results. The Company will henceforth give this information by way of a separate communication

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

During the year, the Company has invested Rs.120 Mln (net) in preference shares of two companies. The closing balances of investments which would be covered under Section 186 of the Companies Act, 2013, are disclosed in the Schedule of Non-Current Investments in the Financial Statements. The details of loans and guarantees, if any, are in the financial statement of 2019-20.

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

Pursuant to the provisions of Section 134 of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business. Hence, no particulars are being provided in Form AOC - 2. Related Party Disclosures as per IND AS - 24 have been provided in Note No. 31 to the Financial Statements.

## **STATE OF COMPANY'S AFFAIRS**

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

## **AMOUNTS PROPOSED TO BE CARRIED TO RESERVES**

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

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

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

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

### **A. Conservation of Energy and Technology Absorption**

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

### **B. Foreign exchange earnings and outgo**

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

## **RISK MANAGEMENT POLICY**

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

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

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

## **BOARD EVALUATION**

Pursuant to provisions of the Companies Act, 2013, Rules thereunder and 'Regulations, 2015', the Board has carried out evaluation of its own performance and that of its Committees and individual Directors. Interested Directors did not participate for their evaluation.

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

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

## **CHANGE IN THE NATURE OF BUSINESS, IF ANY**

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

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

**Directors appointed during the year**

Name of Director	Designation	Term of appointment
Mr. A. B. Kalyani	Director	Re-appointed with effect from September 25, 2019, subject to retirement by rotation.
Mr. S. G. Joglekar	Independent Director	Appointed in Annual General Meeting held on September 25, 2019, w.e.f. April 1, 2019.
Mr. B. S. Mitkari	Non Independent Director	Appointed in Annual General Meeting held on September 25, 2019, w.e.f. April 1, 2019 subject to retirement by rotation.
Mr. M. U. Takale	Independent Director	Appointed in Annual General Meeting held on September 25, 2019, w.e.f. September 16, 2019.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub section (6) of Section 149 of the Companies Act, 2013 and 'Regulations 2015'. The Company has received declarations from all Directors confirming that they are not disqualified / debarred from being appointed / reappointed as Director.

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

NIL

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

None of the Directors and KMPs resigned during the year ended March 31, 2020.

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

- 1) Mr. A. B. Kalyani (DIN : 00089430) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
- 2) Ms. A. A. Sathe (DIN : 06925030) whose term as an Independent Director expires on 18<sup>th</sup> September, 2020, is proposed to be re-appointed for a further term of five years. A resolution to consider and approve her appointment is included in the Notice of 11<sup>th</sup> Annual General Meeting

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

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

NIL.

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

None. The Company has not accepted Public Deposits under Chapter V of the Companies Act, 2013.

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

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

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

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

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

**COMPOSITION OF AUDIT COMMITTEE**

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

## VIGIL MECHANISM

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

## CASH FLOW

A Cash Flow Statement for the year ended March 31, 2020 is attached to the Balance Sheet.

## CORPORATE GOVERNANCE

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

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

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

## AUDITORS

### 1. Statutory Auditors

At the Ninth Annual General Meeting held on 1<sup>st</sup> September, 2018 M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration No.101118W), were appointed as Statutory Auditors of the Company to hold office till the conclusion of 14<sup>th</sup> Annual General Meeting.

### 2. Secretarial Audit

Pursuant to the provisions of Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. SVD & Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the year 2019-20. The Secretarial Audit Report is annexed herewith as 'Annexure IV'.

M/s. SVD & Associates, Practicing Company Secretaries has also submitted Secretarial Compliance Report as laid down in SEBI Circular CIR/CFD/CMD1/27/2019 dated 8th February 2019 and has also confirmed that the Company has complied with of all applicable SEBI Regulations and circulars / guidelines issued thereunder, for the Financial Year 2019-20, subject to the observations given therein.

### 3. SECRETARIAL STANDARDS

During the year under review, the Company has complied with Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013, to the extent applicable.

### 4. CERTIFICATE FROM PRACTICING COMPANY SECRETARY:

The Company has received a certificate from Mr. Sunny Warghade, Company Secretary confirming that none of the Directors on the Board of the Company have been debarred or disqualified by MCA or SEBI or any such statutory authority from being appointed / continuing as Director and the same is appended as 'Annexure VIII' to the Directors' Report.

## ACKNOWLEDGMENTS

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

For and on behalf of the Board of Directors

Place : Pune  
Date : 28<sup>th</sup> July, 2020

B.B. Hattarki  
Director  
DIN:00145710

M.U. Takale  
Director  
DIN:01291287

## 'ANNEXURE I' TO THE DIRECTORS' REPORT

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

Sr. No.	Particulars	Name of Director	Ratio
I.	The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year	25%	
II.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<b>Name of Director / KMP</b>	<b>Percentage +/- in the remuneration</b>
		Mr. J. G. Patwardhan * - C.E.O. & C.F.O. Mr. S.R. Kshirsagar * - Company Secretary	3.60% 5.00%
III.	The percentage increase in the median remuneration of employees in the financial year	NIL	
IV.	The number of permanent employees on the rolls of Company	NIL	
V.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	NIL	
		NIL	
VI.	Affirmation	The Board affirms that the remuneration is as per the Nomination and Remuneration policy of the Company.	
VII.	Statement showing the names of the top ten employees in terms of remuneration drawn and the names of every employee who - (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two Lakhs Rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lakhs Fifty Thousand Rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	No employee falls in this category.	

\* on deputation

The PBT for the Financial year ended March 31, 2020 increased by 32.55 %. Whereas average remuneration of KMPs increased by 4.30%

For and on behalf of the Board of Directors

Place : Pune  
Date : 28<sup>th</sup> July, 2020

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

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



## 'ANNEXURE II' TO THE DIRECTORS' REPORT

Form No. MGT - 9

(as at Financial Year ended 31<sup>st</sup> March, 2020)

### EXTRACT OF ANNUAL RETURN

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

#### I. REGISTRATION AND OTHER DETAILS

i	CIN	L65993PN2009PLC134021
ii	Registration Date	26 <sup>th</sup> May, 2009
iii	Name of the Company	BF Investment Limited
iv	Category / Sub-Category of the Company	Company limited by shares
v	Address of the Registered Office and contact details	Registered Office : Mundhwa, Pune Cantonment, Pune 411 036, Maharashtra, India. Phone : (020) 2672 5257 E-mail : secretarial@bfilpune.com Website : www.bfilpune.com
vi	Whether listed company	Yes
vii	Name, address and contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited, 'Akshay' Complex, Block No. 202, 2 <sup>nd</sup> Floor, Near Ganesh Temple, Off. Dhole Patil Road, Pune 411 001 Tel: +91(20) 2616 1629 / 2616 0084 Email: pune@linkintime.co.in

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

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

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

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

Sr. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Kalyani Steels Ltd. Pune Cantonment, Mundhwa, Pune - 411 036	L27104MH1973PLC016350	Associate	39.06	2(6)
2.	Kalyani Financial Services Ltd. Industry House, S.No.49, Opp. Kalyani Steels Ltd , Pune - 411 036	U65910PN1986PLC039645	Associate	49.00	2(6)
3.	Nandi Engineering Ltd. No. 1, Midford House, Midford Garden, Off M.G Road, Bangalore - 560 001	U85110KA1996PLC019618	Associate	40.00	2(6)
4.	KSL Holdings Pvt. Ltd. C/O Kalyani Steels Limited, Mundhwa, Pune - 411036	U65993PN2001PTC015938	Associate	42.52	2(6)
5.	Triumphant Special Alloys Pvt. Ltd (Formerly Carpenter Kalyani Special Alloys Pvt. Ltd.) 72-76 Mundhwa, Pune - 411036	U27106PN1998PTC012742	Associate	45.51	2(6)
6.	Synise Technologies Limited Omkar, Plot No. A - 8, Shivtirth Nagar, Kothrud Pune - 411038	U72200PN1997PLC112581	Associate	46.77	2(6)
7.	Meritor HVS (India) Ltd. Hootagalli Indl. Area off. Hansur Road, Mysore - 570018	U29221KA1998PLC023383	Joint Venture	48.99	2(6)
8.	Automotive Axles Ltd. Hootagalli Indl. Area off. Hansur Road, Mysore - 570018	L51909KA1981PLC004198	Joint Venture	35.52	2(6)

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

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

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 31 <sup>st</sup> March, 2019				No. of shares held at the end of the year i.e. 31 <sup>st</sup> March, 2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
(1) Indian									
a. Individual									
a) Individuals / Hindu Undivided Family	106934	8	106942	0.28	106942	0	106942	0.28	0.00
b) Central Government / State government(s)	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	27534034	0	27534034	73.10	27534034	0	27534034	73.10	0.00
d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(1)</b>	<b>27640968</b>	<b>8</b>	<b>27640976</b>	<b>73.38</b>	<b>27640976</b>	<b>0</b>	<b>27640976</b>	<b>73.38</b>	<b>0.00</b>
(2) Foreign									
a) Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>27640968</b>	<b>8</b>	<b>27640976</b>	<b>73.38</b>	<b>27640976</b>	<b>0</b>	<b>27640976</b>	<b>73.38</b>	<b>0.00</b>
<b>(B) Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds / UTI	1519	190	1709	0.00	1519	190	1709	0.00	0.00
b) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
c) Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
d) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
e) Foreign Portfolio Investor	641751	50	641801	1.70	374766	50	374816	0.99	(0.71)
f) Financial Institutions / Banks	165264	1704	166968	0.44	56940	1665	58605	0.16	(0.28)
g) Insurance Companies	160127	0	160127	0.42	160127	0	160127	0.42	0.00
h) Provident Fund / Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Any other (Specify)	98	0	98	0.00	98	0	98	0.00	0.00
<b>Sub-Total (B)(1)</b>	<b>968759</b>	<b>1944</b>	<b>970703</b>	<b>2.58</b>	<b>593450</b>	<b>1905</b>	<b>595355</b>	<b>1.58</b>	<b>(1.00)</b>
(2) Central Government/ state Government / President of India	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(3) Non-Institutions									
a) Individuals									
I) Individuals -i. Individual shareholders holding nominal share capital up to Rs.2 lakh	3739707	596870	4336577	11.51	3147284	562538	3709822	9.85	(1.66)
II) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	1029511	0	1029511	2.73	1079831	0	1079831	2.87	0.14
b) NBFCs registered with RBI	75668	0	75668	0.20	0	0	0	0	(0.20)
c) Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
d) Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others (Specify)									
- Trusts	344187	58074	402261	1.07	344127	58074	402201	1.07	0.00
- Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
- Hindu Undivided Family	270038	0	270038	0.72	215567	0	215567	0.57	(0.15)
- Non Resident Indian (Non Repat)	80368	3154	83522	0.22	54983	3368	58351	0.15	(0.07)
- Non Resident Indian (Repat)	44584	1841	46425	0.12	40746	1841	42587	0.11	(0.01)
- Overseas Bodies Corporates	350	0	350	0.00	350	0	350	0.00	0.00
- Clearing Members	94279	0	94279	0.25	16196	0	16196	0.04	(0.21)
- Bodies Corporate	1138416	1578902	2717318	7.21	2327670	1578722	3906392	10.37	3.16
<b>Sub-Total (B)(3)</b>	<b>6817108</b>	<b>2238841</b>	<b>9055949</b>	<b>24.04</b>	<b>7226754</b>	<b>2204543</b>	<b>9431297</b>	<b>25.03</b>	<b>0.99</b>
<b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2) +(B)(3)</b>	<b>7785867</b>	<b>2240785</b>	<b>10026652</b>	<b>26.62</b>	<b>7820204</b>	<b>2206448</b>	<b>10026652</b>	<b>26.62</b>	<b>0.00</b>
<b>Total (A)+(B)</b>	<b>35426835</b>	<b>2240793</b>	<b>37667628</b>	<b>100</b>	<b>35461180</b>	<b>2206448</b>	<b>37667628</b>	<b>100</b>	<b>0.00</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>									
(1) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>35426835</b>	<b>2240793</b>	<b>37667628</b>	<b>100</b>	<b>35461180</b>	<b>2206448</b>	<b>37667628</b>	<b>100</b>	<b>0.00</b>



**(ii) Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (1/4/2019)			Shareholding at the end of the year (31/3/2020)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1	Babasaheb Neelkanth Kalyani Promoter	7212	0.02	0.00	7212	0.02	0.00	0.00
2	Ajinkya Investment & Trading Company	10292103	27.32	0.00	10292103	27.32	0.00	0.00
3	Sundaram Trading & Investment Pvt Ltd	9793068	26.00	0.00	9793068	26.00	0.00	0.00
4	KSL Holdings Pvt Ltd	5054091	13.42	0.00	5054091	13.42	0.00	0.00
5	PIH Finvest Co Ltd	1424885	3.78	0.00	1424885	3.78	0.00	0.00
6	Jannhavi Investment Pvt Ltd	458514	1.22	0.00	458514	1.22	0.00	0.00
7	Rajgad Trading Co Pvt Ltd	151674	0.40	0.00	151674	0.40	0.00	0.00
8	Kalyani Consultants Pvt Ltd	149500	0.40	0.00	149500	0.40	0.00	0.00
9	Dandakaranya Investment & Trading Pvt Ltd	95000	0.25	0.00	95000	0.25	0.00	0.00
10	Campanula Investment & Finance Pvt Ltd	61389	0.16	0.00	61389	0.16	0.00	0.00
11	Cornflower Investment & Finance Pvt Ltd	41900	0.11	0.00	41900	0.11	0.00	0.00
12	Hastinapur Investment & Trading Pvt Ltd	6267	0.02	0.00	6267	0.02	0.00	0.00
13	Dronacharya Investment & Trading Pvt Ltd	5643	0.01	0.00	5643	0.01	0.00	0.00
14	Gaurishankar Neelkanth Kalyani	63779	0.17	0.00	63779	0.17	0.00	0.00
15	Amit Babasaheb Kalyani	28270	0.08	0.00	28270	0.08	0.00	0.00
16	Sunita Babasaheb Kalyani	4000	0.01	0.00	4000	0.01	0.00	0.00
17	Rohini Gaurishankar Kalyani	2000	0.01	0.00	2000	0.01	0.00	0.00
18	Dr Meera Kheny	700	0.00	0.00	700	0.00	0.00	0.00
19	Ashok Kumar Kheny	581	0.00	0.00	581	0.00	0.00	0.00
20	Sugandha Jai Hiremath	400	0.00	0.00	400	0.00	0.00	0.00
21	Sulochana Neelkanth Kalyani Jointly Mr.B. N. Kalyani	0	0.00	0.00	0	0.00	0.00	0.00
		<b>27640976</b>	<b>73.38</b>	<b>0.00</b>	<b>27640976</b>	<b>73.38</b>	<b>0.00</b>	<b>0.00</b>

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

Sr. No.	Particulars	Shareholding at the beginning of the year i.e. 01/04/2019		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Nil	Nil	Nil	Nil	Nil	Nil

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

Sr. No.	For each of the Top 10 Shareholders Name, date & reason of Change	Shareholding at the beginning of the year (01/04/2019)		Cumulative Shareholding at the end of the year (30/03/2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	KRUTADNYA MANAGEMENT AND TRADING SERVICES LLP As on 01-04-2019 As on 31-03-2020	1568600	4.16%	1568600	4.16%
2	POONAWALLA AVIATION PVT.LTD As on 01-04-2019	0	0.00%		
	21-06-2019	222968	0.59%	222968	0.59%
	29-06-2019	50729	0.13%	273697	0.73%
	05-07-2019	37144	0.10%	310841	0.83%
	12-07-2019	36162	0.10%	347003	0.92%
	19-07-2019	30710	0.08%	377713	1.00%
	26-07-2019	89894	0.24%	467607	1.24%
	02-08-2019	112840	0.30%	580447	1.54%
	09-08-2019	26175	0.07%	606622	1.61%
	16-08-2019	20771	0.06%	627393	1.67%
	23-08-2019	39120	0.10%	666513	1.77%
	30-08-2019	27341	0.07%	693854	1.84%
	06-09-2019	16054	0.04%	709908	1.88%
	13-09-2019	15144	0.04%	725052	1.92%
	20-09-2019	13704	0.04%	738756	1.96%
	27-09-2019	10704	0.03%	749460	1.99%
	11-10-2019	25260	0.07%	774720	2.06%
	18-10-2019	17751	0.05%	792471	2.10%
	15-11-2019	16560	0.04%	809031	2.15%
	22-11-2019	37861	0.10%	846892	2.25%
	29-11-2019	1432	0.00%	848324	2.25%
	06-12-2019	34936	0.09%	883260	2.34%
	13-12-2019	10006	0.03%	893266	2.37%
	20-12-2019	23017	0.06%	916283	2.43%
	27-12-2019	13540	0.04%	929823	2.47%
	03-01-2020	19253	0.05%	949076	2.52%
	10-01-2020	41992	0.11%	991068	2.63%

Sr. No.	For each of the Top 10 Shareholders Name, date & reason of Change	Shareholding at the beginning of the year (01/04/2019)		Cumulative Shareholding at the end of the year (30/03/2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	31-01-2020	17111	0.05%	1008179	2.68%
	07-02-2020	92545	0.25%	1100724	2.92%
	21-02-2020	139	0.00%	1100863	2.92%
	28-02-2020	55542	0.15%	1156405	3.07%
	06-03-2020	127201	0.34%	1283606	3.41%
	13-03-2020	61435	0.16%	1345041	3.57%
	20-03-2020	490	0.00%	1345531	3.57%
	27-03-2020	113768	0.30%	1459299	3.87%
	As on 31-03-2020			1459299	3.87%
3	VIJAY BALKRISHNA PUSALKAR				
	As on 01-04-2019	740325	1.97%		
	05-04-2019	94104	0.25%	834429	2.22%
	12-04-2019	123526	0.33%	957955	2.54%
	19-04-2019	47376	0.13%	1005331	2.67%
	As on 31-03-2020			1005331	2.67%
4	ACACIA INSTITUTIONAL PARTNERS, LP				
	As on 01-04-2019	230545	0.61%		
	As on 31-03-2020			230545	0.61%
5	FINOLEX CABLES LTD.				
	As on 01-04-2019	168750	0.45%		
	As on 31-03-2020			168750	0.45%
6	THE ORIENTAL INSURANCE COMPANY LIMITED				
	As on 01-04-2019	160127	0.43%		
	As on 31-03-2020			160127	0.43%
7	KALYANI EXPORTS & INVESTMENTS PVT.LTD.				
	As on 01-04-2019	145250	0.39%		
	As on 31-03-2020			145250	0.39%
8	ABOLI INVESTMENT PVT LTD				
	As on 01-04-2019	136900	0.36%		
	As on 31-03-2020			136900	0.36%
9	SPDR S AND P EMERGING MARKETS ETF				
	As on 01-04-2019	111638	0.30%		
	05-04-2019	1184		112822	
	12-04-2019	1152		113974	
	17-05-2019	-2465		111509	
	07-06-2019	-1160		110349	
	14-06-2019	-870		109479	
	26-07-2019	-1450		108029	
	16-08-2019	-1595		106434	
	23-08-2019	-1885		104549	
	27-09-2019	-2205		102344	
	04-10-2019	2880		105224	
	01-11-2019	1008		106232	
	08-11-2019	1008		107240	
	15-11-2019	2880		110120	
	29-11-2019	1728		111848	
	13-12-2019	1728		113576	
	20-12-2019	1440		115016	
	27-12-2019	8804		123820	
	10-01-2020	5282		129102	
	17-01-2020	2224		131326	
	24-01-2020	3753		135079	
	13-03-2020	-1120		133959	
	20-03-2020	-980		132979	
	31-03-2020	1228		134207	
	As on 31-03-2020			134207	0.36%
10	SOMNATH BALAJI NAIK				
	As on 01-04-2019	74500	0.20%		
	As on 31-03-2020			74500	0.20%

- Note :
1. Paid up Share Capital of the Company (Face Value Rs. 5.00) at the end of the year is 37667628 Shares.
  2. The details of holding has been clubbed based on PAN.
  3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

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

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year i.e. 01/04/2019		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the Beginning of the year	28283	0.08		
1	Mr. A. B. Kalyani	28270	0.08	-	-
2	Mr. B. B. Hattarki	0	0.00	-	-
3	Mr. M. U. Takale	0	0.00	-	-
4	Ms. A. A. Sathe	0	0.00	-	-
5	Mr. S. G. Joglekar	200	0.00	-	-
6	Mr. B. S. Mitkari	0	0.00	-	-
7	Mr. J. G. Patwardhan	0	0.00	-	-
8	Mr. S. R. Kshirsagar	13	0.00	-	-
	At the end of the year				
1	Mr. A. B. Kalyani	-	-	28270	0.08
2	Mr. B. B. Hattarki	-	-	0	0.00
3	Mr. M. U. Takale	-	-	0	0.00
4	Ms. A. A. Sathe	-	-	0	0.00
5	Mr. S. G. Joglekar	-	-	200	0.00
6	Mr. B. S. Mitkari	-	-	0	0.00
7	Mr. J. G. Patwardhan	-	-	0	0.00
8	Mr. S. R. Kshirsagar	-	-	13	0.00
	At the end of the year	-	-	28283	0.08

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment: None.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration of Managing Director, Whole-time Directors and / or Manager:**

Nil

**B. Remuneration to other Directors:**

Information on remuneration paid to Directors for the year ended 31<sup>st</sup> March, 2020.

