

# KALYANI INVESTMENT COMPANY LIMITED



**KALYANI**

DRIVING INNOVATION

## BOARD OF DIRECTORS

Mr. Amit B. Kalyani  
Chairman

Mr. S.S. Vaidya

Mr. B.B. Hattarki

Mr. C.G. Patankar

### AUDITORS

Mr. Prashant V. Deo  
Chartered Accountant  
Flat No.11, Building No.8-B,  
Laxminarayannagar No.4  
Co-op Hsg. Society,  
Erandawana, Pune - 411 004

### BANKERS

Canara Bank  
HDFC Bank Limited

### REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited  
Block No.202, Akshay Complex,  
2nd Floor, Off Dhole Patil Road,  
Near Ganesh Mandir, Pune – 411 001

### REGISTERED OFFICE

Mundhwa, Pune - 411 036  
Phone : +91-020-26715000 / 66215000  
Fax : +91-020-26821124  
Website: [www.kalyani-investment.com](http://www.kalyani-investment.com)  
E-mail : [investor@kalyani-investment.com](mailto:investor@kalyani-investment.com)

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**2ND ANNUAL GENERAL MEETING**

Day : Friday  
Date : 12th August, 2011  
Time : 2.00 p.m. (I.S.T.)  
Place : Registered Office,  
Kalyani Investment Company Limited,  
Mundhwa, Pune - 411 036



KALYANI

## 2nd Annual Report 2010-2011

### CORPORATE GOVERNANCE

Kalyani Investment is committed to good Corporate Governance and is in full compliance with the requirements under Clause 49 of the Listing Agreement with the Stock Exchanges. The basic philosophy of Corporate Governance is to achieve business excellence and dedicate itself for increasing long-term shareholder value.

This chapter of the report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitutes the compliance report of the Company on Corporate Governance during the year 2010-11.

#### 1. BOARD LEVEL ISSUES

##### COMPOSITION OF THE BOARD :

As on 31st March, 2011, the Board of Directors of Kalyani Investment comprised four directors. The Board consists of Non-Executive Chairman, who is a Relative of Promoter and three Non-Executive Independent Directors. Details are given in Table 1.

##### NUMBER OF BOARD MEETINGS :

During the year 2010-11, the Board of the Company met twelve times on 27th April, 2010, 24th May, 2010, 18th June, 2010, 7th July, 2010, 27th July, 2010, 14th September, 2010, 17th November, 2010, 29th December, 2010, 10th January 2011, 17th January 2011, 11th February, 2011, 21st March, 2011. All the meetings were held in such manner that the gap between two consecutive meetings was not more than four months.

##### DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS :

Table 1: The composition of the Board, the category of Directors, their attendance record and the number of directorships :

Table - 1 - Details about Board of Directors of the Company							
Name of the Director	Category	Particulars of Attendance			Number of Directorships and Committee Memberships / Chairmanships in Public Limited Companies		
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr.Amit B. Kalyani Chairman	Relative of Promoter Non-Executive	12	12	No	13	6	—
Mr.S.S. Vaidya	Non-Executive	12	12	Yes	10	5	5
Mr.B.B. Hattarki	Non-Executive	12	11	Yes	9	5	4
Mr.C.G. Patankar	Non-Executive	12	12	Yes	9	5	—

As detailed in the table above, none of the Directors is a member of more than ten Board level Committees of public limited companies in which they are Directors or a Chairman of more than five such Committees.

##### BOARD PROCEDURE :

Information Supplied to the Board

Among others, information supplied to the Board includes :

- Annual operating plans and budgets and any updates thereof
- Quarterly results for the Company
- Minutes of meetings of committees
- Non-Compliance of any regulatory, statutory nature or listing requirements etc. if any
- Materially important show cause, demand notices if any

The Board of the Company is presented with all the relevant information on various vital matters affecting the working of the Company as well as those matters, which require deliberation at the highest level. Board Members are given appropriate documents / detailed notes and information in advance of each Board and Committee Meeting.

##### DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY :

There has been no materially relevant pecuniary transactions or relationship between the Company and its non-executive and / or independent Directors for the year 2010-11.

**AUDIT COMMITTEE :**

As on 31st March, 2011, the Audit Committee of Kalyani Investment comprised three members, of which all are Independent Directors. All the members have accounting and finance management expertise. The Chairman of the Audit Committee is Mr.B.B. Hattarki. Mr.S.S. Vaidya and Mr.C.G. Patankar are the other members of the Committee.

The representatives of the Statutory Auditors and remaining Board Members are permanent invitees to the Audit Committee Meetings. The Secretary of the Company also acts as the Secretary of the Audit Committee.

