



BF UTILITIES LIMITED

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2ND ANNUAL REPORT
2001-02

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NOTICE

NOTICE is hereby given that the Second Annual General Meeting of the Members of BF Utilities Limited will be held at the Registered Office of the Company at Mundhwa, Pune Cantonment, Pune 411 036 on Saturday, 22nd Day of March, 2003 at 10.30 A.M. (IST) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 30th September, 2002 and the Profit and Loss Account for the year ended 30th September, 2002 and the Report of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. P. C. Bhalerao, who retires by rotation but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. G. K. Agarwal, who retires by rotation but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT THE COMPANY'S AUDITORS, M/S. DALAL AND SHAH, CHARTERED ACCOUNTANTS, MUMBAI BE AND THEY ARE HEREBY RE-APPOINTED AS AUDITORS OF THE COMPANY TO HOLD OFFICE FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY AND THAT THE BOARD OF DIRECTORS BE AND IS HEREBY AUTHORISED TO FIX THEIR REMUNERATION FOR THE PERIOD."

SPECIAL BUSINESS :

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

"RESOLVED THAT PURSUANT TO SECTION 309 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956, IF ANY, AND SUBJECT TO SUCH PERMISSIONS, CONSENTS AND APPROVALS AS MAY BE REQUIRED, APPROVAL OF THE MEMBERS

BE AND IS HEREBY GIVEN TO THE PAYMENT AND DISTRIBUTION, FOR EACH FINANCIAL YEAR COMMENCING FROM 1ST OCTOBER, 2002, OF A COMMISSION NOT EXCEEDING 1% (ONE PERCENT) OF THE NET PROFITS OF THE COMPANY, IF THE COMPANY HAS A MANAGING DIRECTOR OR WHOLE TIME DIRECTOR OR A MANAGER OR 3% (THREE PERCENT) OF THE NET PROFITS OF THE COMPANY, IN ANY OTHER CASE, I.E. WHEN THE COMPANY DOES NOT HAVE A MANAGING DIRECTOR OR WHOLE TIME DIRECTOR OR A MANAGER, CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 198, 349 AND 350 OF THE COMPANIES ACT, 1956, AMONGST THE DIRECTORS OF THE COMPANY OR ANY ONE OR MORE OF THEM (IN BOTH THE SITUATIONS TO DIRECTORS OTHER THAN THE MANAGING DIRECTOR, JOINT MANAGING DIRECTOR AND WHOLE TIME DIRECTORS, IF ANY) IN SUCH AMOUNT OR PROPORTION AND IN SUCH MANNER AND IN ALL RESPECT AS MAY BE DECIDED BY THE BOARD OF DIRECTORS OF THE COMPANY FROM TIME TO TIME AND SUCH PAYMENT SHALL BE MADE IN RESPECT OF THE PROFITS OF THE COMPANY FOR EACH YEAR.

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

By Order of the Board of Directors
For BF Utilities Limited

Mundhwa, Pune Cantonment,
Pune 411 036.
24th December, 2002

B. S. Mitkari
AVP-Finance &
Company Secretary

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NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business under Item No. 5 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. Members who hold shares in dematerialised form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the meeting.
4. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Secretarial Department at the Registered Office of the Company.
5. The Share Transfer Books and the Register of Members of the Company will remain closed from Friday, 14th March, 2003 to Saturday, 22nd March, 2003 (both days inclusive).

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

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

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

By Order of the Board of Directors
For BF Utilities Limited

Mundhwa, Pune Cantonment,
Pune 411 036.
24th December, 2002

B. S. Mitkari
AVP-Finance &
Company Secretary

ANNEXURE TO THE NOTICE

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

ITEM NO. 5 :

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

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ATTENDANCE SLIP

BF UTILITIES LIMITED

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

NAME OF MEMBER/PROXY*	DP. Id.**		Folio No.	
	Client Id.**		No. of Shares held	

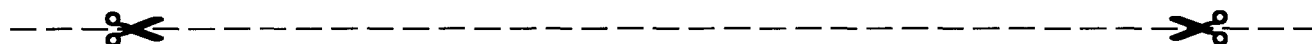
I hereby record my presence at the Second Annual General Meeting held at the Registered Office at Mundhwa, Pune Cantonment, Pune 411 036, on Saturday, the 22nd day of March, 2003 at 10.30 a.m.

SIGNATURE OF THE SHAREHOLDER/PROXY*

* Strike out whichever is not applicable

** Applicable for Members holding shares in Dematerialised form

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



PROXY

BF UTILITIES LIMITED

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

I/We of

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

of

or failing him/her of

..... as my/our proxy to attend and vote for me/us on my/our behalf at the Second Annual General Meeting of the Company to be held on Saturday, the 22nd day of March, 2003 at 10.30 a.m.

Signed this day of 2003

Folio No.		DP. Id.*	
No. of Shares held		Client Id.*	

Please
affix 30 P.
Revenue
Stamp

* Applicable for Members holding shares in Dematerialised form.