Name of the Director	Relationship with other Directors	Sitting Fees ₹	Salary and Perquisites	Commission Proposed & payable*	Total ₹
Mr. A. B. Kalyani	None	30,000	N.A.	12,250,000	12,280,000
Mr. B. B. Hattarki	None	30,000	N.A.	7,50,000	7,80,000
Mr. M. U. Takale	None	35,000	N.A.	7,50,000	7,85,000
Ms. A. A. Sathe	None	15,000	N.A.	7,50,000	7,65,000
Mr. S. G. Joglekar	None	25,000	N.A.	7,50,000	7,75,000
Mr. B. S. Mitkari	None	35,000	N.A.	7,50,000	7,85,000

\* After approval of accounts in the ensuing Annual General Meeting

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

Amount in ₹ Mln.s

	Particulars of Remuneration	Mr. S.R. Kshirsagar* Company Secretary	Mr. J.G. Patwardhan* C.E.O. & C.F.O.	Total Amount
1.	Gross Salary	}		
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961			
b)	Value of perquisites under Section 17(2) of the Income Tax Act, 1961			
c)	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity	1.354	4.354	5.708
4.	Commission - As % profit - Others, specify	}		
5.	Others, please specify (Company's contribution towards Provident Fund and Superannuation)			
	Total**	1.354	4.354	5.708

\* on deputation

\*\* Represents amounts paid to employer in respect of Key Management Personnel on deputation.

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

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

For and on behalf of the Board of Directors

Place : Pune  
Date : 28<sup>th</sup> July, 2020

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

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

## 'ANNEXURE III' TO THE DIRECTORS' REPORT

### THE NOMINATION AND REMUNERATION POLICY

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

(Revised w.e.f. April 1, 2019)

Document Title	Nomination And Remuneration Policy of BF Investment Limited
Originally Framed	October 29, 2015
Last Revision Date	February 13, 2016
Current Revision Date	April 1, 2019
Authority approving the Policy	Board of Directors

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

#### 1. OBJECTIVE

This Policy has been formulated in terms of provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations"). The Key Objectives of the Committee would be:

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

#### 2. DEFINITIONS

- 2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. Board means Board of Directors of the Company.
- 2.3. Directors mean Directors of the Company.
- 2.4. Key Managerial Personnel (KMP) means
  - a. Chairman
  - b. Whole time Directors;
  - c. CEO
  - d. Chief Financial Officer; and
  - e. Company Secretary;
- 2.5. Senior Management means officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the "chief executive officer/Chairman /whole time director/manager (including chief executive officer/manager", in case they are not part of the board) and shall specifically include company secretary and chief financial officer:"

The terms used in this Policy but not defined shall have the meaning assigned to such terms in the Act and the Regulations.

#### 3. ROLE OF COMMITTEE

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

The Committee shall:

- 3.1.1. Determine size and composition of the Board to ensure that it is structured to make appropriate decision, with a variety of prospective and skills, in the best interest of the Company as a whole;

- 
- 3.1.2. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
  - 3.1.3. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
  - 3.1.4. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
  - 3.1.5. Formulate the criteria for evaluation of performance of independent directors and Board of Directors.
  - 3.1.6. Determine whether to extend or continue the term of appointment of independent directors, on the basis of the report of performance evaluation of "Independent Directors".
  - 3.1.7. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

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

#### **3.2.1. Appointment criteria and qualifications**

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

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

- a) Chairman /Whole-time Director:  
The Company shall appoint or re-appoint any person as its Executive Chairman, or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) Independent Director:  
An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

#### **3.2.3. Evaluation**

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

#### **3.2.4. Removal**

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

#### **3.2.5. Retirement**

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

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

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

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration, performance incentive and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the resolutions passed by the Board of Directors and / or shareholders in the general body meeting and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- e) In case any difficulty or doubt arises in the interpretation or implementation of this Policy, the decision of the Chairman of the Company shall be final. In exceptional circumstances, the Chairman shall be authorized to exercise functions vested in the committee in so far as these relate to Key Managerial Personnel covered under Clauses 2.4.3, 2.4.4 and the Senior Management; provided however that such actions taken by the Chairman shall be placed before the Committee for ratification in the succeeding meeting.

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

a) **Fixed pay:**

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

b) **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and /or as approved by the shareholders by a Special Resolution.

c) **Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by shareholders as provided in the Act.

#### **3.3.3. Remuneration to Non- Executive / Independent Director:**

a) **Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Act.

b) **Sitting Fees:**

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



c) **Commission:**

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

**4. MEMBERSHIP**

- 4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 4.2 Either two (2) members or one third (1/3) of the members of the committee, whichever is greater, with at least one Independent Director shall constitute a quorum for the Committee meeting.
- 4.3 Membership of the Committee shall be disclosed in the Annual Report.
- 4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

**5. CHAIRPERSON**

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

**6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at least once in a year.

**7. COMMITTEE MEMBERS' INTERESTS**

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

**8. SECRETARY**

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

**9. VOTING**

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

**10. NOMINATION DUTIES**

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

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

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## 11. REMUNERATION DUTIES

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

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

## 12. MINUTES OF COMMITTEE MEETING

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

For BF Investment Limited

Place : Pune  
Date : 1<sup>st</sup> April, 2019

J. G. Patwardhan  
CEO & CFO

## 'ANNEXURE IV' TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2020

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

and

Pursuant to Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

To,

The Members,  
BF Investment Limited,  
Mundhwa, Pune Cantonment  
Pune-411036  
CIN: L65993PN2009PLC134021

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March 2020** complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31<sup>st</sup> March 2020** according to the provisions of:

- (i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not applicable to the Company during the Audit Period**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not applicable to the Company during the Audit Period**);
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014(**Not applicable to the Company during the Audit Period**);
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the company during the Audit Period**);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(**Not applicable to the Company during the Audit Period**); and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not applicable to the Company during the Audit Period**);
- (vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/industry are:
  - (a) The Reserve Bank of India Act, 1934 (Applicable to the extent being a Core Investment Company).

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

- (i) Secretarial Standards issued by 'The Institute of Company Secretaries of India'; and
- (ii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") including any amendments thereto.

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

- I. *The Company has not attached form AOC-1 to the Director's Report as prescribed by the first proviso to Sub-section 3 of Section 129 of the Act read with Rule 5 Companies (Accounts) Rules, 2014.*
- II. *The Company has spent Rs. 50,00,000/- towards educational initiative being a CSR spend during the year. The Company has paid an advance of Rs.7,35,000/- for health care expenses being balance CSR spend which got completed in April - May 2020.*

*As required under respective Regulations of LODR:*

- a. *The Disclosure of Related party Transactions for the half year ended 30<sup>th</sup> September, 2019 was submitted to the stock Exchanges beyond the time period prescribed under Sub-regulation 9 of Regulation 23 of LODR.*
- b. *The Audited Consolidated Financial statements for the quarter and year ended on 31<sup>st</sup> March, 2019 were submitted to the Stock Exchanges beyond the time period prescribed under Regulation 33 of LODR.*
- c. *The Consolidated Financial Results along with the limited review report for the quarter ended on 31<sup>st</sup> December, 2019 were submitted to the Stock Exchanges beyond the time period prescribed under Regulation 33 of LODR.*
- d. *The Copy of the Annual Report for the year ended 31<sup>st</sup> March, 2019, required to be submitted to the stock exchange during the period under review, in terms of Regulation 34 of LODR, was submitted beyond the time prescribed under the said Regulation .*
- III. *SEBI Circular No. CIR/CFD/CMD-1/142/2018 dated 20.11.2018 requires that, if any listed entity does not submit its financial results in accordance with the timelines specified in Regulation 33 of LODR, the listed entity shall disclose detailed reasons for such delay to the stock exchanges within one working day of the due date of submission for the results. However the Company has not submitted the reasons for delay in submission of consolidated financial results for the quarter and year ended 31<sup>st</sup> March, 2019 and for the quarter ended 31<sup>st</sup> December, 2019.*

**We further report that,**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further, in the incidences where, for the purpose of any Board or Committee Meeting, notice, agenda or notes to agenda are circulated with shorter period of less than seven days, all the Directors including Independent Directors have consented to the shorter period of circulation of the same.

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

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

**We further report that** during the Audit period there are no specific events / actions having a major bearing on the company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.

For SVD & Associates  
Company Secretaries

Sridhar G. Mudaliar  
Partner

FCS No: 6156

C P No: 2664

UDIN: F006156B000519009

Place: Pune

Date: July 28, 2020

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

To,  
Members,

BF Investment Limited  
Mundhawa, Pune Cantonment,  
Pune- 411036  
CIN: L65993PN2009PLC134021

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

**Management's Responsibility**

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

**Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. We have also relied on the documents and evidences provided on email to us, in view of the prevailing Pandemic situation of COVID-19
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

**Disclaimer**

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

For SVD & Associates  
Company Secretaries

Sridhar G. Mudaliar  
Partner  
FCS No: 6156  
C P No: 2664

Place: Pune  
Date: July 28, 2020

## 'ANNEXURE V' TO THE DIRECTORS' REPORT

### Secretarial compliance report of BF Investment Limited for the year ended 31<sup>st</sup> March, 2020

To,

BF Investment Limited  
Mundhwa, Pune Cantonment  
Pune - 411036

We SVD & Associates have examined:

- a) all the documents and records made available to us, either physically or by way of email in view of the prevailing Pandemic situation of COVID -19 and explanation provided by BF Investment Limited ("the Listed entity"),
- b) the filings/ submissions made by the Listed entity to the stock exchanges,
- c) website of the Listed entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31<sup>st</sup> March, 2020 ("Review Period") in respect of compliance with the provisions of:
  - a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR");
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Listed entity during the Review Period);
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Listed entity during the Review Period);
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Listed entity during the Review Period);
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Listed entity during the Review Period);
- g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not applicable to the Listed entity during the Review Period);
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations");
- i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- j) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and circulars/ guidelines issued thereunder.

And based on the above examination, we hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued there under except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations / circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.	Sub-regulation (9) of Regulation 23 of the LODR requires the Listed entity to submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions.	Standalone financial results for the quarter ended 30.09.2019 were published in a newspaper on 15.11.2019 and disclosure of Related party as per Sub-regulation (9) of Regulation 23 was given on 25.12.2019 being done with delay for about ten days beyond the time period prescribed.	The disclosure as required under Sub-regulation (9) of Regulation 23 of LODR for half year ended 30th September, 2019 was given after the time prescribed under this Regulation. The listed entity shall ensure necessary compliance within due time
2.	Sub-Regulation 2 of Regulation 27 of LODR requires the Listed entity to submit a quarterly compliance report on corporate governance in the format as specified by the Board from time to time to the recognised stock exchange(s).	The designation of a Director in the Corporate Governance Report submitted by the Listed entity to the BSE for the quarter ended 31.12.2019 was mentioned incorrectly.	The listed entity shall ensure that the Corporate Governance Report, submitted under Sub-Regulation (2) of Regulation 27 of LODR, mentions the correct designation of the Director.
3.	<p>Compliance Requirement of Clause (a), Clause (b) and clause (d) of Sub regulation (3) of Regulation 33 of LODR require as follows -</p> <p>Clause (a) -The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within forty-five days of end of each quarter, other than the last quarter.</p> <p>Clause (b) -In case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial results. To be read with BSE Circular LIST/COMP/30/2019-20 dated 26.09.2019</p> <p>Clause (d) - The listed entity shall submit Annual audited standalone financial results for the financial year, within sixty days from the end of the financial year along with the audit report and Statement on Impact of Audit Qualifications applicable only for audit report with modified opinion. Provided that if the listed entity has subsidiaries, it shall, while submitting annual audited standalone financial results also submit annual audited consolidated financial results along with the audit report and Statement on Impact of Audit Qualifications applicable only for audit report with modified opinion. Provided further that, in case of audit reports with unmodified opinion(s), the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results.</p>	<p>i. Due date for submission of consolidated financial results for the quarter 31.12.2019 was 14.02.2019 and the same submitted to Stock Exchange on 20.02.2020 being done beyond the time period as prescribed.</p> <p>ii. Due date for submission of consolidated financial results for the year ended 31.03.2019 was 30.05.2019 and the same submitted to Stock Exchange on 31.07.2019 being done beyond the time period as prescribed.</p>	The Listed entity has submitted consolidated financial results for the year ended 31.03.2019 and for quarter ended 31.12.2019 after the time prescribed under clause (a) and (d) of Sub-Regulation (3) of Regulation 33 of LODR respectively.. The listed entity shall ensure necessary compliance within due time.



Sr. No.	Compliance Requirement (Regulations / circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
4.	Clause (a) of Sub Regulation (1) of Regulation 34 requires the Listed entity to submit to the Stock exchange a copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later than the day of commencement of dispatch to its shareholders.	Dispatch of Annual Report and Notice to shareholders commenced on 03.09.2019 however Annual Report is submitted to Stock Exchange on 05.09.2019 being done beyond the time as prescribed.	The Copy of Annual Report is submitted to Stock Exchange after the prescribed time as per Clause (a) of Sub Regulation (1) of Regulation 34 of the LODR. The listed entity shall ensure necessary compliance within due time.
5.	SEBI Circular No. CIR/CFD/CMD-1/142/2018 dated 20.11.2018 requires that, if any listed entity does not submit its financial results in accordance with the timelines specified in Regulation 33 of Listing Regulations, the listed entity shall disclose detailed reasons for such delay to the stock exchanges within one working day of the due date of submission for the results as required under Regulation 33.	The Listed entity has not submitted to the Stock Exchange the detailed reasons for delay in submission of the results for the quarter and year ended 31 <sup>st</sup> March, 2019 and for the quarter ended 31 <sup>st</sup> December, 2019.	The listed entity needs to ensure compliance with SEBI Circular No. CIR/CFD/CMD-1/142/2018 dated 20.11.2018 and shall disclose detailed reasons for delay submission for the results as required under Regulation 33 to the stock exchanges within one working day of the due date of submission for the results as required under Regulation 33.

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued there under insofar as it appears from our examination of those records.
- (c) The Listed entity has suitably included the conditions as mentioned in clause 6(A) and 6(B) of the SEBI circular No. CIR/CFD/CM D1/114/2019 dated October 18, 2019 in the terms of appointment of Statutory Auditor of the Listed entity.
- (d) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges(including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any
1.	National Stock Exchange of India Ltd. (NSE)	NSE vide notice dated 15.10.2019 regarding Non-Compliance of Listing Regulation 34- for delay in submission of Annual Report for the Financial Year ended 31.03.2019.	Fine imposed of Rs. 2,360/-	The Listed entity has duly paid the said fine. However the same was waived by the Stock Exchange subsequently.
2.	NSE	NSE vide clarification dated 13.01.2020 observed that The designation of one of the Directors of the Listed entity was incorrectly reported in the Corporate Governance report for the quarter ended 31.12.2019.	Clarification sought for by NSE	The Listed entity has submitted the revised copy of the Corporate Governance Report for the quarter ended 31 <sup>st</sup> December, 2019.
3.	BSE Limited (BSE)	BSE vide notice dated 11.02.2020 observed Discrepancies in standalone Financial Results for the Quarter ended 31.12.2019 that the Financial Result were not as per NBFC (Division III) Format.	BSE advised Revised filing to be done in the proper format	The Listed entity has submitted the revised copy of the Financial results.

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any
4.	BSE	BSE vide Notice dated 03.03.2020 observed Late Submission of financial results for the Quarter ended 31.12.2019 pursuant to Regulation 33 of LODR.	Fine imposed of Rs. 17,700/-	The Listed entity has duly paid the said fine.
5.	NSE	NSE vide notice dated 03.03.2020 observed Non-compliance of Listing Regulation 33 of LODR for the Quarter ended 31.12.2019.	Fine imposed of Rs. 23,600/- paid the said fine.	The Listed entity has duly

(e) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended.... (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	The audited consolidated financial statements and financial results for the review period were submitted to Stock Exchanges beyond the time period prescribed.	2018-19	The Listed entity has complied with the filing under the said regulation. However the same is done with beyond the prescribed time.	The Listed entity continued to submit the consolidated financial results with delay for the quarter and year ended 31.03.2019 and for the quarter ended 31.12.2019 for this Review period as well.
	For the purpose of implementation of system-driven disclosures under Regulation 7(2) of PIT Regulations specifically, the listed entity has not provided information of identified directors and employees to the depository(ies) within 15 days as directed by the said SEBI circular (SEBI circular SEBI/HO/CFD/DCR1/CIR/P/2018/85 dated 28 <sup>th</sup> May, 2018).	2018-19	The Listed entity has complied with the filing under the said regulation. However the same is done with beyond the prescribed time.	No comments required since the listed entity has made necessary disclosure though it was beyond prescribed time.

For SVD & Associates  
Company Secretaries

Sridhar G. Mudaliar  
Partner  
FCS No: 6156  
C P No: 2664  
UDIN: F006156B000519011

Place: Pune  
Date: 28.07.2020

## 'ANNEXURE VI' TO THE DIRECTORS' REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

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

CSR policy is available on the website of the Company [www.bfilpune.com](http://www.bfilpune.com).

2. The Composition of the CSR Committee:

Mr. B. B. Hattarki - Chairman

Mr. A. B. Kalyani - Committee Member

Mr. M. U. Takale - Committee Member

3. Average net profit of the company for last three financial years : Rs.259,003,390/-
4. Prescribed CSR Expenditure (two percentage of the amount as in item 3 above) : Rs.51,80,100/-
5. Details of CSR spent during the Financial Year:
  - (a) Total amount to be spent for the financial year : Rs.51,80,100/-
  - (b) Amount unspent , if any; : Rs.10,778,600/- (FY 2019-20)
  - (c) Manner in which the amount spent during the Financial Year is detailed below:

(Amount in Rs.)

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or activity Identified	Sector in which the Project is covered	Projects or Programme (1) Local area of other (2) Specify the State and district where project or programme was undertaken	Amount outlay (budget) Project or program wise	Amount spent on the projects or programme sub heads L (1) Direct expenditure on projects or programmes (2) overheads	Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
				₹	₹	₹	₹
1	Educational	-	-	-	50,00,000/-	-	Implementing agency
2	Health care				*	-	Implementing agency

\*Committed Expenditure Rs.1,470,000/-during the year. Project completed in May2020.

In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: *The Company has identified the areas and the projects for spending the amounts allocated for CSR activities for FY 2019-20.* The Company had planned for CSR activities in the month of March, 2020 and had paid advance for the same before 31/03/2020. However, due to Covid-19, the CSR activities could not be completed before 31/03/2020. The CSR activity was completed and amounts were fully expended in April - May, 2020.

6. CSR Committee has hereby confirmed that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and Policy of the Company.

Place : Pune  
Date : 28<sup>th</sup> July, 2020

B.B. Hattarki  
Chairman CSR Committee  
DIN:00145710

M.U. Takale  
Director  
DIN:01291287

## 'ANNEXURE VII' TO THE DIRECTORS' REPORT

### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

[Pursuant to first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 - Form AOC - 1]

#### Part "A": Subsidiaries: -

The Company does not have subsidiaries

#### Part "B": Associates and Joint Ventures : -

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr.	Name of Associates / Joint Ventures	Kalyani Steels Ltd.	Kalyani Financial Services Ltd.	Nandi Engineering Ltd.	KSL Holdings Pvt. Ltd.	Triumphant Special Alloys Pvt. Ltd	Synise Technologies Limited	Meritor HVS (India) Ltd.	Automotive Axles Ltd.
1	Date of the latest audited Balance Sheet	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2020
2	Shares of Associates / Joint Ventures heldby the Company on the year end								
	No.	17,052,421	2,940,000	25,000	32,999,000	3,195,397	1,131,793	1,190,694	5,367,803
	Amount of Investment in Associates / Joint Ventures	Rs. 309.574 Mln. #	Rs.47.884 Mln. #	Rs.1/- #	Rs. 329.990 Mln. #	Rs.4.761 Mln. #	Rs.1/- #	Rs. 11.907 Mln. #	Rs.260.687 Mln. #
	Extent of holding %	39.06	49.00	40.00	42.52	45.51	46.77	48.99	35.52
3	Description of how there is significant influence	Associate	Associate	Associate	Associate	Associate	Associate	Joint Venture	Joint Venture
4	Reason why the associates / joint ventures is not consolidated	Not applicable	Not applicable	See note below. *	Not applicable	Not applicable	See note below. *	Not applicable	Not applicable
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs. 3815.81 Mln.	Rs.581.44 Mln	-*	Rs.1,084.73 Mln	Rs. 5.56 Mln.	-*	Rs. 842.57 Mln	Rs. 2021.14 Mln.
6	Profit/Loss for the year								
	i) Considered in Consolidation	Rs. 523.716 Mln	Rs. 1.705 Mln	-*	Rs. 1,288.037 Mln	Rs 0.231 Mln	-*	Rs.219.667 Mln	Rs 146.108 Mln
	ii) Not Considered in Consolidation	Rs. 817.083 Mln	Rs. 1.775 Mln	-*	Rs. 1,741.312 Mln	Rs. 0.276 Mln	-*	Rs. 228.633 Mln	Rs. 265.232 Mln

Note : \*-Companies not considered for consolidation in view of Brought forward losses.

# As Per Historical cost. (IGAAP)

For and on behalf of the Board  
BF Investment Limited

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

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

**S. R. Kshirsagar**  
Company Secretary  
PAN : AWUPK4403D

**J.G.Patwardhan**  
CEO/CFO  
PAN : AEAPP5559B

Place : Pune  
Date : July 28, 2020

## 'ANNEXURE VIII' TO THE DIRECTORS' REPORT

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To, The Members of  
BF Investment Limited  
Mundhwa,  
Pune Cantonment,  
Pune - 411 036

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of BF Investment Limited having CIN L65993PN2009PLC134021 and having registered office at Mundhwa, Pune Cantonment, Pune - 411 036 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	AMIT BABASAHEB KALYANI	00089430	26/05/2009
2	BHALCHANDRA BASAPPA HATTARKI	00145710	26/05/2009
3	MADAN UMAKANT TAKALE	01291287	05/03/2010
4	AARTI ARUN SATHE	06925030	31/03/2015
5	SANJEEV GAJANAN JOGLEKAR	00073826	01/04/2019
6	BHALCHANDRA SHANKAR MITKARI	03632549	01/04/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune  
Date : 28<sup>th</sup> July, 2020

Signature:  
Name: Sunny Arun Warghade  
Membership No.: 30072  
CP No.: 11426,  
UDIN: A030072B000513896

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN): L65993PN2009PLC134021
2. Name of the Company: BF Investment Limited
3. Registered address: Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India
4. Website: www.bfilpune.com
5. E-mail id: secretarial@bfilpune.com
6. Financial Year reported: 2019 -20
7. Sector(s) that the Company is engaged in (industrial activity code-wise):  
BF Investment Limited is in the business of Investment and financing and is a core investment company.

