



BF UTILITIES LIMITED



Comprehensive
Infrastructure
Solutions...

7TH ANNUAL REPORT
2006-07

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BOARD OF DIRECTORS

B. N. KALYANI
Chairman

A. B. KALYANI

G. K. AGARWAL

B. B. HATTARKI

S. S. VAIDYA

BANKERS

IDBI Bank Limited

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) 26822552 / 26702777
Fax : (020) 26823061
E-mail : bfutilitiesltd@vsnl.net

CORPORATE GOVERNANCE

BF Utilities is committed to the highest level of transparency, in all facets of its operations and interaction with its stakeholders. This report on Corporate Governance is to fulfil this commitment.

The SEBI code on Corporate Governance has been incorporated in the Listing Agreement of Stock Exchanges, with whom BF Utilities's Equity Shares are listed. Certain provisions in the Companies Act, 1956 also deal with Corporate Governance.

This Chapter of the report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitutes the report on Corporate Governance for 2006–2007.

1. BOARD LEVEL ISSUES :

- **Composition of the Board**

As on 30th September, 2007 the Board of Directors of BF Utilities is composed of five Directors. 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 16th October, 2006, 29th December, 2006, 31st January, 2007, 28th April, 2007 and 28th July, 2007. The maximum gap between any two Board Meetings was less than four months.

- **Directors' Attendance Record and Directorships**

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

Table 1 – Details about Board of Directors of the Company

Name of Director	Category	Number of meetings held	Number of meetings attended	Whether attended last AGM	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	Yes	11	None
A. B. KALYANI	Non- executive	5	5	Yes	11	None
G. K. AGARWAL	Non- executive	5	4	Yes	1	None
B. B. HATTARKI	Non- executive Independent ***	5	5	Yes	8	None
S. S. VAIDYA	Non- executive Independent ***	5	5	Yes	7	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.*

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.

- **Information Supplied to the Board**

Among others, information supplied to the Board includes ;

- Annual operating plans and budgets, capital budgets, updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of committees.
- Compliance of 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 2006– 07.

- Remuneration of Directors

The details of the remuneration paid to Directors is given in Table- 2.

Table 2 – Remuneration paid to Directors during 2006-07 and relationship with each other					
Name of Director	Relationship with other directors	Sitting Fees (in Rs.)	Salaries and perquisites (in Rs.)	Commissions (in Rs.)	Total (in Rs.)
B. N. KALYANI (Chairman)	*	25,000	Nil	Nil	25,000
A. B. KALYANI	*	25,000	Nil	Nil	25,000
G. K. AGARWAL	None	20,000	Nil	Nil	20,000
B. B. HATTARKI	None	25,000	Nil	Nil	25,000
S. S. VAIDYA	None	25,000	Nil	Nil	25,000

The Company does not have a Remuneration Committee.

- * None of the employees is related to any of the Directors of the Company except Mr. A. B. Kalyani, son of Mr. B. N. Kalyani, Chairman of the Company.

- Audit Committee

The Audit Committee performs the following functions :

1. Reviewing of the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
2. Reviewing with management the annual financial statement before submission to the Board;
3. Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
4. Discussing with internal auditors any significant finding and follow up on such issues;
5. 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 area of concern;
6. Reviewing any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standards;
7. Reviewing details of related party transactions exceeding 1% of last year's turnover;
8. Reviewing the company's financial and risk management policies;

The Audit Committee consists of qualified and non-executive directors. It comprises of Mr. S. S. Vaidya (Chairman), Mr. B. B. Hattarki and Mr. A. B. Kalyani. The internal auditor is M/s. P. V. Deo & Co., Chartered Accountants, Pune. The committee met four times during the course of the year on 29th December, 2006, 31st January, 2007, 28th April, 2007 and 28th July, 2007. Table 3 gives attendance record. 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.

Table 3 – Attendance record of Audit Committee members for 2006-07		
Name of the Director	No. of meetings	Meetings attended
Mr. S. S. Vaidya	4	4
Mr. A. B. Kalyani	4	4
Mr. B. B. Hattarki	4	4

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. B. N. Kalyani and Mr. B. B. Hattarki – are retiring by rotation and being eligible offer themselves for re-appointment. Their details are given below :

- Mr. B. N. Kalyani is Chairman and Managing Director of Bharat Forge Limited and Whole time Chairman of Kalyani Carpenter Special Steels Limited. Born on 7th January, 1949. Mr. Kalyani is a Mechanical Engineer from the Birla Institute of Technology, Pilani. He also has an M. S. from the Massachusetts Institute of Technology, USA. Mr. Kalyani also serves on the Boards of The Ugar Sugar Works, Hikal, Nandi Infrastructure Corridor Enterprises, Kalyani Lemmerz, Kalyani Carpenter Metal Centres, Kalyani Steels, Automotive Axles, Merritor HVS (India).

