

# **BF UTILITIES LIMITED**



**KALYANI**

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#### BOARD OF DIRECTORS

B. N. KALYANI  
Chairman

A. B. KALYANI

G. K. AGARWAL

B. B. HATTARKI

S. S. VAIDYA

#### BANKERS

AXIS Bank Limited

IDBI Bank Limited

ICICI Bank Limited

HDFC Bank Limited

#### AUDITORS

Joshi Apte & Co., Chartered Accountants

#### REGISTERED OFFICE

BF Utilities Limited  
Mundhwa, Pune Cantonment,  
Pune 411 036, Maharashtra, India  
Phone : (020) 26822552 / 67042300  
Fax : (020) 26823061  
E-mail : bfutilitiesltd@vsnl.net

Members who wish to obtain all the Notices, Annual Reports and other communications from the Company on email, are requested to update their email id's in their Depository Account. Shareholders holding shares in Physical form, and wish to avail the above information on email, can send their request to the Company, with the details of their email id's



## BF UTILITIES LIMITED

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

### NOTICE

NOTICE is hereby given that the 12<sup>th</sup> Annual General Meeting of the Members of BF Utilities Limited will be held at Kalyani Steels Limited, Mundhwa, Pune 411 036 on Saturday, 30<sup>th</sup> Day of March, 2013 at 10.30 A.M. (IST) to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 30<sup>th</sup> September, 2012 and the Profit and Loss Account for the year ended 30<sup>th</sup> September, 2012 and the Report of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. B. N. KALYANI, 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. Joshi Apte & Co., Chartered Accountants, (Firm Registration No. 104370W) be and they are hereby re-appointed as Auditors of the Company to hold the 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."

#### NOTES :

1. 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.
2. 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.
3. 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 Registrar & Share Transfer Agent of the Company.
4. The Share Transfer Books and the Register of Members of the Company will remain closed on Saturday, 30<sup>th</sup> March, 2013.
5. Members who wish to obtain all the Notices, Annual Reports and other communications from the Company on email, are requested to update their email id's in their Depository Account. Shareholders holding shares in Physical form, and wish to avail the above information on email, can send their request to the Company, with the details of their email id's.

Mundhwa,  
Pune Cantonment,  
Pune 411 036.  
9<sup>th</sup> February, 2013

By Order of the Board of Directors  
For BF Utilities Limited

B. S. Mitkari  
Sr. VP-Finance & Company Secretary

## Management Discussion And Analysis

### Wind Power Development - International Scenario

Despite the continued dismal state of US economy, it managed to add 13 GW of windmill capacities in the year 2012, just a whisker below China. Chinese aggregate windmill capacities surpassed 75 GW whereas that of US crossed 60 GW.

Europe led the race for offshore windmill capacities with a total of 1,166 MW contributing 90% of the global additions. UK topped the list with 854 MW additions. The economic crisis in the EU has also seen lost jobs and investor confidence. In Europe, the onshore capacities are also being installed in the eastern and central regions like Bulgaria, Poland and Romania. Although commercial banks are active in financing windmill projects in these regions, these projects are facing challenges from regulatory risks and inadequate grid capacities.

The much awaited extension of Kyoto Protocol upto the year 2020 has not been able to bring cheer to the global carbon market. The buyers (designated nations) of carbon credits are required to declare by year 2015 their GHG reduction commitments for the period upto 2020. Due to the economic crisis in the EU, most of these buyers are reluctant to make commitments and this has led to uncertainty in the markets and has resulted in steep fall in the carbon prices. The prices are expected to remain in this range for some time to come.

### Wind Power Development - Domestic Scenario

In India, the aggregate windmill capacity touched 18.4 GW with the help of 2.3 GW of new capacities during the calendar year 2012.

The withdrawal of accelerated depreciation benefit and generation based incentive (GBI) for windpower projects in the country has affected the growth of the domestic industry. The accelerated depreciation benefit was a key driver for growth of the wind industry in the country during the last decade. As a result, a total of only about 850 MW of windmill capacities have been added during the six months (April-September 2012) as compared to 1400 MW during the same period of the previous year. After series of representations by the associations of windmill industry for restoration of these incentives, it is hoped that the union government will act favourably and bring some solace to the industry.