*Industrial Group	Description
N.A.	Investment and Financing

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

Sr. No.	Name and Description of main products/services
1	Investment and Financing

9. Total number of locations where business activity is undertaken by the Company:
  - (a) Number of International Locations (Provide details of major 5):  
NIL
  - (b) Number of National Locations:  
Mundhwa Pune 411036 , Maharashtra State.
10. Markets served by the Company - Local/State/National/ International:  
Local market in India.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital: Rs.18.83 Crores
2. Total Turnover: Rs.71.86 Crores
3. Total Profit after Taxes: Rs.58.51 Crores
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):  
The Company has spent Rs. 50,00,000/- towards educational initiative being a CSR spend during the year. The Company has paid an advance of Rs.7,35,000/- for health care expenses before 31.03.2020. Balance work was delayed due to COVID - 19 and got completed in April - May 2020.
5. List of activities in which expenditure in 4 above has been incurred:
  - A. educational initiative
  - B. Healthcare initiative

### SECTION C: OTHER DETAILS

1. Subsidiary Company/Companies  
The Company does not have any subsidiary as on March 31, 2020.
2. Participation of Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).  
NA
3. Participation of any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]  
No, other entities with whom the Company does business with viz. suppliers, distributors etc. do not participate in the BR initiatives of the Company.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### (a) Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN : 00089430  
 Name : Mr. A. B. Kalyani  
 Designation : Director

#### (b) Details of the BR head

Sr. No.	Particulars	Details
1	DIN	00089430
2	Name	Mr. A. B. Kalyani
3	Designation	Director
4	Telephone Number	+91 20 26725000
5	E-mail Id	secretarial@bfilpune.com

### 2. Principle-wise (as per NVGs) BR Policy/policies?

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as under:

- P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 - Businesses should promote the well-being of all employees.
- P4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 - Businesses should respect and promote human rights.
- P6 - Businesses should respect, protect and make efforts to restore the environment.
- P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 - Businesses should support inclusive growth and equitable development.
- P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

#### (a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement and CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for	Y	NA	Y	N	N	N	N	Y	N
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	NA	N	NA	NA	N.A	NA	N	NA
3	Does the policy conform to any national/international standards? If yes, specify?	The policies are in line with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board of Directors?	The mandatory Polices under Indian laws and regulations have been adopted by the Board and signed by the Director.								



5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	The Company has a well-established internal governance structure to ensure implementation of various policies. We review the implementation of policies through our internal audit, risk management process, monitoring of KPI's in-line with established Policies.
6	Indicate the link for the policy to be viewed online?	Mandatory Policies viz. CSR Policy, Insider Trading Policy, Code of Conduct are available on Company's website. All other policies are available at the Registered Office.
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. Policies are communicated to internal stakeholders and the same are available at the Registered Office. Wherever required, the Policies are also communicated to our external stakeholders and are made available on Company's website.
8	Does the Company have in-house structure to implement the policy/policies?	Yes. We have an in-house structure with clearly defined roles and responsibilities which periodically reviews implementation of various policies under the aegis of Internal Risk Management Framework, Internal Audits and review of KPI's at various levels of management.
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes. Each of the Policies formulated by the Company have an in-built grievance and redressal mechanism.
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments where ever required.

(b) If answer to the question at serial number 1 against any principle is 'No', please explain why: (Tick upto 2 options)

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	This clause is not applicable considering nature of business.				-	The Company is always responsive to its customer needs.

### 3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR Performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year.

Annually.

(b) Does the Company publish a BR or a Sustainability Report? What is hyperlink for viewing this report? How frequently it is published ?

No.

#### SECTION E: PRINCIPLE-WISE PERFORMANCE

**Principle1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?

Yes. It extends to outside Company to the extent applicable.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year under review, the Company has not received any complaint under the investigation mechanism.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

Considering nature of our business, these clauses are not applicable.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

5. Does the Company have a mechanism to re-cycle products and waste? If yes, what is the percentage of re-cycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Considering nature of business, these clauses 2, 3, 4 and 5 are not applicable.

**Principle 3: Businesses should promote the well-being of all employees**

1. Please indicate the total number of employees

Total number of employees: on deputation 2

2. Please indicate the total number of employees hired on temporary/contractual/casual basis:

Total number of employees hired on temporary/contractual/ casual basis: NIL

3. Please indicate the number of permanent women employees:

Number of permanent women employees: Nil

4. Please indicate the number of permanent employees with disabilities:

Number of permanent employees with disabilities: NIL

5. Do you have an employee association that is recognized by Management?

No.

6. What percentage of your permanent employees is members of this recognised employee association?

N.A.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as at the end of the financial year

Sr.No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/ Involuntary labour	Nil	Nil
2.	Sexual Harassment	Nil	Nil
3.	Discriminatory Employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

- Permanent Employees- NIL
- Permanent Women Employees- NIL
- Casual/Temporary/Contractual Employees- NIL
- Employees with Disabilities- NIL

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

NIL

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders ? If so, provide details thereof, in about 50 words or so.

NIL

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint

Ventures/Suppliers/Contractors/NGOs/Others?

The Company does not have a stated Human Rights Policy.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Except to the extent specifically stated elsewhere in Annual Report, during the year under review, the Company has not received any complaint from any stakeholders.

**Principle 6: Businesses should respect, protect and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?

N.A.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Yes/No If yes, please give hyperlink for webpage etc.

N.A.

3. Does the Company identify and assess potential environmental risks? Y/N

N.A.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

N.A.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

N.A.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

N.A.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of the Financial Year.

NIL

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your Company is a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

No.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

N.A.

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

The Company has CSR Policy. Please refer to Section B - 4 and 5.

2. Are the programmes/projects undertaken through inhouse team/own foundation/external NGO/ government structures/any other organization?

The Company has undertaken CSR programmes through inhouse team.

3. Have you done any impact assessment of your initiative?

No.

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The Company is evaluating various areas/projects.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

N.A.

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**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/consumer cases are pending as on the end of Financial Year.

NIL

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

N.A.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as at the end of Financial Year. If so, provide details thereof, in about 50 words or so.

No.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

No.

## INDEPENDENT AUDITORS' REPORT

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To the Members of BF Investment Limited

Report on the Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements

### Opinion

We have audited the standalone Ind AS financial statements of BF Investment Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, hereinafter referred to as 'the standalone Ind AS financial statements'.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs of the Company as at 31st March 2020, and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matter.** The company has unsecured loans given Rs. 189.51 millions, net of Rs. 86.9 millions impairment provision as at 31st March 2020 (Refer Note No. 4 in the Financial Statements). Since this is a NBFC, & giving of loans is a usual activity, we have suggested that a written Policy should be made regarding criteria & methodology of giving loans & determining the impairment, if any, of these loans. We draw the attention to Note 1A regarding the Company's Accounting Policy on Financial Instruments.

**Response to Key Audit Matter :** Audit procedures carried out by auditors : We have obtained the balance confirmations as at 31<sup>st</sup> March 2020 from the borrowers, other than those which have been fully provided as impaired.

We have considered the above mentioned factors appropriately in the work that we have performed and the evidence that we have obtained.

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report to the members & Annexures thereto and the Corporate Governance Report, but does not include the standalone Ind AS financial statements and our Auditor's report thereon. These reports are yet to be made available to us and are expected to be made available to us after the date of our audit report. Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the said reports after they are made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the standalone Ind AS financial position, standalone Ind AS financial performance, standalone Ind AS changes in equity and standalone Ind AS cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies, if any, in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 45 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/S P.G. BHAGWAT  
Chartered Accountants  
Firm's registration No. 101118W

Sanjay Athavale  
Partner

Membership No. 83374

UDIN : 20083374AAAACH3569

Pune : 30 June 2020

## "ANNEXURE A" TO AUDITORS' REPORT

### ANNEXURE A TO THE AUDITORS' REPORT

(Referred to in our above Independent Auditor's Report of even date to the members of BF Investment Limited on the financial statements for the year ended March 31, 2020)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. The frequency of such verification is reasonable. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the fixed assets.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties as disclosed in Note No. 9 to the standalone Ind AS financial statements, are held in the name of the company, except for the buildings, regarding which, as informed to us, the title is as yet being obtained in the name of the company as the process of completing the required legal formalities is in progress.
- (ii) As explained to us, the Company did not hold any physical inventories during the financial year covered by this report. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans in contravention of Section 185 of the Companies Act, 2013. The Company has complied with the provisions of Section 186 of the Act, with respect to the loans and guarantees given, securities provided or investments made.
- (v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed, thereunder.
- (vi) Requirement to maintain cost records under sub-section (1) of Section 148 of the Companies Act, 2013, does not apply to the Company.
- (vii) (a) According to the records of the Company, the Company was found to be regular in depositing undisputed statutory dues applicable to it, including income tax, GST, service tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, do not apply to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, GST and any other statutory dues were outstanding as at 31st March, 2020, for a period of more than six months from the date those became payable.
  - (b) According to the records of the Company, there are no dues of income tax or service tax or GST, which have not been deposited on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) Based upon the audit procedures performed and the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Managerial remuneration for the year has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the records of the Company and according to the information and explanations given to us, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013

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wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) As informed to us, the company is not required to obtain Certificate of Registration under Section 45-IA of the Reserve Bank of India Act, 1934.

**For M/S P.G. BHAGWAT**  
Chartered Accountants  
Firm's registration No. 101118W

**Sanjay Athavale**  
Partner  
Membership No. 83374  
UDIN : 20083374AAAACH3569

Pune : 30 June 2020

## "ANNEXURE B" TO AUDITORS' REPORT

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

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

We have audited the internal financial controls with reference to financial statements of BF Investment Limited ("the Company") as of 31st March, 2020, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

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

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

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## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/S P.G. BHAGWAT  
Chartered Accountants  
Firm's registration No. 101118W

Sanjay Athavale  
Partner  
Membership No. 83374  
UDIN : 20083374AAAACH3569

Pune : 30 June 2020

## Balance Sheet as at 31<sup>st</sup> March, 2020

(₹ in Mln.s)

	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>1 Financial Assets</b>			
(a) Cash and cash equivalents	Note 3	160.118	85.127
(b) Loans	Note 4	189.514	179.368
(c) Investments	Note 5	7,885.324	12,448.976
(d) Other financial assets	Note 6	713.361	440.887
		<u>8,948.317</u>	<u>13,154.358</u>
<b>2 Non-financial Assets</b>			
(a) Current Tax Assets (net)	Note 7	2.226	2.714
(b) Deferred Tax Asset (net)	Note 8	67.583	116.906
(c) Investment Property	Note 9	130.314	130.448
(d) Property, Plant and Equipment	Note 10	5.615	6.652
Right to Use Asset	Note 10 ii)	1.605	-
(e) Other non-financial assets	Note 11	265.000	165.004
		<u>472.343</u>	<u>421.724</u>
<b>Total Assets</b>		<u><u>9,420.660</u></u>	<u><u>13,576.082</u></u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>1 Financial Liabilities</b>			
(a) Trade payables	Note 12		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		0.340	1.320
(d) Other financial liabilities	Note 13	16.000	12.000
		<u>16.340</u>	<u>13.320</u>
<b>2 Non-Financial Liabilities</b>			
(a) Current tax liabilities	Note 14	4.312	4.498
(b) Other non-financial liabilities	Note 15	5.170	0.251
		<u>9.482</u>	<u>4.749</u>
<b>3 EQUITY</b>			
(a) Share capital	Note 16	188.338	188.338
(b) Other equity			
(i) Reserves & Surplus	Note 17	9,206.500	13,369.675
		<u>9,394.838</u>	<u>13,558.013</u>
<b>Total Liabilities and Equity</b>		<u><u>9,420.660</u></u>	<u><u>13,576.082</u></u>
Significant accounting policies	1		
Significant accounting judgements, estimates and assumptions	2		
The notes 1 to 48 form an integral part of these Standalone financial statements			

As per my attached report of even date,

On behalf of the Board of Directors,

For M/s. P. G. BHAGWAT  
Chartered Accountants  
Firm Registration No. 101118W

B.S. Mitkari  
Director  
DIN: 03632549

B. B. Hattarki  
Director  
DIN : 00145710

Sanjay Athavale  
Partner  
Membership No.83374

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

S. R. Kshirsagar  
Company Secretary

Place : Pune  
Date : 30<sup>th</sup> June, 2020

Place : Pune  
Date : 30<sup>th</sup> June, 2020

## Statement of Profit and Loss for the Year Ended 31<sup>st</sup> March, 2020

(₹ in Mln.s)

	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
<b>1 Revenue from Operations</b>			
(i) Interest Income	Note 18	41.318	31.109
(i) Dividend Income	Note 19	621.174	398.210
(iii) Net gain on fair value changes	Note 20	55.902	59.729
<b>2 Other Income</b>	Note 21	0.209	16.416
<b>Total Income (1+2)</b>		<u>718.603</u>	<u>505.464</u>
<b>3 Expenses</b>			
(a) Employee benefits expense	Note 22	5.708	4.505
(b) Finance costs	Note 23	0.590	0.200
(c) Depreciation	Note 24	7.588	1.171
(d) Other expenses	Note 25	53.592	39.581
<b>Total expenses</b>		<u>67.478</u>	<u>45.457</u>
<b>4 Profit / (Loss) before exceptional items and tax</b>		<u>651.125</u>	<u>460.007</u>
<b>5 Exceptional items</b>	Note 26	35.806	(4.196)
<b>6 Profit / (Loss) before tax</b>		<u>615.319</u>	<u>464.203</u>
<b>7 Tax expense</b>	Note 27		
Current tax		8.472	8.053
Tax in respect of earlier years		(1.782)	-
Deferred tax expense		23.518	23.475
<b>Total Tax expense</b>		<u>30.208</u>	<u>31.528</u>
<b>8 Profit/(Loss) for the period</b>		<u>585.111</u>	<u>432.675</u>
<b>9 Other comprehensive income, net of income tax</b>			
A. Items that will not be reclassified to profit or loss			
(a) Changes in fair value of FVOCI equity investment		(4,747.513)	(3,001.484)
Total other comprehensive income for the year		<u>(4,747.513)</u>	<u>(3,001.484)</u>
<b>10 Total comprehensive income for the period</b>		<u>(4,162.402)</u>	<u>(2,568.809)</u>
<b>11 Earnings per share (of Rs. 5/- each) :</b>	Note 28	15.53	11.49
Basic & Diluted			
Significant accounting policies	1		
Significant accounting judgements, estimates and assumptions	2		
The notes 1 to 48 form an integral part of these Standalone financial statements			

As per my attached report of even date,

For M/s. P. G. BHAGWAT  
Chartered Accountants  
Firm Registration No. 101118W

Sanjay Athavale  
Partner  
Membership No.83374

Place : Pune  
Date : 30<sup>th</sup> June, 2020

On behalf of the Board of Directors,

B.S. Mitkari  
Director  
DIN: 03632549

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

Place : Pune  
Date : 30<sup>th</sup> June, 2020

B. B. Hattarki  
Director  
DIN : 00145710

S. R. Kshirsagar  
Company Secretary



## Cash Flow Statement for the Year Ended 31<sup>st</sup> March, 2020

(₹ in Mln.s)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>A) Cash flows from operating activities</b>		
Profit before income tax but after exceptional items	615.319	464.203
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	7.588	1.171
Profit on sale of investments	-	(4.789)
Interest - Other	0.590	0.200
Profit on sale of asset	-	(0.728)
Net gain on fair value changes	(55.902)	(59.729)
Rent related to INDAS 116	(7.753)	
Adjustments for changes in working capital		
(Increase) / Decrease in loans	7.997	37.579
Increase / (Decrease) in trade payables	(0.980)	(0.811)
Increase / (Decrease) in other financial liabilities	4.000	9.500
(Increase) / Decrease in other financial assets	(272.474)	(222.542)
(Increase) / Decrease in other non financial assets	(99.996)	(164.868)
Increase / (Decrease) in other non financial liabilities	0.759	(0.179)
<b>Cash generated from operations</b>	<b>199.148</b>	<b>59.007</b>
Income taxes paid (net of refunds)	(4.157)	(6.283)
<b>Net Cash from Operating activities</b>	<b>194.991</b>	<b>52.724</b>
<b>B) Cash flows from investing activities</b>		
(Purchase) / Sale of shares	(120.000)	(38.275)
(Purchase) / Sale of mutual funds	-	30.071
Sale of asset	-	6.876
<b>Net cash flows from investing activities</b>	<b>(120.000)</b>	<b>(1.328)</b>
<b>C) Cash flows from financing activities</b>		
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents	74.991	51.396
Cash and cash equivalents at the beginning of the year (refer note 13)	85.127	33.731
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>160.118</b>	<b>85.127</b>
The cashflow is prepared by indirect method		
Significant accounting policies	1	
Significant accounting judgements, estimates and assumptions	2	
The notes 1 to 48 form an integral part of these Standalone financial statements		

As per my attached report of even date,

For M/s. P. G. BHAGWAT  
Chartered Accountants  
Firm Registration No. 101118W

Sanjay Athavale  
Partner  
Membership No.83374

Place : Pune  
Date : 30<sup>th</sup> June, 2020

On behalf of the Board of Directors,

B.S. Mitkari  
Director  
DIN: 03632549

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

Place : Pune  
Date : 30<sup>th</sup> June, 2020

B. B. Hattarki  
Director  
DIN : 00145710

S. R. Kshirsagar  
Company Secretary

## Statement of Changes in Equity (SOCIE) for the period ended 31<sup>st</sup> March, 2020

### A. Equity Share Capital

	Notes	No. of shares	Amount (₹ in Mln.s)
As at March 31, 2018		37,667,628	1,88.338
Changes in equity share capital		-	-
As at March 31, 2019		37,667,628	1,88.338
Changes in equity share capital		-	-
As at March 31, 2020		37,667,628	1,88.338

### B. Other Equity

	Notes	Reserves and Surplus					Other reserve	Total
		Retained Earnings	General reserve	Reserve Fund	Capital Redemption reserve	Capital Reserve	FVOCI equity investment reserve	
As at April 1, 2018		2,971.359	0.870	984.449	0.001	2,367.523	9,614.282	15,938.484
Profit for the year		432.675	-	-	-	-	-	432.675
Other Comprehensive Income :								
Changes in fair value of equity instruments (compulsorily convertible debentures)		-	-	-	-	-	(3,001.484)	(3,001.484)
<b>Total Comprehensive Income for the year</b>		<b>432.675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,001.484)</b>	<b>(2,568.809)</b>
Add : Arising during the year		-	-	-	-	-	-	-
Add/Less: Amortised during the year		-	-	-	-	-	-	-
Transferred to Statutory reserve fund during the year		(86.535)	-	86.535	-	-	-	-
As at March 31, 2019		3,317.499	0.870	1,070.984	0.001	2,367.523	6,612.798	13,369.675
Profit for the year		585.111	-	-	-	-	-	585.111
Less : Transition effect of Ind AS 116		(0.773)	-	-	-	-	-	(0.773)
Other Comprehensive Income :								
Changes in fair value of equity instruments (compulsorily convertible debentures)		-	-	-	-	-	(4,747.513)	(4,747.513)
<b>Total Comprehensive Income for the year</b>		<b>584.338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,747.513)</b>	<b>(4,163.175)</b>
Add : Arising during the year		-	-	-	-	-	-	-
Add/Less: Amortised during the year		-	-	-	-	-	-	-
Transferred to Statutory reserve fund during the year		(117.022)	-	117.022	-	-	-	-
As at March 31, 2020		3,784.815	0.870	1,188.006	0.001	2,367.523	1,865.285	9,206.500
Significant accounting policies	1							
Significant accounting judgements, estimates and assumptions	2							
The notes 1 to 48 form an integral part of these Standalone financial statements								

As per my attached report of even date,

For M/s. P. G. BHAGWAT  
Chartered Accountants  
Firm Registration No. 101118W

Sanjay Athavale  
Partner  
Membership No.83374

Place : Pune  
Date : 30<sup>th</sup> June, 2020

On behalf of the Board of Directors,

B.S. Mitkari  
Director  
DIN: 03632549

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

Place : Pune  
Date : 30<sup>th</sup> June, 2020

B. B. Hattarki  
Director  
DIN : 00145710

S. R. Kshirsagar  
Company Secretary

(All amounts are in Rupees Mln.s, except per share data and unless stated otherwise)

**1. Background:**

BF Investment Limited ("the Company") is a public limited company domiciled in India and incorporated in May, 2009 under the provisions of Companies Act, 1956. The equity shares of the Company are listed on two recognized stock exchanges in India i.e. the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company is primarily engaged in the business of making investments in group companies. The registered office of the Company is located at, Mundhwa Pune Cantonment, Pune-411036. The CIN of the Company is L65993PN2009PLC134021.

These separate financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 30, 2020.

**1A. Significant Accounting Policies:**

This note provides a list of the significant accounting policies adopted in the preparation of these separate financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

**(i) Compliance with Ind AS**

These separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter. For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ( Indian GAAP).

**(ii) Historical cost convention**

The separate financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value

**(iii) Current versus non-current classification**

The company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when,

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

**(b) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources

and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions for the company. Refer note 35 for segment information presented.

**(c) Foreign currency translation**

**Functional and presentation currency**

Items included in the separate financial statements of the Company's are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The separate financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

**Initial Recognition**

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of transaction.

**Conversion**

Monetary items, designated in foreign currencies are revalued at the rate prevailing on the date of Balance Sheet.

**Exchange Differences**

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognized as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset.

**(d) Interest Income**

Interest income is accrued over the period of the loan / investment.

**(e) Dividends**

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

**(f) Taxes**

**Current tax**

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961. - The management periodically evaluates positions taken in returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

**Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(g) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

**(h) Investment in associates and jointly controlled companies :**

Investment in associates and jointly controlled companies are accounted at cost less accumulated impairment.