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

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

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BOARD OF DIRECTORS

B. N. KALYANI
Chairman

P. C. BHALERAO

G. K. AGARWAL

B. B. HATTARKI

S. S. VAIDYA

BANKERS

Standard Chartered Bank

ICICI Bank Limited

HDFC Bank Limited

AUDITORS

Dalal & Shah, Chartered Accountants

REGISTERED OFFICE

BF Utilities Limited
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India
Phone : (020) 6812595 / 6871666 / 6870451
Fax : (020) 6876961
E-mail : fsd@bharatforge.com
Web Site : www.bfutilities.com

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MANAGEMENT DISCUSSION AND ANALYSIS

Green Energy - International Scenario

After the Kyoto Protocol was adopted in 1997, several deliberations have taken place amongst different Nations to agree upon the implementation program for reduction of Green House Gases (GHG), by the specific Developed Countries. On this an International event, COP8 (Conference of Parties) was also held last year in New Delhi. However, due to various political reasons, firm decisions could not be taken in this conference. The required majority of nations are yet to ratify the Kyoto Protocol. Presently world is waiting and watching for the ratification of protocol by countries like Russia and Australia to bring it to the designated process of implementation.

Green Energy - Domestic Scenario

India as a Developing Country ratified the Kyoto Protocol, showing its commitment, even though it was not compulsory. We see a good future for Non-Conventional Energy Projects to get the support from Government of India, in terms of trading the mitigated Co2 from such projects in lieu of generating power from fossil fuels, under Clean Development Mechanism (CDM).

BF Utilities with its 18.33 MW wind power projects can avail such benefit, as per eligibility criteria of protocol. Formulation of requisite process of selling the projects eligibility, to avail such benefit is under finalisation. Considerable progress can be seen once the Government of India decides the process for "Host Country approval", as required by the CDM Board and buyers.

Amongst all the eligible projects for CDM, 'Wind Power Projects' is the most acceptable project for CDM benefit. Our projects have good potential of additional income, once the regulatory mechanism and process is in place at different levels of government with the buyers of different nations and of Developed Countries in Europe.

Power Tariff and Government Policy

Even with Maharashtra State Electricity Board's present lowest industrial tariff in India, there is already movement for increase of tariff through regulatory commission approval mechanism. Since the increase in tariff is bound to take place, the increased revenue stream will certainly add to the profitability of your company in future.

The Government of Maharashtra has discontinued the Wind Power Development Policy for new Wind Power Projects from April 2002. Since then, there has been no clear policy of Government for the wind power development. Therefore, your company has not ventured into fresh investments. The same may be contemplated in the coming years, depending upon Government policy on this matter.

The performance of our projects

We are proud to say that as a result of our continued efforts on R&D, the generation of our wind turbines have been good this year. The total generation during October - September 2002 has resulted in 25.5% PLF with 22.5 Lakhs units/ MW, one of the highest in Maharashtra. This is mainly due to selection of good technology machines, wind farm site, scientific selection of machine locations, continuous monitoring of the operations of the project, backed up by good maintenance practices and also effecting continuous improvements in the grid connectivity. The uptime this year was more than 99%.

This has also helped your company in availing the performance related benefits, adding to the generation revenue without any difficulties, unlike other Wind Power Producers in Maharashtra.

We hope that with similar commitment in all fronts, the same trend of performance will continue in future.

CAUTIONARY STATEMENT

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

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CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has prescribed a set of standards on corporate governance for the listed companies. Confederation of Indian Industry (CII) has also set out a code of corporate governance practices. The SEBI code has been incorporated in the Listing Agreement of stock exchanges, including, Pune and Mumbai Stock Exchanges, with whom BF Utilities equity shares are listed. Certain provisions in the Companies Act, 1956, also deal with corporate governance. 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' constitutes such a compliance report on corporate governance for 2001-2002.

1. BOARD LEVEL ISSUES :

• Composition of the Board

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

• Number of Board Meetings

During the year, Five Board meetings were held. These were on 27th October, 2001, 26th December, 2001, 25th January, 2002, 25th April, 2002 and 22nd July, 2002.

• Directors' Attendance Record and Directorships

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

None of the Directors is a member of more than ten Board-level committees of public companies in which they are Directors, nor is chairman of more than five such committees.

Table 1 - Details about Board of Directors of the Company

Name of Director	Category	Number of meetings held	Number of meetings attended	Number of directorships of public limited companies	Materially significant pecuniary or business relationship with the Company
B. N. KALYANI (Chairman)	Promoter, Non- executive	5	5	15	None
P. C. BHALERAO	Non- executive	5	3	10	None
G. K. AGARWAL	Non- executive	5	5	3	None
B. B. HATTARKI	Non- executive Independent *	5	5	10	None
S. S. VAIDYA	Non- executive Independent *	5	5	3	None

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

• Information placed before the Board

1. Annual operating plans and budgets, capital budgets, updates.
2. Provisional results for the company and its operating divisions or business segments.
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.

• 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 during the year 2001- 02.