During the year 2010-11 Audit Committee met on 24th May, 2010, 27th July, 2010, 29th December, 2010 and 11th February, 2011. Particulars relating to the attendance at the Audit Committee meetings held during the year are given below :

Name of Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.B. Hattarki, Chairman	Independent	4	3
Mr.S.S. Vaidya	Independent	4	4
Mr.C.G. Patankar	Independent	4	4

The functions of the Audit Committee of the Company include of the following :

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual / quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory / internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any.
- Discussions with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to the shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews :

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the chief internal auditors.

**REMUNERATION OF DIRECTORS :**

No remuneration was paid to any Directors during the year 2010-11. The Company does not have any stock option scheme.

**SHAREHOLDING OF DIRECTORS :**

Name of the Director	Relationship with other Directors	No. of Shares held
Mr.Amit B. Kalyani, Chairman	None	3,169
Mr.S.S. Vaidya	None	—
Mr.B.B. Hattarki	None	—
Mr.C.G. Patankar	None	477

**CODE OF CONDUCT :**

The Board of Kalyani Investment has laid down a Code of Conduct for all the Board Members. All the Board Members have affirmed compliance with the Code of Conduct.

**2. MANAGEMENT****MANAGEMENT DISCUSSION AND ANALYSIS :****STRUCTURE OF THE COMPANY AND THRUST OF THE BUSINESS :**

Kalyani Investment is a Core Investment Company holding more than 90% of its assets in investments in shares of or debts in Group Companies. The thrust of business is to hold and continue to hold securities in Kalyani Group Companies.

**RISKS AND CONCERNS :**

Kalyani Investment's income is mainly from the dividends that may be receivable on investments held by it / may be held in future. Any adverse impact on the industries of which securities are held by Kalyani Investment, also have a bearing on the performance of Kalyani Investment. Any slowdown in the growth of Indian economy or future volatility in global financial market, could also adversely affect the business.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :**

The Company strongly believes that Internal Control Systems are necessary for Good Corporate Governance and has in place an effective system of internal controls to ensure that all assets are properly safeguarded and protected and used optimally and financial transactions are reported accurately.

**Cautionary Statement**

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

**DISCLOSURES BY MANAGEMENT TO THE BOARD :**

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

**3. SHAREHOLDERS****DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS :**

Mr.Amit B. Kalyani and Mr.B.B. Hattarki, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Details of directors to be re-appointed, are given below :

Mr.Amit B. Kalyani, born on 26th July, 1975, is an Executive Director of Bharat Forge Limited. Mr.Amit B. Kalyani, after having his initial education in Pune, graduated in Mechanical Engineering from Bucknell University, U.S.A. He was in U.S.A. for a number of years and besides obtaining degree in engineering, has had considerable exposure to technological advancements in various fields and especially in Information Technology. He also has work experience in Speciality Steel Manufacturing Industry in U.S.A. Mr.Amit B. Kalyani serves on the Board of Bharat Forge, Kalyani Steels, BF Utilities, Kalyani Infotech Solutions, Nandi Economic Corridor Enterprises, Nandi Infrastructure Corridor Enterprises, KPIT Cummins Infosystems, Khed Developers, BF-NTPC Energy Systems, BF Infrastructure, BF Investment and Kalyani Alstom Power. Mr.Amit B. Kalyani, is retiring at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr.B.B. Hattarki born on 10th October, 1941, is a Metallurgy and Mechanical Engineer. He also serves on the Board of BF Utilities, Automotive Axles, Kalyani International, Kalyani Mukand, Kalyani Steels, Hospet Steels, BF Investment and Khed Developers. Mr.Hattarki is retiring at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**COMMUNICATION TO SHAREHOLDERS :**

Kalyani Investment puts all vital information relating to the Company and its performance, including financial results, official announcements and communication to the investors and analysts on its website [www.kalyani-investment.com](http://www.kalyani-investment.com) regularly for the benefit of the public at large.

Financial results are published in leading newspapers such as Financial Express (All Editions) and Loksatta (Pune) and are also sent to the Stock Exchanges immediately after they are approved by the Board.

Letters and Transfer Deeds received from shareholders are acted upon and replied promptly.

**INVESTOR GRIEVANCES :**

The Company has in place Shareholders' / Investors' Grievance Committee for redressing Shareholders' / Investors' complaints. The Committee comprises of Mr.B.B. Hattarki, Chairman and Mr.C.G. Patankar, Director. The first meeting of the Shareholders' / Investors' Grievance Committee was held on 11th February, 2011.