**(i) Fair value measurement :**

The Company measures financial instruments at fair value on initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level inputs that is significant to the fair value measurement as a whole:

- Level 1 - Quoted ( unadjusted ) market prices in active markets for identical assets and liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is un-observable

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing

categorization at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**(j) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(k) Financial assets**

**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income ( FVTOCI )
- Financial assets at fair value through profit or loss ( FVTPL )

**Financial assets at amortized cost:**

A financial asset is measured at amortized cost if both following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

**Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if both of the following criteria are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognized or reclassified, are subsequently measured at fair value and recognized in other comprehensive income except for interest income, gain/loss on impairment, gain/loss on foreign exchange which is recognized in the statement of profit and loss.

**Financial assets at fair value through profit or loss**

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

After initial measurement, such financial assets are subsequently measured at fair value in the statement of profit and loss.

#### De-recognition of financial assets

A financial asset is de-recognized when:

- the contractual rights to receive cash flows from the financial asset have expired, or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset or
  - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt-securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head "Other Expenses" in the statement of profit and loss.

The Balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost.

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-offs criteria, the Company does not de-recognize impairment allowance from the gross carrying amount.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

#### (I) De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is de-recognized from its balance sheet when, and only



when, it is extinguished i.e., when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**(m) Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**(n) Investment Property**

Property that is held for long- term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized

Investment property are depreciated using straight line method over their estimated useful lives.

**Transition to Ind AS**

On transition to Ind AS, the group has elected to continue with the carrying value of all of its investment properties recognized as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

**(o) Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property, plant and equipment are capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowings costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection/ relining is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit and loss during the reporting period in which they are incurred.

Subsequent costs are included in the asset's carrying amount as recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for a separate asset is derecognized when replaced.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation on additions is provided from the beginning of the month in which the asset is put to use.

Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.

The useful lives has been determined based on technical evaluation done by the Management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Depreciation is charged on the basis of useful life of assets on straight line method.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the separate statement of profit and loss when the asset is derecognized.

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year.

### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### (p) Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### ● Company as a Lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Company uses the practical expedient to apply the requirements of Ind AS 116 to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Company applies both recognition exemptions.

#### Right of use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

#### Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

#### Lease modification

For a lease modification that is not accounted for as a separate lease, the company accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

#### ● Company as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. However, if there is no reasonable certainty that the company will obtain possession of the asset upon end of the lease term, the asset

is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" using modified retrospective approach. Consequently, the Company has recorded lease liability of Rs. 9.092 Mln calculated as the present value of the remaining lease payments discounted at the incremental borrowing rate. Right of use asset has been recognised at Rs. 8.022 Mln determined at net of the amount calculated by applying the standard since the date of the commencement of lease and the resulting depreciation upto the date of adoption. The net effect of initial application of Ind AS 116 has been adjusted to retained earnings of Rs. 0.773 Mln (net of taxes) as on April 1, 2019.

Due to transition, the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation cost" and "finance cost" for the right-to-use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current period are not comparable to the previous periods disclosed. The adoption of the standard did not have any material impact on the profit for the period as compared to previous periods.

**(q) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories are recognized in the statement of profit and loss.

Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount. Such reversal is recognized in statement of profit and loss.

**(r) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Company after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**(s) Provisions and contingent liabilities**

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of

resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**(t) Paid-up equity**

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(u) Dividends**

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the Company when distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**(v) Earnings per share**

**(i) Basic Earnings per Share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

**(ii) Diluted Earnings per Share**

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(w) Rounding of amounts:**

All amounts disclosed in these separate financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

**1B. Standards issued but not yet effective**

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India:

1. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
2. Ind AS 40, "Investment Property"
3. Ind AS 103, "Business Combinations"
4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1<sup>st</sup> April, 2020 as at the date of approval of these financial statements.

**2. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. This note provides an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below.

Judgments, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

## Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the separate financial statements:

### 1. Segment Reporting

Ind-AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

The Company has determined that the Chief Operating Decision Maker (CODM) is the Board of Directors (BoD), based on its internal reporting structure and functions of the BoD. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources.

### 2. Legal Contingencies

The Company has received various orders and notices from tax authorities in respect of direct and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

## Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### 1. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 32 for further disclosures.

### 2. Deferred Tax

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax asset could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
<b>Note 3: Cash and Cash Equivalents</b>		
Balances with Banks		
In current accounts	0.115	0.611
Term deposits with original maturity of less than three months	159.999	84.500
Cash in Hand	0.004	0.016
<b>Total</b>	<b>160.118</b>	<b>85.127</b>

**Note 4: Loans**

	As on March 31, 2020			As on March 31, 2019		
	Amortised cost	Fair value through profit or loss	Total	Amortised cost	Fair value through profit or loss	Total
<b>(A) Loans</b>						
(i) Intercorporate deposit	87.996	188.448	276.444	86.930	179.368	266.298
Total (A) - Gross	87.996	188.448	276.444	86.930	179.368	266.298
Less: impairment loss allowance	(86.930)	-	(86.930)	(86.930)	-	(86.930)
Total (A) - Net	1.066	188.448	189.514	-	179.368	179.368
<b>(B)</b>						
(i) Unsecured	87.996	188.448	276.444	86.930	179.368	266.298
Total (B) - Gross	87.996	188.448	276.444	86.930	179.368	266.298
Less: impairment loss allowance	(86.930)	-	(86.930)	(86.930)	-	(86.930)
Total (B) - Net	1.066	188.448	189.514	-	179.368	179.368
<b>(C) Loans in India</b>						
Total (C) - Gross	87.996	188.448	276.444	86.930	179.368	266.298
Less: impairment loss allowance	(86.930)	-	(86.930)	(86.930)	-	(86.930)
Total (C) - Net	1.066	188.448	189.514	-	179.368	179.368
Good			189.514			179.368
Doubtful			86.930			86.930







**Note 5: Investments (Contd.)**

Investments	As on March 31, 2020			As on March 31, 2019		
	At Cost	At fair value Through other compre- hensive income	Total	At Cost	At fair value Through other compre- hensive income	Total
Preference shares in Associates (Contd.)						
9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Pvt. Ltd.	1,020.906	5,757.654	6,778.558	1,020.906	10,494.157	-10,766.751
1% Non Cumulative Compulsorily Convertible Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial services Ltd.	-	-	431.213	-	-	314.634
<b>Total Preference Shares:</b>						
4,000,000	-	491.739	491.739	-	-	454.887
6,860,000	-	47.471	47.471	-	-	43.143
<b>Total Preference Shares:</b>						
970.423	-	970.423	970.423	-	-	812.664
<b>Debtures in Associates:</b>						
0% Fully Convertible Debtures of ₹ 100/- each fully paid of Kalyani Financial Services Ltd.	-	192.444	192.444	-	177.353	-177.353
<b>Total Debtures:</b>						
192.444	-	192.444	192.444	-	177.353	-177.353
<b>Total - Gross (A)</b>						
1,020.906	5,950.098	7,941.426	7,941.426	1,020.906	10,671.510	812.664
(i) investments outside india	-	-	-	-	-	12,505.079
(ii) investments in India	1,020.906	5,950.098	7,941.426	1,020.906	10,671.510	12,505.079
<b>Total (B)</b>						
1,020.906	5,950.098	7,941.426	7,941.426	1,020.906	10,671.510	812.664
Less: Allowance for impairment loss	(56.103)	-	(56.103)	(56.104)	-	(56.103)
<b>Total Investments</b>						
964.803	5,950.098	7,885.324	7,885.324	964.802	10,671.510	812.664

Note -

- Previous year quantities are in brackets.

- Unless, otherwise indicated, there is no change in current and previous year quantities.

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	March 31, 2020	March 31, 2019
<b>Note 6: Other financial assets</b>		
Interest and dividend receivable	10.424	5.378
Provision for Doubtful dividend and Interest Receivable	(5.726)	(1.454)
<b>Net Interest receivable</b>	<b>4.698</b>	<b>3.924</b>
Term Deposits with Banks with original maturity of more than 3 months but less than 12 months	705.100	433.400
Security deposits	3.563	3.563
<b>Total</b>	<b>713.361</b>	<b>440.887</b>
<b>Note 7 : Current Tax Assets (net)</b>		
Tax paid in advance,(net of provisions )	2.226	2.714
<b>Total</b>	<b>2.226</b>	<b>2.714</b>
<b>Note 8 : Deferred Tax Asset (net)</b>		
Deferred tax asset (net)	67.583	116.906
<b>Total</b>	<b>67.583</b>	<b>116.906</b>
<b>Changes in Deferred Tax Assets/ (Liabilities) in Profit and Loss [charged / ( credited ) during the year.]</b>		
<b>Deferred tax liabilities</b>		
On account of temporary difference		
Deferred tax on equity shares	221.270	221.270
Deferred tax on mutual fund	-	-
	<b>221.270</b>	<b>221.270</b>
<b>Deferred tax assets</b>		
On account of temporary difference		
Depreciation and amortisation	0.839	1.571
Disallowances	-	-
Deferred tax asset on fair valuation of preference shares	(10.884)	(2.960)
Deferred tax on fair valuation of loans	298.898	339.565
	<b>288.853</b>	<b>338.176</b>
<b>Total</b>	<b>67.583</b>	<b>116.906</b>
<b>Changes in Deferred Tax Assets/ (Liabilities) in Other Comprehensive income [charged / (credited) during the year.]</b>		
Deferred tax charged	(49.323)	(22.337)
<b>Total</b>	<b>(49.323)</b>	<b>(22.337)</b>

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

(₹ in Mln.s)

Particulars	Freehold land	Buildings	Total
<b>Note 9: Investment property</b>			
Gross block as at 1 April 2018	125.848	7.664	133.512
Additions	-	-	-
Adjustments	-	-	-
Gross block as at March 31, 2019	125.848	7.664	133.512
Additions	-	-	-
Adjustments	-	-	-
Gross block as at March 31, 2020	125.848	7.664	133.512
Accumulated depreciation as at 1 April 2018	-	2.930	2.930
Depreciation charge	-	0.134	0.134
Closing accumulated depreciation as at March 31, 2019	-	3.064	3.064
Depreciation charge	-	0.134	0.134
Closing accumulated depreciation as at March 31, 2020	-	3.198	3.198
Net carrying amount as at March 31, 2020	125.848	4.466	130.314
Net carrying amount as at March 31, 2019	125.848	4.600	130.448

Amount recognised in profit and loss for investment properties

Particulars	March 31, 2020	March 31, 2019
Depreciation	0.134	0.134
<b>Total</b>	<b>0.134</b>	<b>0.134</b>

Fair Value of investment properties

Particulars	Freehold land	Buildings
As on March 31, 2020	715.000	15.129
As on March 31, 2019	715.000	15.129

**Note 10: Property, plant and equipment**

(₹ in Mln.s)

Particulars	Vehicles	Furniture and Fixtures	Total
Gross Block as at April 1, 2018	26.564	10.913	37.477
Additions	-	-	-
Disposals/Adjustments	(26.564)	-	(26.564)
Gross block as at March 31, 2019	-	10.913	10.913
Additions			
Transfers			
Disposals / Adjustments			
Gross Block as at March 31, 2020	-	10.913	10.913

**Accumulated Depreciation :**

As at April 1, 2018	20.415	3.224	23.639
For the year		1.037	1.037
Disposals/Adjustments	(20.415)	-	(20.415)
As at March 31, 2019	-	4.261	4.261
For the year		1.037	1.037
Disposals/Adjustments	-	-	-
As at March 31, 2020	-	5.298	5.298

**Net Block**

As at March 31, 2019	-	6.652	6.652
As at March 31, 2020	-	5.615	5.615

i) The information relating to Gross block, accumulated Depreciation and Impairment if any, has been disclosed as an additional information since the Group has adopted deemed cost exemption under Ind AS 101. Refer Note 37 on first time adoption.

ii) Right to Use Asset	1.60		
Gross Block as at 1st April, 2019.		-	
Additions during the year		8.021	
Deductions during the year		-	
Depreciation during the year		6.416	
Net Block as at March 31st, 2020.		1.605	

**Note 11 : Other non-financial assets**

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
Prepaid expenses	-	0.004
Other Assets	265.000	165.000
<b>Total</b>	<b>265.000</b>	<b>165.004</b>

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
<b>Note 12: Current Financial Liabilities - Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	0.340	1.320
<b>Total</b>	<u>0.340</u>	<u>1.320</u>

The Company has compiled this information based on the current information in its possession as at March 31, 2020, no supplier has intimated the Company about its status as Micro and Small Enterprises or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

**Note 13: Other Current Financial Liabilities**

Directors commission payable	16.000	12.000
<b>Total</b>	<u>16.000</u>	<u>12.000</u>

**Note 14: Current Tax Liabilities**

Current Tax Liabilities (net of advance tax)	4.312	4.498
<b>Total</b>	<u>4.312</u>	<u>4.498</u>

**Note 15: Other non financial liabilities**

Statutory dues payable	3.241	0.251
Lease liability	1.929	-
<b>Total</b>	<u>5.170</u>	<u>0.251</u>

**Note 16: Share capital**

**(a) Authorised share capital**

Particulars	Equity shares
<b>As at March 31, 2020 :</b>	
Number of shares	40,000,000
Face value per share (Rupees)	5
Amount (Rs. in Mln.s)	200.000
<b>As at March 31, 2019 :</b>	
Number of shares	40,000,000
Face value per share (Rupees)	5
Amount (Rs. in Mln.s)	200.000

**(b) Terms/ rights attached to equity shares**

The Company has only one class of issued equity shares having a par value of Rs.5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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 Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

(₹ in Mln.s)

(c) Issued and subscribed equity share capital

Particulars	Number of shares	Amount
As at March 31, 2019	37,667,628	188.338
Changes in equity share capital	-	-
As at March 31, 2020	37,667,628	188.338
Changes in equity share capital	-	-

(e) Details of shareholders holding more than 5% shares in the Company

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited	KSL Holdings Pvt. Ltd.
As at March 31, 2020			
% of holding	27.32%	25.99%	13.42%
Number of shares	10,292,103	9,793,068	5,054,091
As at March 31, 2019			
% of holding	27.32%	25.99%	13.42%
Number of shares	10,292,103	9,793,068	5,054,091

Note 17: Reserves and Surplus

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
Retained earnings	3,317.499	2,971.359
Less : transition effect of Ind AS 116	(0.773)	
Add: Profit for the year	585.111	432.675
Less: Transfer to statutory reserve fund	(117.022)	(86.535)
	<u>3,784.815</u>	<u>3,317.499</u>
General Reserve as at the beginning and end of the year	0.870	0.870
Capital reserve as at the beginning and end of the year	2,367.523	2,367.523
Capital Redemption reserve as at the beginning and end of the year	0.001	0.001
Reserve Fund as at the beginning of the year	1,070.984	984.449
Add:	117.022	86.535
Reserve Fund as at the end of the year	<u>1,188.006</u>	<u>1,070.984</u>
FVOCI Equity investments		
As at the beginning of the year net of deferred taxes	6,612.798	9,614.282
Add: Fair value gains/losses for the year net of deferred taxes	(4,747.513)	(3,001.484)
As at the end of the year	<u>1,865.285</u>	<u>6,612.798</u>
<b>Total</b>	<u><u>9,206.500</u></u>	<u><u>13,369.675</u></u>

**Nature and purpose of reserves:**

**i General reserve :**

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in General Reserve since transfer under the scheme of arrangement.

**ii Capital reserve :** It is the reserve pertaining to the investment undertaking transferred to the Resultant Company, i.e. BF Investment Ltd., Consequent to the scheme of arrangement approved by High Court of judicature, Mumbai during F.Y. 2009-2010.

**iii Capital Redemption Reserve :** An erstwhile subsidiary of BF Utilities Ltd. (amalgamated company) had preference capital. At the time of redemption of said preference capital, Redemption Reserve was created, which has since got transferred to BF Investment by means of scheme of arrangement.

**iv Reserve Fund :** Under sec 45IC(1) of RBI act, every NBFC has to transfer 20% of it's post tax profits to a corpus termed as Reserve Fund.

**v FVTOCI Equity investment reserve**

The Company has elected to recognise changes in the fair value of investment in equity shares in other comprehensive income. These changes are accumulated within the FVTOCI investment reserve within equity. The Company will transfer amounts from the said reserve to retained earnings when the relevant equity shares are de-recognised.



Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note 18: Interest Income</b>		
Interest Received on Bank Deposits	41.318	30.797
Interest Received on Inter Corporate Deposits	-	0.312
<b>Total</b>	<u>41.318</u>	<u>31.109</u>
<b>Note 19: Dividend Income</b>		
Dividend received on equity shares investments	621.174	398.210
<b>Total</b>	<u>621.174</u>	<u>398.210</u>
<b>Note 20: Net Gain/(loss) on fair value changes</b>		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- preference shares and Loans	55.902	59.729
- mutual funds	-	-
Total Net gain/(loss) on fair value changes		
Fair Value Changes:		
- Realised	-	-
- Unrealised	55.902	59.729
<b>Total Net gain/(loss) on fair value changes</b>	<u>55.902</u>	<u>59.729</u>
<b>Note 21: Other Income</b>		
Miscellaneous Income	0.209	11.627
Surplus on Redemption of Mutual Funds	-	4.789
<b>Total</b>	<u>0.209</u>	<u>16.416</u>
<b>Note 22: Employee Benefit Expenses</b>		
Salaries and wages	5.464	4.288
Contribution to provident and other funds	0.115	0.187
Staff welfare expenses	0.129	0.030
<b>Total</b>	<u>5.708</u>	<u>4.505</u>
<b>Note 23: Finance Cost</b>		
Other interest	-	0.200
Finance cost on leases	0.590	-
<b>Total</b>	<u>0.590</u>	<u>0.200</u>

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note 24: Depreciation</b>		
Depreciation	7.588	1.171
<b>Total</b>	<u>7.588</u>	<u>1.171</u>
<b>Note 25: Other Expenses</b>		
Rent, taxes	1.649	10.209
Repairs and maintenance	1.201	-
Communication expenses	0.173	0.015
Printing and stationery	0.546	0.390
Advertisement and publicity	0.268	0.156
Director's fees, allowances and expenses	0.267	0.273
Auditor's fees and expenses (refer note no. 29)	0.821	0.535
Insurance	0.005	0.052
Brand Fees	0.560	0.500
Professional Fees	15.964	13.970
Commission to Directors	16.000	12.000
CSR Expenditure	5.000	-
Donation	2.500	-
Provision for doubtful income	4.272	-
Other expenditure	4.366	1.481
<b>Total</b>	<u>53.592</u>	<u>39.581</u>
<b>Note: 26 Exceptional item</b>		
Provision for doubtful advances	-	(4.196)
Stamp duty	35.806	-
Diminution in Investment (Provision)	-	-
<b>Total</b>	<u>35.806</u>	<u>(4.196)</u>
<b>Note 27: Tax Expense</b>		
Current tax	8.472	8.053
Deferred tax expense	23.518	23.475
Tax for earlier years	(1.782)	-
<b>Total</b>	<u>30.208</u>	<u>31.528</u>

Company has provided Income Tax for the year ended on 31<sup>st</sup> March, 2020 and remeasured its Deferred Tax Asset / Liability on the basis of rates prescribed under section 115BAA of the Income Tax Act, 1961 exercising the option permitted under that section.

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Reconciliation of tax expense and accounting profit multiplied by statutory tax rate</b>		
Profit before tax	615.319	464.203
Applicable tax rate	0.2517	0.278
Computed tax expense	154.876	129.141
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income :</b>		
Non-deductible expenses	23.718	10.251
Income exempt from tax	(156.349)	(110.782)
Exceptional items	9.012	1.167
Others	(2.831)	1.751
Tax in respect of earlier years	1.782	
<b>Income tax expense</b>	<b>30.208</b>	<b>31.528</b>

**Note 28: Earnings per share**

Net profit / (loss) after tax	585.109	432.674
Weighted average number of equity shares	37,667,628	37,667,628

Basic and diluted earning per share of nominal value of Rs. 5/- each

15.53                      11.49

**Note 29: Payment to auditors**

As auditor:		
Audit fees	0.628	0.475
Tax Audit	0.035	0.035
Certification fees	0.022	0.025
Reimbursement of out of pocket expenses	0.136	-
<b>Total</b>	<b>0.821</b>	<b>0.535</b>

**Note 30: Employee benefits**

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

**Note 31: Related party transactions**

**A) Name of the related parties and nature of relationship**

**(i) Where control exists :**

Associate Company	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
i Kalyani Steels Limited	39.06%	39.06%
ii KSL Holdings Private Limited	42.52%	42.52%
iii Triumphant Special Alloys Pvt. Ltd. (previously known as Carpenter Kalyani Special Alloys Pvt. Ltd)	45.51%	45.51%
vi Kalyani Financial Services Limited	49.00%	49.00%
v Nandi Engineering Limited	40.00%	40.00%
vi Synise Technologies Limited	46.77%	46.77%

The principal place of business of the associate is India and the Company has accounted for its investment in associate at cost.

**(i) Where control exists :**

Joint Venture	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
i Automotive Axles Limited	35.52%	35.52%
ii Meritor (HVS) India Limited	48.99%	48.99%

The principal place of business of the Joint Venture is India and the Company has accounted for its investment in Joint Venture at cost.