The trading of Renewable Energy Certificates RECs with increased volumes in the early part of the year was seen as a positive sign for the RE sector. But most of the REC obligatories spread over the country failed to show willingness to comply with their REC targets and this has pushed the REC prices and traded volumes to lower levels. In order to meet the purpose of the REC mechanism and to revive the REC trading activity, the respective Regulatory authorities have advised the obligatories to meet their targets in time or face penalty to the extent of their shortfall. Although, this is expected to increase volumes in the REC trading in the coming months, the oversupply of RECs is expected to continue and this will keep the price under pressure.

### Performance of Company's Windmill Projects

The windmill projects of your company have performed satisfactorily during the year. The generation from the projects has been as good as the previous year with higher realisations.

During the year, the trading of (RECs) generated by the projects has helped your company earn additional revenue. The income from RECs in the next year is expected to be subdued due to lower rates owing to oversupply of RECs in the market. The CDM market has also witnessed a free fall in the last few months. The prices of Certified Emission Reductions (CERs) in the international market have crashed to below 1 Euro.

On the issue of grant of open access for wheeling of windpower to third parties within the state, the Regulatory Commission, in a recent order, has clarified certain aspects which will pave the way for open access for windpower projects in the state. Also, the new Regulations for distribution open access are expected to consider the infirm nature of the RE. This is expected to provide the much needed boost for the windmill projects in the state.

### Cautionary Statement

*Statement in this management discussions 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.*

## 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 fulfill 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 2011-2012.

### 1. BOARD LEVEL ISSUES :

#### ● Composition of the Board

As on 30<sup>th</sup> September, 2012 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. In respect of compliance with Corporate Governance norms i.e. Clause-49 with respect to Independent Directors, the Company is in the process of complying the same. Details are given in Table 1.

#### ● Number of Board Meetings

During the year, Four Board meetings were held. These were on 23<sup>rd</sup> November, 2011, 10<sup>th</sup> February, 2012, 15<sup>th</sup> May, 2012 and 13<sup>th</sup> August, 2012. 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.

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	4	3	Yes	13	None
A. B. KALYANI	Non- executive	4	3	Yes	11	None
G. K. AGARWAL	Non- executive	4	4	Yes	1	None
B. B. HATTARKI	Non- executive Independent ***	4	4	Yes	8	None
S. S. VAIDYA	Non- executive Independent ***	4	4	Yes	10	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 2011- 12.

## ● Remuneration of Directors

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

Table 2 - Remuneration paid to Directors during 2011-12 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)	*	15,000	Nil	Nil	15,000
A. B. KALYANI	*	15,000	Nil	Nil	15,000
G. K. AGARWAL	None	20,000	Nil	Nil	20,000
B. B. HATTARKI	None	20,000	Nil	Nil	20,000
S. S. VAIDYA	None	20,000	Nil	Nil	20,000

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 23<sup>rd</sup> November, 2011, 10<sup>th</sup> February, 2012, 15<sup>th</sup> May, 2012 and 13<sup>th</sup> August, 2012. 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 2011-12		
Name of the Director	No. of meetings	Meetings attended
Mr. S. S. Vaidya	4	4
Mr. A. B. Kalyani	4	3
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. G. K. Agarwal - 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 Born on 7<sup>th</sup> 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 BF Investment, The Ugar Sugar Works, Hikal, Nandi Infrastructure Corridor Enterprises, Kalyani Lemmerz, Kalyani Carpenter Metal Centres, Kalyani Steels, Automotive Axles, Merritor HVS (India), Khed Developers etc..
- ❖ Mr. G. K. Agarwal (60) is the Deputy Managing Director of Bharat Forge Ltd. and has a B.E. (Mechanical) and M.B.A. He has over 37 years of work experience. He is also Director on the Board of Directors of CDP Bharat Forge GmbH, Bharat Forge Aluminiumtechnik GmbH & Co. KG & Bharat Forge Hong Kong Ltd.

- **Communication to shareholders**

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), 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, Sr.VP-Finance & Company Secretary, is the compliance officer.

- **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
2008-09	30 <sup>th</sup> June, 2010	10.30 A. M.	Training Centre, Kalyani Steels Limited.
2009-10	29 <sup>th</sup> March, 2011	10.30 A. M.	Training Centre, Kalyani Steels Limited.
2010-11	13 <sup>th</sup> February, 2012	10.30 A. M.	Kalyani Steels Limited.
2011-12 (EGM)	5 <sup>th</sup> January, 2013	11.00 A. M.	Kalyani Steels Limited.