During the year 2010-11 no complaints were received by the Company. Mr.Tushar Meher, Company Secretary, is the Compliance Officer.

The Company has already provided separate E-mail ID for registering complaints by investors (investor@kalyani-investment.com) and the said E-mail ID is also displayed on the web-site.

**SHARE TRANSFER :**

The Company has constituted the 'Share Transfer Committee', which meets twice a month to approve share transfers, transmissions, consolidation, sub-division, issue of duplicate certificates and requests for dematerialisation of Company's shares. The Committee comprises of Mr.B.B. Hattarki and Mr.C.G. Patankar Directors of the Company.

**DETAILS OF NON-COMPLIANCE :**

Kalyani Investment has complied with all the requirements of regulatory authorities. No penalties were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter relating to the capital market during the period under report.

**GENERAL BODY MEETINGS :**

Particulars of General Body Meetings held since incorporation are given below :

Date	Time	Type of Meeting	Venue	Special Resolution Passed
29th August, 2009	10.30 a.m.	Extraordinary General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	1*
18th January, 2010	10.30 a.m.	Extraordinary General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	1**
24th November, 2010	11.00 a.m	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	1***

\* Special Resolution was passed, under Section 31 of the Companies Act, 1956, for Amendment in Articles of Association for Increase in Authorised Capital.

\*\* Special Resolution was passed, under Section 100 of the Companies Act, 1956 for Reduction of Capital i.e. for cancellation of 50,000 Equity Shares of ₹10/- each pursuant to Scheme of Arrangement.

\*\*\* Special Resolution was passed for Obtaining Consent for Payment of Commission to Directors other than Executive / Wholtime Directors.

No Special Resolution was put through postal ballot in the last year.

This year no resolution is proposed to be taken up through postal ballot.

**COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS :**

The Company is fully compliant with the applicable mandatory requirements of the Clause 49. It has not adopted any non-mandatory requirements.

**SHAREHOLDER INFORMATION****ANNUAL GENERAL MEETING :**

Day and Date : Friday, 12th August, 2011 at 2.00 p.m.

Venue : Registered Office of the Company at Mundhwa, Pune - 411 036

**FINANCIAL CALENDAR :**

1st April to 31st March

**BOOK CLOSURE :**

The books will be closed on Friday, 12th August, 2011, as an Annual Closure for the Annual General Meeting.



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### LISTING :

National Stock Exchange of India Limited (NSE)  
Bombay Stock Exchange Limited (BSE)  
Pune Stock Exchange Limited (PSE)

### STOCK CODES :

NSE : KICL  
BSE : 533302  
ISIN in NSDL and CDSL : INE029L01018

### STOCK DATA :

Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) for the year 2010-11.

Month & Year	NSE*			BSE*		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
January, 2011	1,142.75	352.70	48,773	1,143.50	352.90	3,160
February, 2011	1,089.80	800.00	75,949	1,089.00	801.30	7,823
March, 2011	898.95	723.00	20,012	879.00	736.10	1,101

\* The Equity Shares of the Company were listed and admitted for dealing on NSE and BSE w.e.f. 14th January, 2011

### REGISTRAR AND TRANSFER AGENTS AND SHARE TRANSFER SYSTEM :

M/s. Link Intime India Private Limited, Block No.202, Akshay Complex, 2nd Floor, Off Dhole Patil Road, Near Ganesh Mandir, Pune - 411 001 are the Registrar and Transfer Agents of the Company and carry out the share transfer work on behalf of the Company.

### PATTERN OF SHAREHOLDING BY OWNERSHIP AS ON 31.03.2011 :

Category	No. of Equity Shares held	Shareholding %
Promoters	2,612,632	59.849
Mutual Funds / UTI	418,557	9.588
Insurance Companies	—	—
Banks	178	0.004
FII's	54,765	1.255
Bodies Corporate	530,079	12.144
NRIs / OCBs	18,886	0.433
Foreign Companies	66	0.001
Indian Public	730,143	16.726
<b>TOTAL</b>	<b>4,365,306</b>	<b>100.000</b>

### PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON 31.03.2011 :

Shareholding Class	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 500	25,479	510,773	11.701
501 to 1,000	112	81,031	1.856
1,001 to 2,000	64	95,827	2.195
2,001 to 3,000	33	82,212	1.883
3,001 to 4,000	20	70,246	1.609
4,001 to 5,000	6	27,193	0.623
5,001 to 10,000	10	68,829	1.577
10,001 and above	26	3,429,195	78.556
<b>TOTAL</b>	<b>25,750</b>	<b>4,365,306</b>	<b>100.000</b>