**Key Management Personnel**

- i Mr. J. G. Patwardhan, the Chief Executive Officer and Chief Financial Officer
- ii Mr. S. R. Kshirsagar, the Company Secretary
- iii Mr. Amit B. Kalyani, Director
- iv Mr. B. B. Hattarki, Director
- v Mr.M. U. Takale, Director
- vi Mr. B. S. Mitkari, Director
- vii Mr. S. G. Joglekar, Director
- vi Ms. A. A. Sathe, Director

**Trnsactions with related parties**

Particulars	₹ in Mln.s	
	March 31, 2020	March 31, 2019
<b>a Interest received from associates</b>		
i Kalyani Financial Services Limited	-	0.249
<b>Total</b>	<u>-</u>	<u>0.249</u>
<b>b Dividend Received from Associates</b>		
i Kalyani Steels Limited	170.524	85.262
<b>Total</b>	<u>170.524</u>	<u>85.262</u>

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	March 31, 2020	March 31, 2019
<b>c Dividend Received from Joint venture</b>		
i Automotive Axles Limited	136.880	72.465
ii Meritor HVS India Limited	189.857	149.790
<b>Total</b>	<u>326.737</u>	<u>222.255</u>
<b>d Remuneration to Key Managerial Person</b>		
i Mr. J. G. Patwardhan, the Chief Financial Officer and Chief Executive Officer	4.354	3.448
ii Mr. S. R. Kshirsagar, the Company Secretary	1.354	1.057
<b>Total</b>	<u>5.708</u>	<u>4.505</u>
<b>e Director's sitting fees</b>		
i Mr. Amit B. Kalyani, Director	0.030	0.045
ii Mr. B. B Hattarki, Director	0.030	0.060
iii Mr.M. U Takale, Director	0.035	0.055
iv Ms. A. A Sathe, Director	0.015	0.025
v Mr. B. Mitkari, Director	0.035	-
vi Mr. S.G.Joglekar, Director	0.025	-
<b>Total</b>	<u>0.170</u>	<u>0.185</u>
<b>f Director's commission</b>		
i Mr. Amit B. Kalyani, Director	12.250	10.500
ii Mr. B. B Hattarki, Director	0.750	0.500
iii Mr.M. U Takale, Director	0.750	0.500
iv Ms. A. A Sathe, Director	0.750	0.500
v Mr. B. S. Mitkari, Director	0.750	-
vi Mr. S.G. Joglekar, Director	0.750	-
<b>Total</b>	<u>16.000</u>	<u>12.000</u>
<b>Balances with related parties</b>		
<b>a Director's commission payable</b>		
i Mr. Amit B. Kalyani, Director	12.250	10.500
ii Mr. B. B Hattarki, Director	0.750	0.500
iii Mr.M. U Takale, Director	0.750	0.500
iv Mr. B. Mitkari	0.750	-
v Mr. S.G.Joglekar	0.750	-
vi Ms. A. A Sathe, Director	0.750	0.500
<b>Total</b>	<u>16.000</u>	<u>12.000</u>

The above transactions are at arm's length, and the commission payable is unsecured.

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

**Note 32 : Fair value measurements**

**Financial assets and liabilities at amortised cost**

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
<b>Financial assets</b>		
Term deposits	705.100	433.400
Security deposits	3.563	3.563
Loans	1.066	179.368
Interest receivable	4.698	3.924
Cash and cash equivalents	160.118	85.127
<b>Total financial assets</b>	<b>874.545</b>	<b>705.382</b>
<b>Financial liabilities</b>		
Trade payables	0.340	1.320
Directors Commission payable	16.000	12.000
<b>Total financial liabilities</b>	<b>16.340</b>	<b>13.320</b>

**Financial assets and liabilities classified as FVPL**

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
Investment in Preference shares	970.423	812.665
Loans	188.448	179.368
Investments in Mutual Funds	-	-

**Financial assets and liabilities classified as FVOCI**

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
Investment in Equity Shares	5,757.654	10,494.156
Investment in Debentures	192.444	177.35

**i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

	(₹ in Mln.s)		
Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3
<b>Investment in Preference shares</b>			
March 31, 2020	-	-	970.423
March 31, 2019	-	-	812.665
<b>Investments in Mutual Funds</b>			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
<b>Investment in Equity Shares</b>			
March 31, 2020	5,757.654	-	-
March 31, 2019	10,494.156	-	-
<b>Investment in Debentures</b>			
March 31, 2020			192.444
March 31, 2019			177.353

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

#### ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- The fair value for preference shares is determined using discounted cash flow analysis (KSL Holding Limited, Kalyani Technoforge Limited, Baramati Speciality Steels Limited and Kalyani Financial Services Limited)
- The fair value for loans is determined using discounted cash flow analysis (Loans to BF Utilities Limited, loan to NICE Limited and loan to Nandi Economic Corridor Enterprises Limited )
- The fair value for compulsorily convertible debentures is determined using asset approach (Net Asset Value method)

#### iii) Valuation process

The Company performs the valuations of assets and liabilities required for financial reporting purposes. The Company appoints external valuation experts whenever the need arises for level 3 fair valuation. Discussions of valuation processes and results are held between the Company and the valuation experts periodically, in line with the Company's annual reporting period.

#### iv) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of such financial assets and liabilities are a reasonable approximation of their fair values.



v) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items:

(₹ in Mln.s)

Particulars	Preference shares	Debentures	Total
<b>As at April 1, 2018</b>	<b>704.015</b>	<b>184.869</b>	<b>888.884</b>
Purchased during the year	43.144	-	43.144
Gains/ (losses) recognised in profit or loss	65.506	-	65.506
Gains/ (losses) recognised in other comprehensive income	-	(7.516)	(7.516)
<b>As at March 31, 2019</b>	<b>812.665</b>	<b>177.353</b>	<b>990.018</b>
Purchased during the year	120.000	-	120.000
Gain / (loss) recognised in profit or loss	37.758	-	37.758
Gains/ (losses) recognised in other comprehensive income	-	15.091	15.091
<b>As at March 31, 2020</b>	<b>970.423</b>	<b>192.444</b>	<b>1,162.867</b>

v) Valuation inputs and relationships to fair value The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value	(Rs. Min.)	
	Fair value as at	Inputs used for fair value
Name of the entity	March 31, 2020	March 31, 2019
Method of valuation- significant unobservable inputs	March 31, 2019	March 31, 2020
Equity Shares of ₹ 10/- each fully paid in Khed Economic Infrastructure Private Limited.	1,193.177	1,083.993
Cost approach- method Inputs considered for cost approach : Inventory valuation 1) Rate per acre for developed land 2) Rate per acre for land under development 3) Rate per acre for undeveloped land	1,083.993	1,193.177
Equity Shares of ₹ 10/- each fully paid in Kalyani Maxion Wheels Limited	433.632	448.992
Cost approach - method Inputs considered for cost approach : Fair valuation of Tangible assets	448.992	433.632
0% Fully Convertible Debentures of ₹ 100/- each fully paid of Kalyani Financial Services Ltd.	192.444	177.353
Cost approach - method Inputs considered for cost approach : Fair valuation of Investments	177.353	192.444
7% Cumulative Optionally Convertible Non-Participating Preference Shares of ₹ 10/- each, fully paid in Kalyani Technoforge Limited.	338.253	229.448
Discounted cash flow method	229.448	338.253
9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Private Limited.	491.739	454.888
Discounted cash flow method	454.888	491.739
1% Non Cumulative Compulsorily Convertible Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial services Limited	47.471	43.144
Discounted cash flow method	43.144	47.471
6 % Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial Services Ltd.	-	-
Discounted cash flow method	-	-
8% Cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Baramati Speciality Steels Ltd.	92.960	85.186
Discounted cash flow method	85.186	92.960
Inventory valuation 1) Rate per acre for developed land : Rs. 0.99 to Rs. 1.26 crore (weighted average Rs. 1.06 crore) per acre 2) Rate per acre for land under development : Rs. 0.99 to Rs. 1.26 crore (weighted average Rs. 1.06 crore) per acre	Inventory valuation 1) Rate per acre for developed land in the range of Rs. 1.24 to Rs. 1.51 crore (weighted average Rs. 1.38 crore) per acre 2) Rate per acre for developed land in the range of Rs. 1.24 to Rs. 1.51 crore (weighted average Rs. 1.38 crore) per acre	Inventory valuation 1) Rate per acre for developed land : Rs. 0.99 to Rs. 1.26 crore (weighted average Rs. 1.06 crore) per acre 2) Rate per acre for land under development : Rs. 0.99 to Rs. 1.26 crore (weighted average Rs. 1.06 crore) per acre
Fair value tangible assets viz. land, buildings and plant and equipment viz. plant and machinery, factory equipment, research and development.	Fair value tangible assets viz. land, buildings and plant and equipment viz. plant and machinery, factory equipment, research and development.	Fair value tangible assets viz. land, buildings and plant and equipment viz. plant and machinery, factory equipment, research and development.
Fair value of current and non current investments viz. equity shares and debentures.	Fair value of current and non current investments viz. equity shares and debentures.	Fair value of current and non current investments viz. equity shares and debentures.
10%	10%	10%
10%	10%	10%
10%	10%	10%
10%	10%	10%
10%	10%	10%

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	March 31, 2020	March 31, 2019
The sensitivity analysis on account of inputs used for fair valuation are as follows:		
<b>1. Equity shares of Khed Economic Infrastructure Private Limited:</b>		
Rate per acre		
Increase by 5%	59.659	54.200
Decrease by 5%	(59.659)	(54.200)
<b>2. Equity shares of Kalyani Maxion Wheels Limited:</b>		
Fair value of tangible assets		
Increase by 5%	21.682	22.450
Decrease by 5%	(21.682)	(22.450)
<b>3. 0% Fully Convertible Debentures of ₹ 100/- each fully paid of Kalyani Financial Services Ltd.:</b>		
Fair value of investments		
Increase by 5%	9.622	8.868
Decrease by 5%	(9.622)	(8.868)
<b>4. 7% Cumulative Optionally Convertible Non-Participating Preference Shares of ₹ 10/- each, fully paid in Kalyani Technoforge Limited.</b>		
Discount rate		
Increase by 1%	(10.383)	(11.422)
Decrease by 1%	11.106	12.218
<b>5. 9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Private Limited.</b>		
Discount rate		
Increase by 1%	(34.008)	(37.413)
Decrease by 1%	39.057	42.967
<b>6. 1% Non Cumulative Compulsorily Convertible Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial services Limited</b>		
Discount rate		
Increase by 1%	(1.735)	(1.909)
Decrease by 1%	1.833	2.016
<b>7. 8% Cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Baramati Speciality Steels Ltd.:</b>		
Discount rate		
Increase by 1%	(5.739)	(6.313)
Decrease by 1%	6.577	7.235

**Note 33 : Financial risk management**

Presented below is a description of the risks (market risk, and liquidity risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect Management's view of changes which are reasonably possible to occur over a one-year period.

**I Market Risk**

**A Price risk**

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet wither at fair value through Other Comprehensive Income or at fair value through profit and loss. To manage its price risk arising from investments from investments in equity securities, the group diversifies the portfolio. The majority of Group's equity investments are publically traded and are included in the BSE and NSE indices.

**II Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these debt financing plans.

**i) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities:

	(₹ in Mln.s)	
	Less than 1 year	More than 1 year
<b>March 31, 2020</b>		
<b>Non- derivative</b>		
Trade payables	0.340	-
Director's commission payable	16.000	-
<b>March 31, 2019</b>		
<b>Non- derivative</b>		
Trade payables	1.320	-
Director's commission payable	12.000	-

**III Credit Risk:**

The Company is exposed to credit risk from its activity of giving loans and from its financing activities, including deposits with banks and other financial instruments. The balances with banks, loans given to corporate bodies, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

**i) Expected credit loss for loans :**

	(₹ in Mln.s)	
Particulars	March 31, 2020	March 31, 2019
Gross carrying amount	276.444	26.630
Expected loss rate	-31.45%	-326.44%
Expected credit losses (loss allowance provision)	(86.930)	(86.930)
Carrying amount of loans (net of impairment)	86.930	86.930

Notes forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March, 2020.

ii) Reconciliation of loss allowance provision - loans		(₹ in Mln.s)
Loss allowance as on April 1, 2019		86.930
Changes in loss allowance		-
Loss allowance as on March 31, 2020		86.930

**Note 34 : Capital management**

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The capital structure of the Company is as follows:

Particulars	(₹ in Mln.s)	
	March 31, 2020	March 31, 2019
Share Capital	188.338	188.338
Other Equity	9,206.500	13,369.675
<b>Total</b>	<b>9,394.838</b>	<b>13,558.013</b>

**Note 35 : Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors has been identified as the chief operating decision maker.

The Company is in the business of making investments in group companies, focusing on earning income through dividends, interest and gains on investment held, which is a single segment in accordance with Ind AS 108 - "Operating segment" notified pursuant to Companies (Indian Accounting Standards) Rules, 2015 as amended.

All assets are in India.

**Note 36 : Corporate social responsibility (CSR)**

(₹ in Mln.s)

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

	Year ended March 31, 2020	Year ended March 31, 2019
Gross Amount required to be spent by the Company during the year	5.180	3.555
Amount spent during the year	5.000	-
Cumulative shortfall	10.779	10.599

**Note 37 : Impact of COVID 19 :**

Corona virus (COVID 19) has badly affected the world economy, including India. COVID-19, by preliminary estimates, is likely to affect the business of the company, the impact of which can not be reasonably estimated at this early stage. However, based on the preliminary estimates, the company does not anticipate any major challenge in meeting it's financial obligations, on long term basis and does not carry any risk in the recoverability and carrying values of it's loans and advances and does not anticipate any additional liability as at the Balance Sheet date.

There may be a fall in value of investments in equities, which the company expects to be temporary in nature, since all the investments are held on long term basis.

The company will closely monitor any material changes that may take place in future that may impact its business.

**Carrying value of financial instruments :** The company has financial instruments in the nature of inter group advances / loans / convertible instruments, which are issued by the companies within Kalyani Group and hence there is no risk of default or liquidity.

**Impact on revenue :** The majority of the source of the company is in the form of dividend. The Company feels that it is too early to estimate the exact impact, if any, on the dividend income.

However, Impact assesment of COVID- 19 is an ongoing process given the uncertainties associated with its nature and duration, and the company will evaluate the same at regular intervals.

**38** Legal title to some of the assets vested and transferred to the Company in pursuance of the Composite Scheme of Arrangement approved by the Honourable High Court of judicature at Bombay, as per Order dated 5<sup>th</sup> February, 2010 referred to herein before, could not be transferred in the name of the Company as at 31<sup>st</sup> March, 2020. The Company is in the process of completing the required legal formalities.

**39** 3,000,000 6% Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial Services Limited have been converted into 1 % Non-Cumulative Compulsorily convertible preference shares of ₹ 10/- each , convertible after 5 years from date of allotment i.e. 15<sup>th</sup> February, 2019.

**40** 40,000,000 9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Pvt. Ltd. are redeemable at par on or before 25<sup>th</sup> October, 2036.

**41** 21,042,440 7% Cumulative Optionally Convertible Non-Participating Preference Shares of ₹ 10/- each, fully paid in Kalyani Technoforge Limited are redeemable at par on or before 18<sup>th</sup> January, 2023.

**42** 9,300,000 8% Cumulative Redeemable Preference Shares of ₹ 10/- each of Baramati Speciality Steels Ltd. are redeemable at par on or before 27<sup>th</sup> March, 2038.

**43** Of the 6,636,000 0% Fully Convertible Debentures (FCDs) of ₹ 100/- each, fully paid of Kalyani Financial Services Limited, 1,366,000 FCDs are compulsorily convertible into Equity Shares of ₹ 10/- each, fully paid up at a premium of ₹ 20/- per share on or before 31<sup>st</sup> March, 2021. 5,270,000 FCDs are compulsorily convertible into such number of fully paid up Equity Shares of ₹ 10/- each, at such a price as shall be fixed by the said Company on or before 27<sup>th</sup> September, 2022.

**44 Long term loans given :**

The Company has given letter of subordination to Nandi Economic Corridor Enterprises Ltd. (NECE) and Airro (Mauritius) Holdings V, whereby the Company has agreed to subordinate the loan of ₹ 1,160,520,067 (Previous Year : ₹ 1,160,520,067) granted by it to NECE, until the entire stakeholding of Airro (Mauritius) Holdings V in NECE Ltd. is completely sold off or all the amounts payable by NECE Ltd. to Airro (Mauritius) Holdings V in terms of the Shareholders Agreement dated 24th December, 2010, between Airro (Mauritius) Holdings V and NECE Ltd. are fully paid off. The Company has given Interest free Loans of ₹ 20,10,00,000/- (P.Y. ₹ 20,94.25,000/-) and ₹ 3,00,00,000/- (P.Y. ₹ 3,00,00,000/-) to BF Utilities Ltd. & NICE Ltd. respectively. These loans are repayable over 10 year period commencing from 1st april, 2018.

(₹ in Mln.s)

## 45 Contingent Liabilities not provided for :

	March 31, 2020	March 31, 2019
Conveyance deed of the ownership premises of the Company at Antariksha Bhawan, New Delhi has not been executed as yet. Liability, if any on that account has not been ascertained. During the year under review, the Company has paid a Transfer Duty of Rs. 10,85,127/- to New Delhi Municipal Council, towards registration of its property held at Antariksh Bhavan, New Delhi, in its name. As informed to the Company, NDMC office is closed due to current Carona virrus epidemic and therefore necessary mutation entries in the books of NDMC are awaited.	Unascertainable	Unascertainable

(₹ in Mln.s)

## 46 Capital commitments (net of advances) :

3.000	NIL
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## 47 Leases:

Effective April 1, 2019, the company has adopted IND AS 116 "Leases" using modified retrospective approach. Consequently, the company has recorded lease liability of Rs. 9.092 Mln.s calculated as the present value of the remaining lease payments discounted at the incremental borrowing rate. Right of use asset has been recognised at Rs. 8.022 Mln.s determined at the net of amount calculated by applying the standard since the date of commencement of lease and the resulting depreciation upto the date of adoption. The net effect of initial application of IND AS 116 has been adjusted to retained earnings of Rs. 0.773 Mln.s (Net of taxes) as on April 1, 2020.

Due to transition, the nature of expenses in respect of operating leases has changed from "Lease Rent" to "Depreciation Cost" and "Finance Cost" for the Right to use Assets and for interest accrued on lease liability respectively, and therefore these expenses for the current period are not comparable to the previous periods disclosed. The adoption of the Standard did not have any material impact on the profit for the period as compared to the previous periods.

## 48 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,

For M/s. P. G. BHAGWAT  
Chartered Accountants  
Firm Registration No. 101118W

B.S. Mitkari  
Director  
DIN: 03632549

B. B. Hattarki  
Director  
DIN : 00145710

Sanjay Athavale  
Partner  
Membership No.83374

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

S. R. Kshirsagar  
Company Secretary

Place : Pune  
Date : 30<sup>th</sup> June, 2020

Place : Pune  
Date : 30<sup>th</sup> June, 2020

# CONSOLIDATED FINANCIAL STATEMENTS

## Independent Auditor's Report

To the Members of BF Investment Limited

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of BF Investment Limited (hereinafter referred to as the "Holding Company") and its associates & Joint venture companies, which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2020, of consolidated profit (including Other Comprehensive Income), consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Holding Company and its associates & Joint venture companies in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matter.

The Holding company has unsecured loans given Rs. 189.51 millions, net of Rs. 86.9 millions impairment provision as at 31st March 2020 (Refer Note No. 4 in the Financial Statements). Since this is a NBFC, & giving of loans is a usual activity, we have suggested that a written Policy should be made regarding criteria & methodology of giving loans & determining the impairment, if any, of these loans. We draw the attention to Note 1A regarding the company's Accounting Policy on Financial Instruments.

#### Response to Key Audit Matter :

Audit procedures carried out by auditors : We have obtained the balance confirmations as at 31<sup>st</sup> March 2020 from the borrowers, other than those which have been fully provided as impaired.

We have considered the above mentioned factors appropriately in the work that we have performed and the evidence that we have obtained.

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Shareholder Information and Director's Report, but does not include the consolidated Ind AS financial statements and our Auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements**

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

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Holding Company and its associates & Joint venture companies are responsible for assessing the ability of the Holding Company and its associates & Joint venture companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Holding Company and its associates & Joint venture companies or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Holding Company and its associates & Joint venture companies are responsible for overseeing the financial reporting process of the Holding Company and its associates & Joint venture companies.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Holding Company and its associates & Joint venture companies to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report

to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Holding Company and its associates & Joint venture companies to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Holding Company and its associates & Joint venture companies to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entity included in these Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### **Other Matters**

The Consolidated Financial Statements and other financial information includes Rs.1655.75 millions & Rs. -64.90 millions being the Holding Company's proportionate share in the net profits & OCI respectively, of the three associate companies, & two Joint venture companies, which are not audited by us but are audited by other auditors.

The audited Ind AS financial statements & audit reports of the associates & Joint venture companies and of the Holding company are available. We have considered the Audit Reports of the associates & Joint venture companies whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the its associates & Joint venture companies, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid associates & Joint venture companies, is based solely on those reports.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report that :

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its associates & Joint venture companies incorporated in India, none of the directors of the Holding Company and its associates & Joint venture companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its associates & Joint venture companies and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) As required by section 197 (16) of the Act, in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
- (i) The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2020 on the consolidated financial position of the Holding Company and its associates & Joint venture companies. Refer Note 33 and Note 40 to the consolidated Ind AS financial statements.
  - (ii) The Holding Company and its associates & Joint venture companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its associates & Joint venture companies incorporated in India during the year ended March 31, 2020.

For M/S P.G. BHAGWAT  
Chartered Accountants  
Firm's registration No. 101118W

Sanjay Athavale  
Partner  
Membership No. 83374  
UDIN : 20083374AAAACZ2224

Pune : 28<sup>th</sup> July, 2020

## "ANNEXURE" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 (f) of the Independent Auditor's Report of even date to the members of BF Investment Limited on the consolidated Ind AS financial statements for the year ended March 31, 2020

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, We have audited the internal financial controls with reference to financial statements of BF Investment Limited (hereinafter referred to as "the Holding Company") and its associates & Joint venture companies, which are companies incorporated in India, as of that date.

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

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

#### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to financial statements

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

#### Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the

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

### **Opinion**

In our opinion, the Holding Company & its associates & Joint venture companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to the four of its associates & two Joint venture companies, which are companies incorporated in India, is based on corresponding reports of the auditors of such companies incorporated in India.