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

- Communication to shareholders

The quarterly results of the Company's performance are published in leading newspapers such as Business Standard, all India edition (English) and Sakal, 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), Mr. A. B. Kalyani and Mr. S. S. Vaidya, all non-executive Directors. The status on complaints is also reported to the Board of Directors, as an agenda item. Mr. B. S. Mitkari, VP-Finance & Company Secretary, is the compliance officer. Below mentioned Table gives details about the nature of Complaints received and resolved by the Company.

Table : Number and nature of complaints received and redressed during the year 2006-07.

Nature of Complaint	No.of Complaints received	No.of Complaints resolved
Issue of Duplicate Share Certificate	1	1

- Share Transfer

The Company has constituted the 'Directors Executive Committee'. The Committee comprises of Mr. B. B. Hattarki (Chairman), Mr. A. B. Kalyani and Mr. G. K. Agarwal 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
2003-04	28th March, 2005	10.30 A. M.	Training Centre, Kalyani Steels Limited.
2004-05	27th March, 2006	10.30 A. M.	Training Centre, Kalyani Steels Limited.
2005-06	30th March, 2007	10.30 A. M.	Training Centre, Kalyani Steels Limited.

SHAREHOLDER INFORMATION

➤ Annual General Meeting

Date :- 25th March, 2008, At 10.30 A.M.

Venue :- Training Centre at Kalyani Steels Limited, Mundhwa, Pune – 411 036, Maharashtra, India

➤ Financial Calendar

1st October to 30th September

➤ Book Closure

The books will be closed on 25th March, 2008 as annual closure for the purpose of AGM.

➤ Dividend Date

The Board has not recommended any dividend on Equity Shares.

➤ Listing

National Stock Exchange of India, Bombay Stock Exchange and Pune Stock Exchange Ltd.

➤ Stock Codes

BSE : 532430

PSE : BFUTI – 160284

NSE : BFUTILITIE

➤ Stock Data

Table 1 below gives the monthly high and low prices and volumes of the Company's Equity Shares at The Bombay stock Exchange and National Stock Exchange for the year 2006-07.

Table 1: High and Low Prices & Trading Volumes at BSE and NSE *

Month	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Oct-06	2,437.00	1,690.00	456930	-	-	-
Nov-06	3,395.00	2,095.00	1090666	-	-	-
Dec-06	3,394.40	2,683.80	2410477	-	-	-
Jan-07	3,100.00	2,408.50	626357	-	-	-
Feb-07	3,050.00	1,832.95	1349373	-	-	-
Mar-07	2,370.00	1,654.30	965740	-	-	-
Apr-07	2,330.00	1,760.00	403351	-	-	-
May-07	2,184.00	1,735.00	365209	2190.00	1750.00	64942
Jun-07	2,045.00	1,513.00	549385	2027.00	1501.25	433376
Jul-07	3,075.00	1,770.00	567067	3075.00	1783.00	255932
Aug-07	2,467.70	1,614.55	665733	2471.00	1615.00	187157
Sep-07	2,650.45	1,870.00	735626	2640.00	1840.10	264777

* Equity Shares of the Company listed at National Stock Exchange of India and trading commenced from 3rd May, 2007.

➤ Share Transfer Agents and Share Transfer System

M/s. Intime Spectrum Registry Limited, 202, Akshay Complex, Near Ganesh Mandir, Dhole Patil Road, Pune 411 001 are the Registrar and Transfer Agents of the Company. They carry out the transfer, transmission, consolidation, sub-division, issue of duplicate certificates and requests of dematerialisation of Company's shares on behalf of the Company. The complaints received from shareholders, investors etc., are redressed promptly.

➤ Shareholding pattern

The following tables 2 & 3 give the Pattern of Shareholding as on 30th September, 2007.

Table 2 Pattern of shareholding by ownership as on 30 September, 2007

Company	No. of shares held	Shareholding %
Promoters	18267592	48.50
Financial Institutions	0	0.00
Mutual Funds	1909	0.01
Nationalised Banks	11924	0.03
Insurance Companies	183204	0.48
Foreign Institutional Investors/ Foreign Banks	4172137	11.08
Private Corporate Bodies	10481470	27.82
Indian Public	4464352	11.85
NRIs	85040	0.23
TOTAL	37667628	100

Table 3 Pattern of shareholding by share class as on 30 September, 2007

Shareholding class	No. of shareholders	No. of shares held	Shareholding %
Up to 500	22688	1696930	4.51
501 to 1000	1040	747583	1.98
1001 to 2000	425	610166	1.62
2001 to 3000	135	338263	0.90
3001 to 4000	60	208522	0.55
4001 to 5000	49	222706	0.59
5001 to 10000	80	565715	1.50
10001 and above	102	33277743	88.35
TOTAL	24579	37667628	100