## SHAREHOLDER INFORMATION

➤ **Annual General Meeting**

Date :- 30<sup>th</sup> March, 2013, At 10.30 A.M.

Venue :- Kalyani Steels Limited, Mundhwa, Pune - 411036, Maharashtra, India

➤ **Financial Calendar**

1<sup>st</sup> October to 30<sup>th</sup> September

➤ **Book Closure**

The books will be closed on 30<sup>th</sup> March, 2013 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 Ltd., Bombay Stock Exchange Ltd. and Pune Stock Exchange Ltd.

➤ **Stock Codes**

NSE : BFUTILITIE

BSE : 532430

PSE : BFUTI - 160284

➤ **Stock Data**

Table 1 below gives the monthly high and low prices and volumes of the Company's Equity Shares at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., for the year 2011-12.

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

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Oct-11	506.65	414.20	3024205	507.00	414.00	6277065
Nov-11	528.70	333.15	3609565	529.00	333.00	8999438
Dec-11	392.80	259.20	3549432	392.55	258.65	7945443
Jan-12	386.00	268.10	5179521	410.10	268.00	11191710
Feb-12	463.00	361.25	5001499	462.85	363.20	12273112
Mar-12	445.90	351.75	3924200	445.90	351.35	10533459
Apr-12	448.70	377.20	6127792	448.70	362.60	16181023
May-12	433.70	361.20	3783954	433.85	362.05	10804828
Jun-12	430.00	354.35	4829059	453.35	353.75	13278959
Jul-12	490.10	378.50	5479105	489.30	378.60	16332286
Aug-12	451.40	386.50	3177416	451.70	386.60	10560867
Sep-12	435.00	390.35	2709592	434.90	390.15	8435307

➤ **Share Transfer Agents and Share Transfer System**

M/s. Link Intime India Private 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. During the year under report, twenty three complaints were received from the shareholders, all of which were resolved.

➤ **Shareholding pattern**

The following tables 2 & 3 give the Pattern of Shareholding as on 30<sup>th</sup> September, 2012.

**Table 2 Pattern of shareholding by ownership as on 30 September, 2012**

Company	No. of shares held	Shareholding %
Promoters	24872975	66.03
Financial Institutions	0	0.00
Mutual Funds	30559	0.08
Nationalised Banks	52979	0.14
Insurance Companies	129655	0.34
Foreign Institutional Investors/ Foreign Banks	635561	1.69
Private Corporate Bodies	4241144	11.26
Indian Public	7547610	20.04
NRIs	157145	0.42
<b>TOTAL</b>	<b>37667628</b>	<b>100</b>

Table 3 Pattern of shareholding by share class as on 30 September, 2012

Shareholding class	No. of shareholders	No. of shares held	Shareholding %
Up to 5000	45203	5957658	15.82
5001 to 10000	113	826362	2.19
10001 to 20000	50	705010	1.87
20001 to 30000	16	395341	1.05
30001 to 40000	10	328969	0.88
40001 to 50000	7	324958	0.86
50001 to 100000	15	1024481	2.72
100001 and above	20	28104849	74.61
<b>TOTAL</b>	<b>45434</b>	<b>37667628</b>	<b>100.00</b>

➤ **Dematerialisation**

As on 30<sup>th</sup> September, 2012 dematerialised shares accounted for 93.48% 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 - 67042618, 26822552, Fax No.26823061,  
E-mail : [bfutilitiesltd@vsnl.net](mailto:bfutilitiesltd@vsnl.net)
2. Link Intime India Private Limited  
Registrar & Transfer Agents  
202, Akshay Complex, Off Dhole Patil Road,  
Near Ganesh Mandir, Pune 411 001.  
Phone No.: 020-26161629 Fax No.020-26163503  
Email : [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the Members of **BF Utilities Limited**

We have examined the compliance of conditions of Corporate Governance by BF Utilities Limited, for the year ended September 30, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, **except that the composition of independent directors is below 50% of the Board of Directors.**

We 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 Joshi Apte & Co.  
Firm Registration Number: 104370W  
Chartered Accountants

Place : Pune  
Date : February 09, 2013

Prakash Apte  
Partner  
Membership Number: 33212