**For M/S P.G. BHAGWAT**  
Chartered Accountants  
Firm's registration No. 101118W

**Sanjay Athavale**  
Partner  
Membership No. 83374  
UDIN : 20083374AAAAC22224

Pune : 28<sup>th</sup> July, 2020

## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2020

(₹ in Mln.s)

	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>1 Financial Assets</b>			
(a) Cash and cash equivalents	Note 3	160.12	85.13
(b) Loans	Note 4	189.51	179.37
(c) Investments	Note 5	17,770.48	20,862.52
(e) Other financial assets	Note 6	713.36	440.89
		<b>18,833.47</b>	<b>21,567.91</b>
<b>2 Non-financial Assets</b>			
(a) Current Tax Assets (net)	Note 7	2.23	2.71
(b) Deferred Tax Asset (net)	Note 8	67.58	116.91
(c) Investment Property	Note 9	130.31	130.45
(d) Property, Plant and Equipment	Note 10	5.62	6.65
Right to Use Asset	Note 10 ii)	1.60	-
(e) Other non-financial assets	Note 11	265.00	165.00
		<b>472.34</b>	<b>421.72</b>
<b>Total Assets</b>		<b>19,305.81</b>	<b>21,989.63</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>1 Financial Liabilities</b>			
(a) Trade payables	Note 12		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		0.34	1.32
(d) Other financial liabilities	Note 13	16.00	12.00
		<b>16.34</b>	<b>13.32</b>
<b>2 Non-Financial Liabilities</b>			
(a) Current tax liabilities	Note 14	4.31	4.50
Deferred Tax Liability (net)	Note 15	2,170.20	1,448.37
(b) Other non-financial liabilities	Note 16	5.17	0.25
		<b>2,179.68</b>	<b>1,453.12</b>
<b>3 EQUITY</b>			
(a) Share capital	Note 17	188.34	188.34
(b) Other equity			
(i) Reserves & Surplus	Note 18	16,921.45	20,334.85
		<b>17,109.79</b>	<b>20,523.19</b>
<b>Total Liabilities and Equity</b>		<b>19,305.81</b>	<b>21,989.63</b>
Significant accounting policies	1		
Significant accounting judgements, estimates and assumptions	2		
The notes 1 to 43 form an integral part of these Standalone financial statements			

As per my attached report of even date,

On behalf of the Board of Directors,

**For M/s. P. G. BHAGWAT**  
Chartered Accountants  
Firm Registration No. 101118W

**B.S. Mitkari**  
Director  
DIN: 03632549

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

**Sanjay Athavale**  
Partner  
Membership No.83374

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

**S. R. Kshirsagar**  
Company Secretary

Place : Pune  
Date : 28<sup>th</sup> July , 2020

Place : Pune  
Date : 28<sup>th</sup> July , 2020

## Consolidated Statement of Profit and Loss for the Year Ended 31<sup>st</sup> March, 2020

(₹ in Mln.s)

	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
<b>1 Revenue from Operations</b>			
(i) Interest Income	Note 19	41.32	31.11
(ii) Dividend Income	Note 20	123.91	90.69
(iii) Net gain on fair value changes	Note 21	55.90	59.73
<b>2 Other Income</b>	Note 22	0.22	16.42
<b>Total Income (1+2)</b>		221.35	197.95
<b>2 Expenses</b>			
(a) Employee benefits expense	Note 23	5.71	4.51
(b) Finance costs	Note 24	0.59	0.20
(c) Depreciation	Note 25	7.59	1.17
(d) Other expenses	Note 26	53.59	39.58
<b>Total expenses</b>		67.48	45.46
<b>3 Profit / (Loss) before exceptional items and tax</b>		153.87	152.49
<b>4 Exceptional items</b>	Note 27	35.81	(13.42)
Share in profit of associates accounted for using equity method		2,179.46	1,311.75
<b>5 Profit / (Loss) before tax</b>		2,297.52	1,477.66
<b>6 Tax expense</b>	Note 28		
Current tax		8.47	8.05
Tax in respect of earlier years		(1.78)	-
Deferred tax expense		847.59	205.19
<b>Total Tax expense</b>		854.28	213.24
<b>7 Profit/(Loss) for the period</b>		1,443.24	1,264.42
<b>8 Other comprehensive income, net of income tax</b>			
A. Items that will not be reclassified to profit or loss			
(a) Changes in fair value of FVOCI equity investment		(4,747.50)	(3,001.49)
(b) Share of other comprehensive income of associates and Joint Ventures accounted for using equity method :			
Changes in fair value of FVOCI equity investments		(99.68)	(2,112.26)
Remeasurements on account of post-employment benefit obligations		(8.69)	(23.24)
Total other comprehensive income for the year		(4,855.87)	(5,136.99)
<b>9 Total comprehensive income for the period</b>		(3,412.63)	(3,872.57)
<b>10 Earnings per share (of Rs. 5 /- each) :</b>	Note 29	38.32	33.57
Basic & Diluted			
Significant accounting policies	1		
Significant accounting judgements, estimates and assumptions	2		
The notes 1 to 43 form an integral part of these Standalone financial statements			

As per my attached report of even date,

On behalf of the Board of Directors,

For M/s. P. G. BHAGWAT  
Chartered Accountants  
Firm Registration No. 101118W

B.S. Mitkari  
Director  
DIN: 03632549

B. B. Hattarki  
Director  
DIN : 00145710

Sanjay Athavale  
Partner  
Membership No.83374

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

S. R. Kshirsagar  
Company Secretary

Place : Pune  
Date : 28<sup>th</sup> July , 2020

Place : Pune  
Date : 28<sup>th</sup> July , 2020



## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

(₹ in Mln.s)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>A) Cash flows from operating activities</b>		
Profit before income tax but after exceptional items	2,297.52	1,477.66
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	7.59	1.17
Profit on sale of investments	-	(4.79)
Interest - Other	0.59	0.20
Profit on sale of asset	-	(0.73)
Net gain on fair value changes	(55.90)	(59.73)
Rent paid	(7.75)	-
Profits of Associates	(2,179.47)	(1311.75)
<b>Adjustments for changes in working capital</b>		
(Increase) / Decrease in loans	8.00	37.58
Increase / (Decrease) in trade payables	(0.98)	(0.81)
Increase / (Decrease) in other financial liabilities	4.00	9.50
(Increase) / Decrease in other financial assets	(272.47)	(222.54)
(Increase) / Decrease in other non financial assets	(100.00)	(164.87)
Increase / (Decrease) in other non financial liabilities	0.76	(0.18)
<b>Cash generated from operations</b>	<u>(298.11)</u>	<u>(239.29)</u>
Income taxes paid (net of refunds)	(4.16)	(6.28)
<b>Net Cash from Operating activities</b>	<u>(302.27)</u>	<u>(2,45.57)</u>
<b>B) Cash flows from investing activities</b>		
(Purchase) / Sale of shares	(120.00)	(47.50)
(Purchase) / Sale of mutual funds	-	30.07
Dividend of Associates and Joint Ventures	497.26	307.52
Sale of asset	-	6.88
<b>Net cash flows from investing activities</b>	<u>377.26</u>	<u>2,96.97</u>
<b>C) Cash flows from financing activities</b>		
<b>Net cash flows from financing activities</b>	-	-
Net increase / (decrease) in cash and cash equivalents	<u>74.99</u>	<u>51.40</u>
Cash and cash equivalents at the beginning of the year (refer note 13)	85.13	33.73
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<u>160.12</u>	<u>85.13</u>
The cashflow is prepared by indirect method		
Significant accounting policies	1	
Significant accounting judgements, estimates and assumptions	2	
The notes 1 to 43 form an integral part of these Standalone financial statements		

As per my attached report of even date,

On behalf of the Board of Directors,

For M/s. P. G. BHAGWAT  
Chartered Accountants  
Firm Registration No. 101118W

B.S. Mitkari  
Director  
DIN: 03632549

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

S. R. Kshirsagar  
Company Secretary

Place : Pune  
Date : 28<sup>th</sup> July , 2020

Place : Pune  
Date : 28<sup>th</sup> July , 2020

## Consolidated Statement of Changes in Equity (SOCIE) for the period ended 31<sup>st</sup> March, 2020

### A. Equity Share Capital

(₹ in Mln.s)

	Notes	No. of shares	Amount
As at March 31,2019		37,667,628	1,88.34
Changes in equity share capital		-	-
As at March 31,2020		37,667,628	1,88.34
Changes in equity share capital		-	-

### B. Other Equity

(₹ in Mln.s)

	Notes	Reserves and Surplus					Other reserve	Total
		Retained Earnings	General reserve	Reserve Fund	Capital Redemption reserve	Capital Reserve	FVOCI equity investment reserve	
As at April 1, 2018		8,901.21	0.87	984.45	0.00	2,367.52	11,953.37	24,207.42
Profit for the year		1,264.42						1,264.42
Other Comprehensive Income :								
Changes in fair value of equity instruments (compulsorily convertible debentures)		-	-	-	-	-	(5,136.99)	(5,136.99)
Total Comprehensive Income for the year		1,264.42	-	-	-	-	(5,136.99)	(3,872.57)
Add : Arising during the year		-	-	-	-	-	-	-
Add/Less: Amortised during the year		-	-	-	-	-	-	-
Transferred to Statutory reserve fund during the year		(86.54)	-	86.54	-	-	-	-
As at March 31, 2019		10,079.09	0.87	1,070.99	0.00	2,367.52	6,816.38	20,334.85
Profit for the year		1,443.24	-	-	-	-	-	1,443.24
Other Comprehensive Income :								
Changes in fair value of equity instruments (compulsorily convertible debentures)		-	-	-	-	-	(4,855.87)	(4,855.87)
Total Comprehensive Income for the year		1,443.24	-	-	-	-	(4,855.87)	(3,412.63)
Less : Transition effect of Ind AS 116		(0.77)	-	-	-	-	-	(0.77)
Add/Less: Amortised during the year		-	-	-	-	-	-	-
Transferred to Statutory reserve fund during the year		(117.02)	-	117.02	-	-	-	-
As at March 31, 2020		11,404.54	0.87	1,188.01	0.00	2,367.52	1,960.51	16,921.45
Significant accounting policies	1							
Significant accounting judgements, estimates and assumptions	2							
The notes 1 to 43 referred to above form an integral part of these Consolidated financial statements								

As per my attached report of even date,

On behalf of the Board of Directors,

For M/s. P. G. BHAGWAT  
Chartered Accountants  
Firm Registration No. 101118W

B.S. Mitkari  
Director  
DIN: 03632549

B. B. Hattarki  
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S. R. Kshirsagar  
Company Secretary

Place : Pune  
Date : 28<sup>th</sup> July , 2020

Place : Pune  
Date : 28<sup>th</sup> July , 2020

(All amounts are in Rupees Mln.s, except per share data and unless stated otherwise)

**Background:**

BF Investment Limited ("the Company") is a public limited company domiciled in India and incorporated in May, 2009 under the provisions of Companies Act, 1956. The equity shares of the Company are listed on two recognized stock exchanges in India i.e. the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company is primarily engaged in the business of making investments in Group companies. The registered office of the Company is located at, Mundhwa Pune Cantonment, Pune-411036. The CIN of the Company is L65993PN2009PLC134021. The Company has seven Associates and two joint ventures, together referred as the Group.

These consolidated financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on 28<sup>th</sup> July, 2020.

**1A. Significant Accounting Policies:**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

**(i) Compliance with Ind AS**

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies ( Indian Accounting Standards ) Rules, 2015 as amended thereafter. For all periods up to and including the year ended March 31, 2018, the Group prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies ( Accounts) Rules, 2014 ( Indian GAAP).

**(ii) Historical cost convention**

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value

**(iii) Current versus non-current classification**

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when,

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

**(iv) Principles of consolidation and equity accounting**

● **Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

- **Joint Arrangements**

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Group only has joint ventures.

- **Joint Ventures**

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated balance sheet.

- **Equity method**

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has adopted not to recognize the effects of the transactions recorded in equity of associates and joint ventures outside the statement of profit or loss and other comprehensive income of the associates and joint ventures.

**(b) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions for the Group. Refer note 37 for segment information presented.

**(c) Foreign currency translation**

**Functional and presentation currency**

Items included in the separate financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

**Initial Recognition**

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of transaction.

**Conversion**

Monetary items, designated in foreign currencies are revalued at the rate prevailing on the date of Balance Sheet.

**Exchange Differences**

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognized as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset.

**(d) Interest Income**

Interest income is accrued over the period of the loan / investment.

**(e) Dividends**

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

**(f) Taxes**

**Current tax**

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961. - The management periodically evaluates positions taken in returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

**Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in associates deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(g) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Group's cash management.

**(h) Fair value measurement :**

The Group measures financial instruments at fair value on initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level inputs that is significant to the fair value measurement as a whole:

- Level 1 - Quoted ( unadjusted ) market prices in active markets for identical assets and liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is un-observable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**(i) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(j) Financial assets**

**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income ( FVTOCI )
- Financial assets at fair value through profit or loss ( FVTPL )

**Financial assets at amortized cost:**

A financial asset is measured at amortized cost if both following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.



#### **Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if both of the following criteria are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognized or reclassified, are subsequently measured at fair value and recognized in other comprehensive income except for interest income, gain/loss on impairment, gain/loss on foreign exchange which is recognized in the statement of profit and loss.

#### **Financial assets at fair value through profit or loss**

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

In addition, the Group may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). After initial measurement, such financial assets are subsequently measured at fair value in the statement of profit and loss.

#### **De-recognition of financial assets**

A financial asset is de-recognized when:

- the contractual rights to receive cash flows from the financial asset have expired, or
- The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either
  - (a) The Group has transferred substantially all the risks and rewards of the asset or
  - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### **Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt-securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive ( i.e., all cash shortfalls ), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head "Other Expenses" in the statement of profit and loss.

The Balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost.

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-offs criteria, the Group does not de-recognize impairment allowance from the gross carrying amount.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

**(k) De-recognition of financial liabilities**

A financial liability (or a part of a financial liability) is de-recognized from its balance sheet when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**(l) Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

**(m) Investment Property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized

Investment property are depreciated using straight line method over their estimated useful lives.

**Transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its investment properties recognized as at April 01, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

**(n) Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All directly attributable costs relating to the acquisition and installation of property, plant and equipment are capitalized. All repair and maintenance costs are recognized in statement of profit and loss during the reporting period in which they are incurred.

Subsequent costs are included in the asset's carrying amount as recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for a separate asset is derecognized when replaced.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation on additions is provided from the beginning of the month in which the asset is put to use.

Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.

The useful lives has been determined based on technical evaluation done by the Management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Depreciation is charged on the basis of useful life of assets on straight line method.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the separate statement of profit and loss when the asset is derecognized.

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**(o) Leases**

The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

● **Company as a Lessee**

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Company uses the practical expedient to apply the requirements of Ind AS 116 to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Company applies both recognition exemptions.

**Right of use asset**

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

**Lease liability**

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

**Lease modification**

For a lease modification that is not accounted for as a separate lease, the company accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

● **Company as Lessor**

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant

periodic rate of return on the net investment outstanding in respect of the lease.

Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. However, if there is no reasonable certainty that the company will obtain possession of the asset upon end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" using modified retrospective approach. Consequently, the Company has recorded lease liability of Rs.9.092 Mln. calculated as the present value of the remaining lease payments discounted at the incremental borrowing rate. Right of use asset has been recognised at Rs. 8.022 Mln. determined at net of the amount calculated by applying the standard since the date of the commencement of lease and the resulting depreciation upto the date of adoption. The net effect of initial application of Ind AS 116 has been adjusted to retained earnings of Rs.0.773 Mln (net of taxes) as on April 1, 2019.

Due to transition, the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation cost" and "finance cost" for the right-to-use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current period are not comparable to the previous periods disclosed. The adoption of the standard did not have any material impact on the profit for the period as compared to previous periods.

**(p) Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss.

Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount. Such reversal is recognized in statement of profit and loss.

**(q) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Group after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**(r) Provisions and contingent liabilities**

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

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

contingent liability is made where there is a possible obligation arising out of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**(s) Paid-up equity**

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(t) Dividends**

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the Group when distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**(u) Earnings per share**

**(i) Basic Earnings per Share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

**(ii) Diluted Earnings per Share**

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(v) Rounding of amounts:**

All amounts disclosed in these separate financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

**1. B Standards issued but not effective**

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India:

1. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
2. Ind AS 40, "Investment Property"
3. Ind AS 103, "Business Combinations"
4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1st April, 2020 as at the date of approval of these financial statements.

**2. Significant accounting judgements, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. This note provides an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below.

Judgments, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the separate financial statements:

**1. Segment Reporting**

Ind-AS 108 Operating Segments requires Management to determine the reportable segments for the

purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

The Group has determined that the Chief Operating Decision Maker (CODM) is the Board of Directors (BoD), based on its internal reporting structure and functions of the BoD. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources.

## 2. Legal Contingencies

The Group has received various orders and notices from tax authorities in respect of direct and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### 1. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 34 for further disclosures.

#### 2. Deferred Tax

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax asset could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
<b>Note 3: Cash and Cash Equivalents</b>		
Balances with Banks		
In current accounts	0.12	0.61
Term deposits with original maturity of less than three months	160.00	84.50
Cash in Hand	0.00	0.02
<b>Total</b>	<b>160.12</b>	<b>85.13</b>

**Note 4: Loans**

	As on March 31, 2020			As on March 31, 2019		
	Amortised cost	Fair value through profit or loss	Total	Amortised cost	Fair value through profit or loss	Total
<b>(A) Loans</b>						
(i) Intercorporate deposit	88.00	188.45	276.44	86.93	179.37	266.30
Total (A) - Gross	88.00	188.45	276.44	86.93	179.37	266.30
Less: impairment loss allowance	(86.93)	-	(86.93)	(86.93)	-	(86.93)
Total (A) - Net	1.07	188.45	189.51	-	179.37	179.37
<b>(B)</b>						
(i) Unsecured	88.00	188.45	276.44	86.93	179.37	266.30
Total (B) - Gross	88.00	188.45	276.44	86.93	179.37	266.30
Less: impairment loss allowance	(86.93)	-	(86.93)	(86.93)	-	(86.93)
Total (B) - Net	1.07	188.45	189.51	-	179.37	179.37
<b>(C) Loans in India</b>						
Total (C) - Gross	88.00	188.45	276.44	86.93	179.37	266.30
Less: impairment loss allowance	(86.93)	-	(86.93)	(86.93)	-	(86.93)
Total (C) - Net	1.07	188.45	189.51	-	179.37	179.37
Good			189.51			179.37
Doubtful			86.93			86.93



**Note 5: Investments**

Investments	As on March 31, 2020				As on March 31, 2019				
	Quantity in numbers	At Cost	At fair value		Total	At Cost	At fair value		Total
			Through other comprehensive income	Through profit or loss			Through other comprehensive income	Through profit or loss	
<b>Total Mutual Funds:</b>									
<b>Equity shares:</b>									
Equity Shares of ₹ 2/- each fully paid in Bharat Forge Ltd.	15,614,676	-	3,679.60	-	3,679.60	8,000.96	-	8,000.96	
Equity Shares of ₹ 5/- each fully paid in BF Utilities Ltd.	1,187,903	-	171.00	-	171.00	232.89	-	232.89	
Equity Shares of ₹ 2/- each fully paid in Hikal Ltd.	3,273,375	-	228.97	-	228.97	568.42	-	568.42	
Equity Shares of ₹ 10/- each fully paid in Kalyani Forge Ltd.	569,600	-	51.27	-	51.27	158.89	-	158.89	
Equity Shares of ₹ 10/- each fully paid in Saarloha Advanced Materials Pvt. Ltd. (previously known as Kalyani Carpenter Special Steels Pvt. Ltd.)	500	-	0.01	-	0.01	0.01	-	0.01	
Equity Shares of ₹ 10/- each fully paid in Khed Economic Infrastructure Pvt. Ltd.	71,362,260	-	1,193.18	-	1,193.18	1,083.99	-	1,083.99	
Equity Shares of ₹ 10/- each fully paid in Kalyani Maxion Wheels Ltd.	2,399,998	-	433.63	-	433.63	448.99	-	448.99	
<b>Total Equity Shares</b>			<b>5,757.66</b>		<b>5,757.66</b>	<b>10,494.15</b>		<b>10,494.15</b>	
<b>Equity Shares in Associates</b>									
Equity Shares of ₹ 5/- each, fully paid in Kalyani Steels Ltd.	17,052,421	2,110.19	-	-	2,110.19	1,835.52	-	1,835.52	
Equity Shares of ₹ 10/- each fully paid in KSL Holdings Pvt. Ltd.	32,999,000	5,973.23	-	-	5,973.23	4,784.24	-	4,784.24	
Equity Shares of ₹ 10/- each fully paid in Epicenter Technologies Pvt. Ltd.	-	-	-	-	-	-	-	-	
Equity Shares of ₹ 10/- each fully paid in Epicenter Technologies Pvt. Ltd. (previously known as Carpenter Kalyani Special Alloys Pvt. Ltd.)	3,195,397	6.68	-	-	6.68	6.45	-	6.45	
Equity Shares of ₹ 10/- each fully paid in Kalyani Financial Services Ltd.	2,940,000	94.02	-	-	94.02	55.55	-	55.55	
Equity Shares of ₹ 10/- each fully paid in Nandi Engineering Ltd.	25,000	0.25	-	-	0.25	0.25	-	0.25	
Equity Shares of ₹ 10/- each fully paid in Synise Technologies Ltd.	1,131,793	55.85	-	-	55.85	55.85	-	55.85	
<b>Total Equity shares in associates</b>		<b>8,240.22</b>			<b>8,240.22</b>	<b>6,737.86</b>		<b>6,737.86</b>	
<b>Equity Shares in Joint Venture</b>									
Equity Shares of ₹ 10/- each fully paid in Automotive Axles Ltd.	5,367,803	1,790.83	-	-	1,790.83	1,811.53	-	1,811.53	
Equity Shares of ₹ 10/- each fully paid in Meritor HVS India Ltd.	1,190,694	875.01	-	-	875.01	885.06	-	885.06	
<b>Total Equity shares associates and joint ventures</b>		<b>2,665.84</b>			<b>2,665.84</b>	<b>2,696.59</b>		<b>2,696.59</b>	
<b>Preference shares:</b>									
7% Cumulative Optionally Convertible Non-Participating Preference Shares of ₹ 10/- each, fully paid in Kalyani Technoforge Limited.	36,042,440 (P.Y. 24042440)	-	-	338.25	338.25	-	229.45	229.45	
8% Cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Baramati Speciality Steels Ltd.	9,300,000	-	-	92.96	92.96	-	85.19	85.19	
		-	-	431.21	431.21	-	314.64	314.64	
		10,906.06	5,757.66	-	16,663.72	9,434.45	10,494.15	19,928.60	

Carried over

**Note 5: Investments (Contd.)**

Investments	As on March 31, 2020				As on March 31, 2019				
	Quantity in numbers	At Cost	At fair value		At Cost	At fair value		Total	
			Through other compre- hensive income	Through profit or loss		Through other compre- hensive income	Through profit or loss		
Preference shares in Associates (Contd.)									
6% Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial Services Ltd.		10,906.06	5,757.66	-	16,663.72	9,434.45	10,494.15	-	19,928.60
9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Pvt. Ltd.		-	431.21	431.21	-	-	-	314.64	314.64
1% Non Cumulative Compulsorily Convertible Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial services Ltd.	4,000,000	-	-	-	491.74	491.74	-	454.89	454.89
Total Preference Shares:	6,860,000	-	-	47.47	47.47	-	-	43.14	43.14
Debtures in Associates:									
0% Fully Convertible Debentures of ₹ 100/- each fully paid of Kalyani Financial Services Ltd.	6636000	-	192.44	-	192.44	-	177.35	-	177.35
Total Debtures:		-	192.44	-	192.44	-	177.35	-	1,77.35
Total - Gross (A)		10,906.06	5,950.10	970.42	17,826.58	9,434.45	10,671.50	812.67	22,514.80
(i) investments outside india		-	-	-	-	-	-	-	-
(ii) investments in India		10,906.06	5,950.10	970.42	17,826.58	9,434.45	10,671.50	812.67	20,918.62
Total (B)		10,906.06	5,950.10	970.42	17,826.58	9,434.45	10,671.50	812.67	20,918.62
Less: Allowance for impairment loss		(56.10)	-	-	(56.10)	(56.10)	-	-	(56.10)
Total Investments		10,849.96	5,950.10	970.42	17,770.48	9,378.35	10,671.50	812.67	20,862.52

**Note -**

- Previous year quantities are in brackets.