- **Dematerialisation**
As on 30th September, 2007, dematerialised shares accounted for 52.68% of the total equity.
- **Site Location**
The Company's Wind Farm is located at Village Maloshi, Boposhi and Kadve Khurd, Taluka Patan, District Satara, in the state of Maharashtra, India.
- **Investors Correspondence Address**
 1. **Secretarial Department**
BF Utilities Ltd.,
Mundhwa, Pune Cantonment, Pune – 411 036 Maharashtra, India.
Phone No. 020 – 26702618, 26822552, Fax No.26823061,
E-mail : bfutilitiesltd@vsnl.net
 2. **Intime Spectrum Registry Limited**
Registrar & Transfer Agents
202, Akshay Complex, Off Dhole Patil Road,
Near Ganesh Mandir, Pune 411 001.
Phone No.: 020-26051629 Fax No.020-26053503
Email : pune@intimespectrum.com

To
The Members,
BF Utilities Limited,
Mundhwa,
Pune 411 036

REPORT OF THE AUDITORS 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 on 30th September, 2007.

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 Exchange 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.

On the basis of the records maintained by the "Shareholders/ Investors Grievance Committee" of the Company, we state that there were no investors grievance pending against the Company for the period exceeding one month.

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 on behalf of
Dalal & Shah
Chartered Accountants
Anish Amin
Partner
Membership No. 40451

Place : Mumbai
Date : 29th December, 2007

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER, 2007

To,
The Members,

Your Directors have pleasure in presenting their Seventh Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the year ended 30th September, 2007.

1. FINANCIAL HIGHLIGHTS :

	(Rs. in Million)	
	Year ended 30 th Sept., 2007	Year ended 30 th Sept., 2006
Sales	295.23	127.54
Other Income	30.24	64.33
Profit before Interest and Depreciation	233.14	94.23
Less : Interest	24.36	46.39
Depreciation	61.26	61.67
Profit/(Loss) before tax	147.52	(13.83)
Provision for Taxation		
a) Current Tax	19.80	1.40
b) Deferred Tax (Credit)	2.39	(0.48)
c) Fringe Benefit Tax	0.51	0.26
Net Profit/(Loss)	124.82	(15.01)
Balance of Profit/(Loss) from previous year	(68.56)	(53.55)
Surplus retained in Profit & Loss Account	56.26	(68.56)

For the year ended 30th September, 2007, your Company achieved a total sales of Rs.295.23 Million (previous year Rs. 127.54 Million) and the Company has earned a Profit of Rs.147.52 Million (previous year Loss of Rs.13.83 Million).

2. DIVIDEND :

Your Directors do not recommend any dividend on the equity shares for the year ended 30th September, 2007.

3. CONSOLIDATED FINANCIAL STATEMENTS :

Pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges, read with the applicable Accounting Standards, issued by the Institute of Chartered Accountants of India, financial statements relating to Subsidiaries, investments in Associates and investments in Joint ventures, as defined under

the said Standards, are merged with the Accounts of the Company and the Consolidated Financial Statements are attached to these Account. The details are given under Note 'L' to the said Consolidated Financial Statements.

4. SUBSIDIARIES :

In terms of the approval granted by the Government of India, Ministry of Company Affairs under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Directors' Report and the Report of the Auditors of the Wholly Owned Subsidiary Companies viz. Bhalchandra Investment Limited, Mundhwa Investment Limited, Forge Investment Limited, Jalakamal Investment & Finance Limited and Jalakumbhi Investment & Finance Limited and Indirect Subsidiaries viz. Kalyani Utilities Development Limited and Nandi Infrastructure Corridor Enterprises Limited have not been attached with the Accounts of the Company. The Company will make available these documents / details upon request made by any shareholder of the Company interested in obtaining the same and the same can also be inspected at the Registered Office of the Company. Pursuant to the Approval, a statement of the summarised financials of all the subsidiaries is attached along with the Consolidated Financial Statements. Pursuant to Accounting Standard (AS)-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of its Wholly Owned Subsidiaries and its Indirect Subsidiaries.

5. PARTICULARS OF EMPLOYEES :

The information required under the provision of Section 217(2A) the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, and forming part of the report is annexed hereto.

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

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

- I. CONSERVATION OF ENERGY : Since the Company is in the business of Generation of Power through non-conventional sources, this part is not applicable.

II. TECHNOLOGY ABSORPTION :

1. Research and development (R&D) :

The company continuously conducts R&D activities in-house using the existing manpower and other resources on continuous basis. The capital and recurring expenses on R&D activities is not separately identified.

2. Technology Absorption, Adaptation and Innovation :

The Company has not imported any technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total Foreign Exchange Used and Earned :

Used : Rs. 3,798,201 /-.

Earned : Rs. 142,365,964 /-.

7. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. B. N. KALYANI and Mr. B. B. HATTARKI, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, they offer themselves for re-appointment.

8. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) That in the preparation of the accounts for the financial year ended 30th September, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and

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

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

- (iv) That the Directors have prepared the annual accounts for the financial year ended 30th September, 2007 on a 'going concern' basis.

9. AUDITORS :

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

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

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

For and on behalf of the
Board of Directors

PUNE
Dated : 29th December, 2007

B. N. KALYANI
Chairman