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- **Remuneration of Directors**

None of the Directors of the Company is in receipt of any kind of remuneration. The Company does not have a Remuneration Committee. None of the Directors are related to each other and none of the employees are related to any of the Directors of the Company.

- **Audit Committee**

The Audit Committee of the Company consists of qualified and non-executive directors. It comprises of Mr. S. S. Vaidya (Chairman), Mr. B. B. Hattarki and Mr. P. C. Bhalerao. The internal auditor is M/s. P. V. Deo & Co., Chartered Accountants, Pune. The committee met thrice during the course of the year on 26th December, 2001, 25th April, 2002 and 22nd July, 2002. Table 2 gives attendance record. As per the terms of reference prescribed by the Board, the committee performs such duties and tasks as are assigned to it by the Board. The Chairman of the Board is invited to attend the meetings of the Audit Committee as a permanent invitee. The committee has access to all records of the Company. The committee reviews the report of the internal and statutory auditors, internal audit systems and procedures, internal control systems, etc. and also addresses the requirements of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges.

Table 2 – Attendance record of Audit Committee members for 2001-02

Name of the Director	No. of meetings	Meetings attended
Mr. S. S. Vaidya	3	3
Mr. P. C. Bhalerao	3	2
Mr. B. B. Hattarki	3	3

2. MANAGEMENT :

- **Management Discussion and Analysis**

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

- **Disclosures by Management to the Board**

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

3. SHAREHOLDERS :

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

Two Directors – Mr. P. C. Bhalerao and Mr. G. K. Agarwal – are retiring by rotation and being eligible offer themselves for re-appointment. Their details are given below :

- Mr. P. C. Bhalerao, B.E., M.B.A., D.T.M., born on 4th March, 1950, is Executive Director of Bharat Forge. Mr. Bhalerao also serves on the Boards of Automotive Axles, Meritor HVS (India), Kalyani Carpenter Special Steels, Bhalchandra Investment, Forge Investment, Mundhwa Investment, Jalkumbhi Investment and Finance and Jalkamal Investment and Finance.

- Mr. G. K. Agarwal, B.E.(Mech.), M.B.A., born on 17th February, 1951, is Executive Director of Bharat Forge. Mr. Agarwal also serves on the Boards of Seinumero Machine Tools.

- **Communication to shareholders**

BF Utilities has its own web-site, and all vital information relating to the Company and its performance, including quarterly results, is put on the web-site for the benefit of the public at large.

The Company's web-site address is www.bfutilities.com.

The quarterly results of the Company's performance are published in leading newspapers such as Financial Express, All India Edition (English) and Loksatta, Pune Edition (Marathi).

- **Investor Grievances**

The Company has constituted the 'Shareholders'/Investors' Grievance Committee' for redressing shareholders'/investors' complaints. The Committee comprises of Mr. B. B. Hattarki (Chairman), P. C. Bhalerao and Mr. S. S. Vaidya, all non-executive Directors. During the year no material complaints were received from the shareholders. The status on complaints, if any, is also reported to the Board of Directors, as an agenda item. Mr. B. S. Mitkari, AVP-Finance & Company Secretary, is the compliance officer.

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Share Transfer

The Company has constituted the 'Directors Executive Committee'. The Committee comprises of Mr. P. C. Bhalerao (Chairman), Mr. G. K. Agarwal and Mr. B. B. Hattarki, all non-executive Directors. The committee meets at a regular interval to consider and approve the transfer, transmission, consolidation, sub-division, issue of duplicate certificates and requests of dematerialisation of Company's shares. There are no legal proceedings against the Company on any share transfer matter.

• Details of Non-Compliance

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

■ General Body Meetings

Financial Year	Date	Time	Venue
2000-01	9 th March, 2001	10.30 A. M.	Registered Office of the Company

Postal Ballot - Special Resolution under Section 372A of the Companies Act, 1956 for Corporate Guarantee/s to be given to Bank of India and others for USD 14.90 Million was passed by way of Postal Ballot in the aforesaid Annual General Meeting.

The Company had appointed Mr. S. V. Deulkar, Practising Company Secretary, Pune, as Scrutinizer for conducting the postal ballot exercise. The details of voting pattern was as under :

The number of votes FOR the resolution	: 15 992 310 (99.98 %)
The number of votes AGAINST the resolution	: 2 685 (0.02 %)
The number of votes declared INVALID	: 2 933

The resolution was carried by requisite majority.

To
The Members,
BF Utilities Limited,
Mundhwa, PUNE - 411 036

Re:- Report on Corporate Governance

We have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India for the financial year ended September 30, 2002.

The objective of our examination is to give our opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges of India.

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.

We have conducted our examination on the basis of the relevant records and documents maintained by the company and furnished to us for examination and the information and explanations given to us by the Company.

Based on such examination, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges of India.

We further state that such compliance is neither an assurance as to the future viability of the company nor to the efficiency with which the management has conducted the affairs of the company.

For and behalf of
DALAL & SHAH
Chartered Accountants

ANISH AMIN
Partner

MUMBAI : 26th December, 2002