- Unless, otherwise indicated, there is no change in current and previous year quantities.



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	March 31, 2020	March 31, 2019
<b>Note 6: Other financial assets</b>		
Interest and dividend receivable	10.42	5.38
Provision for Doubtful dividend and Interest Receivable	(5.72)	(1.45)
<b>Net Interest receivable</b>	<b>4.70</b>	<b>3.93</b>
Term Deposits with Banks with original maturity of more than 3 months but less than 12 months	705.10	433.40
Security deposits	3.56	3.56
<b>Total</b>	<b>713.36</b>	<b>440.89</b>
<b>Note 7 : Current Tax Assets (net)</b>		
Tax paid in advance, (net of provisions)	2.23	2.71
<b>Total</b>	<b>2.23</b>	<b>2.71</b>
<b>Note 8 : Deferred Tax Asset (net)</b>		
Deferred tax asset (net)	67.58	116.91
<b>Total</b>	<b>67.58</b>	<b>116.91</b>
<b>Changes in Deferred Tax Assets/ (Liabilities) in Profit and Loss [charged / (credited) during the year]</b>		
<b>Deferred tax liabilities</b>		
On account of temporary difference		
Deferred tax on equity shares	26.10	6.10
Deferred tax on mutual fund	-	(1.12)
	<b>26.10</b>	<b>4.98</b>
<b>Deferred tax assets</b>		
On account of temporary difference		
Depreciation and amortisation	(0.73)	(1.64)
Disallowances	-	-
Deferred tax asset on fair valuation of preference shares	-	(11.14)
Deferred tax on fair valuation of loans	(22.49)	(4.58)
	<b>(23.22)</b>	<b>(17.36)</b>
<b>Total</b>	<b>(49.32)</b>	<b>(22.34)</b>
<b>Changes in Deferred Tax Assets/ (Liabilities) in Other Comprehensive income [charged / (credited) during the year]</b>		
Deferred tax charged	(26.10)	(6.10)
<b>Total</b>	<b>(26.10)</b>	<b>(6.10)</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)		
	Freehold land	Buildings	Total
<b>Note 9: Investment property</b>			
Gross block as at 1 April 2018	125.85	7.66	133.51
Additions	-	-	-
Adjustments	-	-	-
<b>Gross block as at March 31, 2019</b>	<b>125.85</b>	<b>7.66</b>	<b>133.51</b>
Additions	-	-	-
Adjustments	-	-	-
<b>Gross block as at March 31, 2020</b>	<b>125.85</b>	<b>7.66</b>	<b>133.51</b>
Accumulated depreciation as at 1 April 2018	-	2.93	2.93
Depreciation charge	-	0.13	0.13
<b>Closing accumulated depreciation as at March 31, 2019</b>	<b>-</b>	<b>3.06</b>	<b>3.06</b>
Depreciation charge	-	0.14	0.13
<b>Closing accumulated depreciation as at March 31, 2020</b>	<b>-</b>	<b>3.20</b>	<b>3.19</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>125.85</b>	<b>4.46</b>	<b>130.31</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>125.85</b>	<b>4.60</b>	<b>130.45</b>

Amount recognised in profit and loss for investment properties

Particulars	(₹ in Mln.s)	
	March 31, 2020	March 31, 2019
Depreciation	0.13	0.13
<b>Total</b>	<b>0.13</b>	<b>0.13</b>

Fair Value Particulars	(₹ in Mln.s)	
	Freehold land	Buildings
As on March 31, 2020	715.00	151.29
As on March 31, 2019	715.00	151.29

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)		
	Vehicles	Furniture and Fixtures	Total
<b>Note 10: Property, plant and equipment</b>			
Gross Block as at April 1, 2018	26.56	10.91	37.47
Additions	-	-	-
Disposals/Adjustments	(26.56)	-	(26.56)
<b>Gross block as at March 31, 2019</b>	<b>-</b>	<b>10.91</b>	<b>10.91</b>
Additions	-	-	-
Transfers	-	-	-
Disposals / Adjustments	-	-	-
<b>Gross Block as at March 31, 2020</b>	<b>-</b>	<b>10.91</b>	<b>10.91</b>

**Accumulated Depreciation :**

As at April 1, 2018	20.42	3.22	23.64
For the year	-	1.04	1.04
Disposals/Adjustments	(20.42)	-	(20.42)
<b>As at March 31, 2019</b>	<b>-</b>	<b>4.26</b>	<b>4.26</b>
For the year	-	1.03	1.03
Disposals/Adjustments	-	-	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>5.29</b>	<b>5.29</b>

**Net Block**

As at March 31, 2019	-	6.65	6.65
As at March 31, 2020	-	5.62	5.62

i) The information relating to Gross block, accumulated Depreciation and Impairment if any, has been disclosed as an additional information since the Group has adopted deemed cost exemption under Ind AS 101. Refer Note 37 on first time adoption.

(₹ in Mln.s)

**Note 10 (ii) : Other non-financial assets**

Right to Use Asset		1.60
Gross Block as at 1st April 2019		-
Additions during the year		8.02
Deduction during the year		-
Deprecation during the year		6.42
<b>Net Block as at 31st March 2020</b>		<b>1.60</b>

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
<b>Note 11 : Other non-financial assets</b>		
Prepaid expenses	-	-
Other Assets	265.00	165.00
<b>Total</b>	<b>265.00</b>	<b>165.00</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

(₹ in Mln.s)

Particulars	March 31, 2020	March 31, 2019
<b>Note 12: Current Financial Liabilities - Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	0.34	1.32
<b>Total</b>	<u>0.34</u>	<u>1.32</u>

The Company has compiled this information based on the current information in its possession as at March 31, 2020, no supplier has intimated the Company about its status as Micro and Small Enterprises or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

**Note 13: Other Current Financial Liabilities**

Directors commission payable	16.00	12.00
<b>Total</b>	<u>16.00</u>	<u>12.00</u>

**Note 14: Current Tax Liabilities**

Current Tax Liabilities (net of advance tax)	4.31	4.50
<b>Total</b>	<u>4.31</u>	<u>4.50</u>

**Note 15: Deferred Tax Liabilities (Net)**

Deferred tax liability (net)	2,170.20	1,448.37
<b>Total</b>	<u>2,170.20</u>	<u>1,448.37</u>

**Note 16: Other non financial liabilities**

Statutory dues payable	3.24	0.25
Lease liability	1.93	-
<b>Total</b>	<u>5.17</u>	<u>0.25</u>

**Note 17: Share capital**

**(a) Authorised share capital**

Particulars	Equity shares
<b>As at March 31, 2020 :</b>	
Number of shares	40,000,000
Face value per share (Rupees)	5
Amount ( Rs. in Mln.s)	200.00
<b>As at March 31, 2019 :</b>	
Number of shares	40,000,000
Face value per share (Rupees)	5
Amount ( Rs.in Mln.s)	200.00

**(b) Terms/ rights attached to equity shares**

The Company has only one class of issued equity shares having a par value of Rs.5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

**(c) Issued and subscribed equity share capital**

Particulars	Number of shares	(₹ in Mln.s)
		Amount
As at March 31, 2019	37,667,628	188.34
Changes in equity share capital	-	-
As at March 31, 2020	37,667,628	188.34
Changes in equity share capital	-	-

**(d) Details of shareholders holding more than 5% shares in the Company**

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited	KSL Holdings Pvt. Ltd.
As at March 31, 2020			
% of holding	27.32%	25.99%	13.42%
Number of shares	10,292,103	9,793,068	5,054,091
As at March 31, 2019			
% of holding	27.32%	25.99%	13.42%
Number of shares	10,292,103	9,793,068	5,054,091

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	March 31, 2020	March 31, 2019
<b>Note 18: Reserves and Surplus</b>		
Retained earnings	10,079.09	8,901.21
Less : transition effect of Ind AS 116	(0.76)	-
Add: Profit for the year	1,443.24	1,264.42
Less: Transfer to statutory reserve fund	(117.02)	(86.53)
	<u>11,404.55</u>	<u>10,079.10</u>
General Reserve as at the beginning and end of the year	0.87	0.87
Capital reserve as at the beginning and end of the year	2,367.52	2,367.52
Capital Redemption reserve as at the beginning and end of the year	0.00	0.00
Reserve Fund as at the beginning of the year	1,070.98	984.45
Add:	117.02	86.53
Reserve Fund as at the end of the year	1,188.00	1,070.98
FVOCI Equity investments		
As at the beginning of the year net of deferred taxes	6,816.38	11,953.37
Add: Fair value gains/losses for the year net of deferred taxes	(4,855.87)	(5,136.99)
As at the end of the year	<u>1,960.51</u>	<u>6,816.38</u>
<b>Total</b>	<u><u>16,921.45</u></u>	<u><u>20,334.85</u></u>

**Nature and purpose of reserves:**

**i General reserve :**

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in General Reserve since transfer under the scheme of arrangement.

**ii Capital reserve :** It is the reserve pertaining to the investment undertaking transferred to the Resultant Company, i.e. BF Investment Ltd., Consequent to the scheme of arrangement approved by High Court of judicature, Mumbai during F.Y. 2009-2010.

**iii Capital Redemption Reserve :** An erstwhile subsidiary of BF Utilities Ltd. (amalgamated company) had preference capital. At the time of redemption of said preference capital, Redemption Reserve was created, which has since got transferred to BF Investment by means of scheme of arrangement.

**iv Reserve Fund :** Under sec 45IC(1) of RBI act, every NBFC has to transfer 20% of its post tax profits to a corpus termed as Reserve Fund.

**v FVTOCI Equity investment reserve**

The Company has elected to recognise changes in the fair value of investment in equity shares in other comprehensive income. These changes are accumulated within the FVTOCI investment reserve within equity. The Company will transfer amounts from the said reserve to retained earnings when the relevant equity shares are de-recognised.

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note 19: Interest Income</b>		
Interest Received on Bank Deposits	41.32	30.80
Interest Received on Inter Corporate Deposits	-	0.31
<b>Total</b>	<u>41.32</u>	<u>31.11</u>
<b>Note 20: Dividend Income</b>		
Dividend received on equity shares investments	123.91	90.69
<b>Total</b>	<u>123.91</u>	<u>90.69</u>
<b>Note 21: Net Gain/(loss) on fair value changes</b>		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- preference shares and loans	55.90	59.73
- mutual funds	-	-
Total Net gain/(loss) on fair value changes		
Fair Value Changes:		
- Realised		
- Unrealised	55.90	59.73
<b>Total Net gain/(loss) on fair value changes</b>	<u>55.90</u>	<u>59.73</u>
<b>Note 22: Other Income</b>		
Miscellaneous Income	0.22	11.63
Surplus on Redemption of Mutual Funds	-	4.79
<b>Total</b>	<u>0.22</u>	<u>16.42</u>
<b>Note 23: Employee Benefit Expenses</b>		
Salaries and wages	5.46	4.29
Contribution to provident and other funds	0.12	0.19
Staff welfare expenses	0.13	0.03
<b>Total</b>	<u>5.71</u>	<u>4.51</u>
<b>Note 24: Finance Cost</b>		
Other interest	-	0.20
Finance cost on leases	0.59	-
<b>Total</b>	<u>0.59</u>	<u>0.20</u>



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note 25: Depreciation</b>		
Depreciation	7.59	1.17
<b>Total</b>	<u>7.59</u>	<u>1.17</u>
<b>Note 26: Other Expenses</b>		
Rent, taxes	1.65	10.21
Repairs and maintenance	1.20	-
Communication expenses	0.17	0.02
Printing and stationery	0.55	0.39
Advertisement and publicity	0.27	0.16
Director's fees, allowances and expenses	0.27	0.27
Auditor's fees and expenses (refer note no. 29)	0.82	0.54
Insurance	0.01	0.05
Brand Fees	0.56	0.50
Professional Fees	15.96	13.97
Commission to Directors	16.00	12.00
CSR Expenditure	5.00	-
Donation	2.50	-
Provision for doubtful income	4.27	-
Other expenditure	4.36	1.48
<b>Total</b>	<u>53.59</u>	<u>39.58</u>
<b>Note: 27 Exceptional item</b>		
Provision for doubtful advances	-	(4.20)
Stamp duty	35.81	-
Diminution in Investment (Provision)	-	(9.22)
<b>Total</b>	<u>35.81</u>	<u>(13.42)</u>
<b>Note 28: Tax Expenses</b>		
Current tax	8.47	8.05
Deferred tax expense	847.59	205.19
Tax for earlier years	(1.78)	-
<b>Total</b>	<u>854.28</u>	<u>213.24</u>

Company has provided Income Tax for the year ended on 31<sup>st</sup> March, 2020 and remeasured its Deferred Tax Asset / Liability on the basis of rates prescribed under section 115BAA of the Income Tax Act, 1961 exercising the option permitted under that section.

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	(₹ in Mln.s)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Reconciliation of tax expense and accounting profit multiplied by statutory tax rate</b>		
Profit before tax	2,297.52	1,477.66
Applicable tax rate	0.2517	0.2782
Computed tax expense	578.29	411.09
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income :</b>		
Non-deductible expenses	23.72	10.25
Income exempt from tax	(31.19)	(25.23)
Deferred tax liability on undistributed profits of associates and joint venture	824.07	181.72
Share of results of associates and joint venture	(548.57)	(364.93)
Exceptional items	9.01	(1.17)
Others	(2.83)	1.51
Tax in respect of earlier years	1.78	-
<b>Income tax expense</b>	<b>854.28</b>	<b>213.24</b>

**Note 29: Earnings per share**

Net profit / (loss) after tax	1,443.24	1,264.42
Weighted average number of equity shares	37,667,628	37,667,628
<b>Basic and diluted earning per share of nominal value of Rs. 5/- each</b>	<b>38.32</b>	<b>33.57</b>

**Note 30: Payment to auditors**

As auditor:		
Audit fees	0.62	0.47
Tax Audit	0.04	0.04
Certification fees	0.02	0.03
Reimbursement of out of pocket expenses	0.14	-
<b>Total</b>	<b>0.82</b>	<b>0.54</b>

**Note 31: Employee benefits**

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

**Note 32: Related party transactions**

**A) Name of the related parties and nature of relationship**

**(i) Where control exists**

Associate Company	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
i Kalyani Steels Limited	39.06%	39.06%
ii KSL Holdings Private Limited	42.52%	42.52%
iii Triumphant Special Alloys Pvt. Ltd. (previously known as Carpenter Kalyani Special Alloys Pvt. Ltd)	45.51%	45.51%
vi Kalyani Financial Services Limited	49.00%	49.00%
v Nandi Engineering Limited	40.00%	40.00%
vi Synise Technologies Limited	46.77%	46.77%

The principal place of business of the associate is India and the Company has accounted for its investment in associate at cost.

**(ii) Where control exists**

Joint Venture	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
i Automotive Axles Limited	35.52%	35.52%
ii Meritor (HVS) India Limited	48.99%	48.99%

The principal place of business of the Joint Venture is India and the Company has accounted for its investment in Joint Venture at cost.

**Key Management Personnel**

- i Mr. J. G. Patwardhan, the Chief Executive Officer and Chief Financial Officer
- ii Mr. S. R. Kshirsagar, the Company Secretary
- iii Mr. Amit B. Kalyani, Director
- iv Mr. B. B Hattarki, Director
- v Mr. M. U Takale, Director
- vi Mr. B. S. Mitkari, Director
- vii Mr. S. G. Joglekar, Director
- vi Ms. A. A. Sathe, Director

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

	(₹ in Mln.s)	
	March 31, 2020	March 31, 2019
<b>Transactions with related parties</b>		
<b>a Interest received from associates</b>		
i Kalyani Financial Services Limited	-	0.25
<b>Total</b>	<u>-</u>	<u>0.25</u>
<b>b Dividend Received from Associates</b>		
i Kalyani Steels Limited	170.52	85.26
<b>Total</b>	<u>170.52</u>	<u>85.26</u>
<b>c Dividend Received from Joint venture</b>		
i Automotive Axles Limited	136.88	72.47
ii Meritor HVS India Limited	189.86	149.79
<b>Total</b>	<u>326.74</u>	<u>222.26</u>
<b>d Remuneration to Key Managerial Person</b>		
i Mr. J. G. Patwardhan, the Chief Financial Officer and Chief Executive Officer	4.35	3.45
ii Mr. S. R. Kshirsagar, the Company Secretary	1.35	1.06
<b>Total</b>	<u>5.70</u>	<u>4.51</u>
<b>e Director's sitting fees</b>		
i Mr. Amit B. Kalyani, Director	0.03	0.04
ii Mr. B. B Hattarki, Director	0.03	0.06
iii Mr.M. U Takale, Director	0.03	0.06
iv Ms. A. A Sathe, Director	0.02	0.03
v Mr. B. S. Mitkari, Director	0.03	-
vi Mr. S. G. Joglekar, Director	0.03	-
<b>Total</b>	<u>0.17</u>	<u>0.19</u>
<b>f Director's commission</b>		
i Mr. Amit B. Kalyani, Director	12.25	10.50
ii Mr. B. B Hattarki, Director	0.75	0.50
iii Mr. M. U Takale, Director	0.75	0.50
iv Mr. B. S. Mitkari, Director	0.75	-
v Mr. S. G. Joglekar, Director	0.75	-
vi Ms. A. A. Sathe, Director	0.75	0.50
<b>Total</b>	<u>16.00</u>	<u>12.00</u>
<b>Balances with related parties</b>		
<b>a Director's commission payable</b>		
i Mr. Amit B. Kalyani, Director	12.25	10.50
ii Mr. B. B Hattarki, Director	0.75	0.50
iii Mr.M. U Takale, Director	0.75	0.50
iv Mr. B. S. Mitkari, Director	0.75	-
v Mr. S.G.Joglekar, Director	0.75	-
vi Ms. A. A Sathe, Director	0.75	0.50
<b>Total</b>	<u>16.00</u>	<u>12.00</u>

The above transactions are at arms length, and the commission payable is unsecured

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

(₹ in Mln.s)

**Note 33: Interests in associates and jointly controlled entities**

Name of entity	Kalyani Steels Limited	KSL Holdings Private Limited	Truimphant Special Alloys Private Limited	Kalyani Financial Services Limited	Meritor (HVS) India Limited	Automotive Axles Limited
Place of business	Pune, India	Pune, India	Pune, India	Pune, India	Mysuru, India	Mysuru, India
% of ownership interest	39.06%	42.52%	45.51%	49.00%	48.99%	35.52%
Relationship	Associate	Associate	Associate	Associate	Joint Venture	Joint Venture
Accounting method	Equity method	Equity method	Equity method	Equity method	Equity method	Equity method
Quoted fair value						
March 31, 2020	1,958.47					2,053.99
March 31, 2019	3,661.15	-	-	-	-	6,674.87
Carrying amount						
March 31, 2020	2,110.19	5,973.23	6.68	94.01	875.01	1,790.83
March 31, 2019	1,835.52	4,784.24	6.45	55.55	885.06	1,811.53

**Commitments and contingent liabilities in respect of associates and jointly controlled entities**

	March 31, 2020	March 31, 2019
<b>Commitments :</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	278.21	475.90
<b>Total Commitments:</b>	<u>278.21</u>	<u>475.90</u>
<b>Contingent liabilities :</b>		
Associates	319.06	301.59
Joint Ventures	3.05	6.80
<b>Total Contingent liabilities</b>	<u>322.11</u>	<u>308.39</u>

**Summarised financial information for associates and jointly controlled entities.**

**Summarised balance sheet (Associates)**

	Kalyani Steels Limited		KSL Holdings Private Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Total non-current assets	5,786.72	6,027.79	18,924.83	15,467.51
Total current assets	7,858.36	7,761.31	3,483.79	4,950.20
Total non-current liabilities	390.29	585.75	4,965.04	4,610.96
Total current liabilities	3,660.31	4,356.39	2,367.00	3,505.50
<b>Net Assets</b>	<b>9,594.48</b>	<b>8,846.96</b>	<b>15,076.58</b>	<b>12,301.25</b>

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

(₹ in Mln.s)

**Summarised balance sheet (Associates)**

	Truimphant Special Alloys Private Limited		Kalyani Financial Services Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Total non-current assets	0.58	0.54	1,310.63	1,235.71
Total current assets	11.65	11.19	2.56	0.12
Total non-current liabilities	-	-	140.00	30.00
Total current liabilities	0.03	0.04	0.08	1.22
<b>Net Assets</b>	<b>12.20</b>	<b>11.69</b>	<b>1,173.11</b>	<b>1,204.61</b>

**Summarised balance sheet (Joint ventures)**

	Meritor (HVS) India Limited		Automotive Axles Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Total non-current assets	117.73	102.94	3,190.63	2,895.92
Total current assets	2,994.94	5,204.30	4,094.27	6,436.80
Cash and cash equivalents	516.97	543.97	737.34	397.41
Other assets	2,477.97	4,660.33	3,356.93	6,039.39
Total non-current liabilities	16.62	5.13	381.93	735.82
Financial liabilities (excluding trade payables)	11.35	-	294.91	659.03
Other liabilities	5.27	5.13	87.02	76.79
Total current liabilities	1,515.63	3,701.21	1,583.60	3,212.50
Financial liabilities (excluding trade payables)	13.55	2.38	199.68	182.01
Other liabilities	48.33	68.37	238.29	450.96
<b>Net Assets</b>	<b>1,580.42</b>	<b>1,600.90</b>	<b>5,319.37</b>	<b>5,384.40</b>

**Summarised statement of profit and loss****Summarised statement of profit and loss (Associates)**

	Kalyani Steels Limited		KSL Holdings Private Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue	11,989.28	14,065.79	14,810.61	15,148.20
Profit for the year	1,340.80	1,313.79	3,029.25	107.52
Other comprehensive income	(111.27)	1.05	(232.93)	(4,999.06)
<b>Total comprehensive income</b>	<b>1,229.53</b>	<b>1,314.84</b>	<b>279.63</b>	<b>(4,891.54)</b>
Dividends received	170.52	85.26	-	-

(₹ in Mln.s)

**Summarised statement of profit and loss (Associates)**

	<u>Truimphant Special Alloys Private Limited</u>		<u>Kalyani Financial Services Limited</u>	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue	-	-	-	-
Profit/(Loss) for the year	0.51	0.42	3.48	(2.01)
Other comprehensive income	-	-	75.01	0.55
<b>Total comprehensive income</b>	<b>0.51</b>	<b>4.23</b>	<b>78.49</b>	<b>(1.46)</b>
Dividends received				

**Summarised profit and loss (Joint ventures)**

	<u>Meritor (HVS) India Limited</u>		<u>Automotive Axles Limited</u>	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue	9,538.38	17,953.64	9,519.58	19,390.42
Interest Income	14.52	2.63	56.61	25.59
Depreciation and amortisation	26.20	13.33	372.22	461.86
Interest expense	4.59	0.89	18.07	4.03
Income tax expense	164.97	356.05	188.20	637.61
Profit for the year	448.30	656.97	411.34	1,215.50
Other comprehensive income	(1.68)	(0.93)	(5.04)	(28.51)
<b>Total comprehensive income</b>	<b>446.62</b>	<b>656.04</b>	<b>406.30</b>	<b>1,186.99</b>
Dividends received	189.86	149.79	136.88	72.47

**Reconciliation to carrying amounts (Associates)**

	<u>Kalyani Steels Limited</u>		<u>KSL Holdings Private Limited</u>	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening net assets	9,065.87	8,014.19	(245.21)	4,646.33
Profit for the year	1,340.80	1,313.79	3,029.25	107.52
Other comprehensive income	(111.27)	1.05	(232.93)	(4,999.06)
Dividends paid	(436.54)	(218.27)	-	-
Dividend distribution tax	(89.77)	(44.88)	-	-
<b>Closing net assets</b>	<b>9,769.10</b>	<b>9,065.87</b>	<b>2,551.11</b>	<b>(245.21)</b>
Group's share in %	0.39	0.39	0.43	0.43
Group's share in INR	3,815.81	3,541.13	1,084.73	(1,042.64)
Goodwill/(Capital Reserve)	(1,705.62)	(1,705.61)	4,888.50	4,888.50
<b>Carrying amount</b>	<b>2,110.19</b>	<b>1,835.52</b>	<b>5,973.23</b>	<b>4,784.24</b>

(₹ in Mln.s)

## Reconciliation to carrying amounts (Associates)

	Truimphant Special Alloys Private Limited		Kalyani Financial Services Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening net assets	11.71	11.28	1,108.13	1,109.59
Profit for the year	0.51	0.42	3.48	(2.01)
Other comprehensive income	-	-	75.01	0.55
Dividends paid	-	-	-	-
Dividend distribution tax	-	-	-	-
<b>Closing net assets</b>	<b>12.21</b>	<b>11.71</b>	<b>1,186.62</b>	<b>1,108.13</b>
Group's share in %	45.51%	45.51%	49.00%	49.00%
Group's share in INR	5.56	5.33	581.44	542.98
Goodwill/(Capital Reserve)	1.12	1.12	(487.44)	(487.44)
<b>Carrying amount</b>	<b>6.68</b>	<b>6.45</b>	<b>94.01</b>	<b>55.55</b>

## Reconciliation to carrying amounts (Joint Ventures)

	Meritor (HVS) India Limited		Automotive Axles Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening net assets	1,740.02	1,452.51	5,748.42	4,807.37
Profit for the year	448.30	656.97	411.34	1,215.50
Other comprehensive income	(1.68)	(0.93)	(5.04)	(28.51)
Dividends paid	(387.46)	(305.69)	(385.36)	(204.00)
Dividend distribution tax	(79.64)	(62.84)	(79.21)	(41.94)
<b>Closing net assets</b>	<b>1,719.54</b>	<b>1,740.02</b>	<b>5,690.15</b>	<b>5,748.42</b>
Group's share in %	48.99%	48.99%	35.52%	35.52%
Group's share in INR	842.57	8,526.10	2,021.14	20,418.41
Goodwill/(Capital Reserve)	32.44	324.51	(230.31)	(18,606.87)
<b>Carrying amount</b>	<b>875.01</b>	<b>885.06</b>	<b>1,790.83</b>	<b>1,811.53</b>

## Individually immaterial associates

	Nandi Engineering Limited		Synise Technologies Limited	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Aggregate carrying amount of individually immaterial associates	-	-	-	-
Aggregate amounts of the group's share of:	-	-	-	-
Profit/(loss) from operations	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

	(₹ in Mln.s)	
	March 31, 2020	March 31, 2019
<b>Note 34 : Fair value measurements</b>		
<b>Financial assets and liabilities at amortised cost</b>		
<b>Financial assets</b>		
Term deposits	705.10	433.40
Security deposits	3.56	3.56
Loans	1.07	-
Interest receivable	4.70	3.92
Cash and cash equivalents	160.11	85.13
<b>Total financial assets</b>	<b>874.54</b>	<b>526.01</b>
<b>Financial liabilities</b>		
Trade payables	0.34	1.32
Directors Commission payable	16.00	12.00
<b>Total financial liabilities</b>	<b>16.34</b>	<b>13.32</b>
<b>Financial assets and liabilities classified as FVPL</b>		
Investment in Preference shares	970.42	812.67
Loans	188.45	179.37
Investments in Mutual Funds	-	-
<b>Financial assets and liabilities classified as FVOCI</b>		
Investment in Equity Shares	5,757.65	10,494.16
Investment in Debentures	192.44	177.35

**i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

	(₹ in Mln.s)		
	Level 1	Level 2	Level 3
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>			
<b>Investment in Preference shares</b>			
March 31, 2020	-	-	970.42
March 31, 2019	-	-	812.67
<b>Investments in Mutual Funds</b>			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
<b>Investment in Equity Shares</b>			
March 31, 2020	5,757.65	-	-
March 31, 2019	10,494.16	-	-

	(₹ in Mln.s)		
Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3
<b>Investment in Debentures</b>			
March 31, 2020	-	-	192.44
March 31, 2019	-	-	177.35

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

## ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- The fair value for preference shares is determined using discounted cash flow analysis (KSL Holding Limited, Kalyani Technoforge Limited, Baramati Speciality Steels Limited and Kalyani Financial Services Limited)
- The fair value for loans is determined using discounted cash flow analysis (Loans to BF Utilities Limited, loan to NICE Limited and loan to Nandi Economic Corridor Enterprises Limited)
- The fair value for compulsorily convertible debentures is determined using asset approach (Net Asset Value method)

## iii) Valuation process

The Company performs the valuations of assets and liabilities required for financial reporting purposes. The Company appoints external valuation experts whenever the need arises for level 3 fair valuation. Discussions of valuation processes and results are held between the the Company and the valuation experts periodically, in line with the Company's annual reporting period.

## iv) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of such financial assets and liabilities are a reasonable approximation of their fair values.

## v) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items:

	(₹ in Mln.s)		
Particulars	Preference shares	Debentures	Total
As at April 1, 2018	704.01	184.87	888.88
Purchased during the year	43.14	-	43.14
Gains/ (losses) recognised in profit or loss	65.51	-	65.51
Gains/ (losses) recognised in other comprehensive income	-	(7.52)	(7.52)
As at March 31, 2019	812.66	177.35	990.01
Purchased during the year	120.00	-	120.00
Gain / (loss) recognised in profit or loss	37.76	-	37.76
Gains/ (losses) recognised in other comprehensive income	-	15.09	15.09
As at March 31, 2020	970.42	192.44	1,162.86

## v) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value (₹ in Mln.s)

Name of the entity	Method of valuation- significant unobservable inputs	Fair value as at		Inputs used for fair value	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Equity Shares of ₹ 10/- each fully paid in Khed Economic Infrastructure Private Limited.	Cost approach - method Inputs considered for cost approach : Inventory valuation 1) Rate per acre for developed land 2) Rate per acre for land under development 3) Rate per acre for undeveloped land	1,193.18	1,083.99	Inventory valuation 1) Rate per acre for developed land in the range of Rs. 1.24 to Rs. 1.51 crore (weighted average Rs. 1.38 crore) per acre 2) Rate per acre for developed land in the range of Rs. 1.24 to Rs. 1.51 crore (weighted average Rs. 1.38 crore) per acre	Inventory valuation 1) Rate per acre for developed land : Rs. 0.99 to Rs. 1.26 crore (weighted average Rs. 1.06 crore) per acre 2) Rate per acre for land under development : Rs. 0.99 to Rs. 1.26 crore (weighted average Rs. 1.06 crore) per acre
Equity Shares of ₹ 10/- each fully paid in Kalyani Maxion Wheels Limited	Cost approach - method Inputs considered for cost approach : Fair valuation of Tangible assets	433.63	448.99	Fair value tangible assets viz. land, buildings and plant and equipment viz. plant and machinery, factory equipment, research and development.	Fair value tangible assets viz. land, buildings and plant and equipment viz. plant and machinery, factory equipment, research and development.
0% Fully Convertible Debentures of ₹ 100/- each fully paid of Kalyani Financial Services Ltd.	Cost approach - method Inputs considered for cost approach : Fair valuation of Investments	192.44	177.35	Fair value of current and non current investments viz. equity shares and debentures.	Fair value of current and non current investments viz. equity shares and debentures.
7% Cumulative Optionally Convertible Non-Participating Preference Shares of ₹ 10/- each, fully paid in Kalyani Technoforge Limited.	Discounted cash flow method	338.25	229.45	10%	10%
9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Private Limited.	Discounted cash flow method	491.74	454.89	10%	10%
1% Non Cumulative Compulsorily Convertible Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial services Limited	Discounted cash flow method	47.47	431.44	10%	10%
6 % Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial Services Ltd.	Discounted cash flow method	-	-	10%	10%
8% Cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Baramati Speciality Steels Ltd.	Discounted cash flow method	92.96	85.19	10%	10%

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

Particulars	March 31, 2020	March 31, 2019
The sensitivity analysis on account of inputs used for fair valuation are as follows:		
<b>1. Equity shares of Khed Economic Infrastructure Private Limited:</b>		
Rate per acre		
Increase by 5%	59.66	54.20
Decrease by 5%	(59.66)	(54.20)
<b>2. Equity shares of Kalyani Maxion Wheels Limited:</b>		
Fair value of tangible assets		
Increase by 5%	21.68	22.45
Decrease by 5%	(21.68)	(22.45)
<b>3. 0% Fully Convertible Debentures of ₹ 100/- each fully paid of Kalyani Financial Services Ltd.:</b>		
Fair value of investments		
Increase by 5%	9.62	8.87
Decrease by 5%	(9.62)	(8.87)
<b>4. 7% Cumulative Optionally Convertible Non-Participating Preference Shares of ₹ 10/- each, fully paid in Kalyani Technoforge Limited.</b>		
Discount rate		
Increase by 1%	(10.38)	(11.42)
Decrease by 1%	11.11	12.22
<b>5. 9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Private Limited.</b>		
Discount rate		
Increase by 1%	(34.01)	(37.41)
Decrease by 1%	39.06	42.97
<b>6. 1% Non Cumulative Compulsorily Convertible Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial services Limited</b>		
Discount rate		
Increase by 1%	(1.74)	(1.91)
Decrease by 1%	1.83	2.02
<b>7. 8% Cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Baramati Speciality Steels Ltd.:</b>		
Discount rate		
Increase by 1%	(5.74)	(6.31)
Decrease by 1%	6.58	7.24

**Note 35 : Financial risk management**

Presented below is a description of the risks (market risk, and liquidity risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect Management's view of changes which are reasonably possible to occur over a one-year period.

**I Market Risk**

**A Price risk**

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet wither at fair value through Other Comprehensive Income or at fair value through profit and loss. To manage its price risk arising from investments from investments in equity securities, the group diversifies the portfolio. The majority of Group's equity investments are publicly traded and are included in the BSE and NSE indices.

**II Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these debt financing plans.

**i) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities:

	(₹ in Mln.s)	
	Less than 1 year	More than 1 year
<b>March 31, 2020</b>		
<b>Non- derivative</b>		
Trade payables	0.34	-
Director's commission payable	16.00	-
<b>March 31, 2019</b>		
<b>Non- derivative</b>		
Trade payables	1.32	-
Director's commission payable	12.00	-

**III Credit Risk:**

The Company is exposed to credit risk from its activity of giving loans and from its financing activities, including deposits with banks and other financial instruments. The balances with banks, loans given to corporate bodies, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

**i) Expected credit loss for loans :**

	(₹ in Mln.s)	
Particulars	March 31, 2020	March 31, 2019
Gross carrying amount	276.44	266.30
Expected loss rate	-31.45%	-32.64%
Expected credit losses (loss allowance provision)	(86.93)	(86.93)
Carrying amount of loans (net of impairment)	189.51	179.37

## ii) Reconciliation of loss allowance provision - loans

	(₹ in Mln.s)
Loss allowance as on April 1, 2019	86.93
Changes in loss allowance	-
Loss allowance as on March 31, 2020	86.93

**Note 36 : Capital management**

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The capital structure of the Company is as follows:

Particulars	(₹ in Mln.s)	
	March 31, 2020	March 31, 2019
Share Capital	188.34	188.34
Other Equity	16,921.45	20,334.85
<b>Total</b>	<b>17,109.79</b>	<b>20,523.19</b>

**Note 37 : Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors has been identified as the chief operating decision maker.

The Company is in the business of making investments in group companies, focusing on earning income through dividends, interest and gains on investment held, which is a single segment in accordance with Ind AS 108 - "Operating segment" notified pursuant to Companies (Indian Accounting Standards) Rules, 2015 as amended.

All assets are in India.

**Note 38 : Corporate social responsibility (CSR)**

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

	(₹ in Mln.s)	
	Year ended March 31, 2020	Year ended March 31, 2019
Gross Amount required to be spent by the Company during the year	5.18	3.56
Amount spent during the year	5.00	-
Cumulative shortfall	10.78	10.60

**Impact of COVID 19 :**

Corona virus (COVID 19) has badly affected the world economy, including India. COVID-19 by preliminary estimates, is likely to affect the business of the company, the impact of which can not be reasonably estimated at this early stage. However, based on the preliminary estimates, the company does not anticipate any major challenge in meeting its financial obligations, on long term basis and does not carry any risk in the recoverability and carrying values of its loans and advances and does not anticipate any additional liability as at the Balance Sheet date.

There may be a fall in value of investments in equities, which the company expects to be temporary in nature,

## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020.

since all the investments are held on long term basis.

The company will closely monitor any material changes that may take place in future that may impact its business.

**Carrying value of financial instruments :** The company has financial instruments in the nature of inter group advances / loans / convertible instruments, which are issued by the companies within Kalyani Group and hence there is no risk of default or liquidity.

**Impact on revenue :** The majority of the source of the company is in the form of dividend. The Company feels that it is too early to estimate the exact impact, if any, on the dividend income.

However, Impact assesment of COVID- 19 is an ongoing process given the uncertainties associated with its nature and duration, and the company will evaluate the same at regular intervals.

### Note 39: Others

- a Legal title to some of the assets vested and transferred to the Company in pursuance of the Composite Scheme of Arrangement approved by the Honourable High Court of judicature at Bombay, as per Order dated 5<sup>th</sup> February, 2010 referred to herein before, could not be transferred in the name of the Company as at 31<sup>st</sup> March, 2020. The Company is in the process of completing the required legal formalities.
- b 3,000,000 6% Non-cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid in Kalyani Financial Services Limited have been converted into 1 % Non-Cumulative Compulsorily convertible preference shares of ₹ 10/- each , convertible after 5 years from date of allotment i.e. 15<sup>th</sup> February, 2019.
- c 40,000,000 9% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each, fully paid in KSL Holdings Pvt. Ltd. are redeemable at par on or before 25<sup>th</sup> October, 2036.
- d 21,042,440 7% Cumulative Optionally Convertible Non-Participating Preference Shares of ₹ 10/- each, fully paid in Kalyani Technoforge Limited are redeemable at par on or before 18<sup>th</sup> January, 2023.
- e 9,300,000 8% Cumulative Redeemable Preference Shares of ₹ 10/- each of Baramati Speciality Steels Ltd. are redeemable at par on or before 27<sup>th</sup> March, 2038.
- f Of the 6,636,000 0% Fully Convertible Debentures (FCDs) of ₹ 100/- each, fully paid of Kalyani Financial Services Limited, 1,366,000 FCDs are compulsorily convertible into Equity Shares of ₹ 10/- each, fully paid up at a premium of ₹ 20/- per share on or before 31<sup>st</sup> March, 2021. 5,270,000 FCDs are compulsorily convertible into such number of fully paid up Equity Shares of ₹ 10/- each, at such a price as shall be fixed by the said Company on or before 27<sup>th</sup> September, 2022.
- g Long term loans given :  
The Company has given letter of subordination to Nandi Economic Corridor Enterprises Ltd. (NECE) and Airro (Mauritius) Holdings V, whereby the Company has agreed to subordinate the loan of ₹ 1,160,520,067 (Previous Year : ₹ 1,160,520,067) granted by it to NECE, until the entire stakeholding of Airro (Mauritius) Holdings V in NECE Ltd. is completely sold off or all the amounts payable by NECE Ltd. to Airro (Mauritius) Holdings V in terms of the Shareholders Agreement dated 24<sup>th</sup> December, 2010, between Airro (Mauritius) Holdings V and NECE Ltd. are fully paid off. The Company has given Interest free Loans of ₹ 20,10,00,000/- (P.Y. ₹ 20,94.25,000/-) and ₹ 3,00,00,000/- (P.Y. ₹ 3,00,00,000/-) to BF Utilities Ltd. & NICE Ltd. respectively. These loans are repayable over 10 year period commencing from 1<sup>st</sup> april, 2018.

### Note 40: Contingent Liabilities not provided for :

	March 31, 2020	March 31, 2019
Conveyance deed of the ownership premises of the Company at Antariksha Bhawan, New Delhi has not been executed as yet. Liability, if any on that account has not been ascertained. During the year under review, the Company has paid a Transfer Duty of Rs. 10,85,127/- to New Delhi Municipal Council, towards registration of its property held at Antariksh Bhavan, New Delhi, in its name. As informed to the Company, NDMC office is closed due to current Carona virrus epidemic and therefore necessary mutation entries in the books of NMDC are awaited.	Unascertainable	Unascertainable

(₹ in Mln.s)

	March 31, 2020	March 31, 2019
<b>Note 41: Capital commitments (net of advances) :</b>	3	NIL

**Note 42: Leases :**

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" using modified retrospective approach. Consequently, the Company has recorded lease liability of Rs. 9.092 Mln. calculated as the present value of the remaining lease payments discounted at the incremental borrowing rate. Right of use asset has been recognised at Rs. 8.022 Mln.s determined at net of the amount calculated by applying the standard since the date of the commencement of lease and the resulting depreciation upto the date of adoption. The net effect of initial application of Ind AS 116 has been adjusted to retained earnings of Rs. 0.773 Mln.s (net of taxes) as on April 1, 2019. Due to transition, the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation cost" and "finance cost" for the right-to-use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current period are not comparable to the previous periods disclosed. The adoption of the standard did not have any material impact on the profit for the period as compared to previous periods.

**43** 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,

For M/s. P. G. BHAGWAT  
Chartered Accountants  
Firm Registration No. 101118W

B.S. Mitkari  
Director  
DIN: 03632549

B. B. Hattarki  
Director  
DIN : 00145710

Sanjay Athavale  
Partner  
Membership No.83374

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

S. R. Kshirsagar  
Company Secretary

Place : Pune  
Date : 28<sup>th</sup> July , 2020

Place : Pune  
Date : 28<sup>th</sup> July , 2020





**KALYANI**  
DRIVING INNOVATION

# **BF INVESTMENT LIMITED**

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