

KALYANI INVESTMENT COMPANY LIMITED



BOARD OF DIRECTORS

Mr. Amit B. Kalyani
Chairman

Mrs. Deeksha A. Kalyani

Mr. S.S. Vaidya

Mr. B.B. Hattarki

Mr. C.G. Patankar

Mr. R.K. Goyal

CORPORATE IDENTITY NUMBER (CIN)

L65993PN2009PLC134196

REGISTERED OFFICE

Mundhwa, Pune - 411 036

Phone : +91-020-26715000 / 66215000

Fax : +91-020-26821124

Website : www.kalyani-investment.com

E-mail : investor@kalyani-investment.com

CHIEF EXECUTIVE OFFICER

Mr. Sanjay V. Yewale

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Rahul Agarwal

AUDITORS

Mr. Prashant V. Deo

Chartered Accountant

Office No. 604, Jeewan Heights,

Plot No. 53/3, Thorat Colony,

S. No. 110, Erandawana,

Off Prabhat Road,

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

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6TH ANNUAL GENERAL MEETING

Day : Thursday
Date : 13th August, 2015
Time : 2.00 p.m. (I.S.T.)
Place : Registered Office,
Kalyani Investment Company Limited,
Mundhwa, Pune - 411 036

**REPORT ON 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 2014-15.

1. BOARD LEVEL ISSUES**COMPOSITION OF THE BOARD**

As on 31st March, 2015, the Board of Directors of Kalyani Investment comprised six directors. The Board consists of Non-Executive Chairman, who is a Relative of Promoter and five Non-Executive Directors, of which three are Independent. Details are given in Table 1.

NUMBER OF BOARD MEETINGS

During the year 2014-15, the Board of the Company met six times on 29th May, 2014, 9th August, 2014, 20th October, 2014, 18th December, 2014, 3rd February, 2015 and 30th March, 2015. 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 other 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 | 6 | 4 | Yes | 7 | 3 | — |
| Mrs.Deeksha A. Kalyani * | Relative of Promoter Non-Executive | 1 | 1 | N.A. | — | — | — |
| Mr.S.S. Vaidya | Independent | 6 | 6 | Yes | 6 | 3 | 4 |
| Mr.B.B. Hattarki | Independent | 6 | 5 | Yes | 8 | 4 | 3 |
| Mr.C.G. Patankar | Non-Executive | 6 | 6 | Yes | 6 | 1 | — |
| Mr.R.K. Goyal | Independent | 6 | 6 | Yes | 1 | 1 | — |

* Appointed with effect from 30th March, 2015

** Directorships do not include alternate Directorships, Directorships of private limited companies, Section 8 companies and of companies incorporated outside India. In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only Audit Committee and Stakeholders Relationship Committee in all public limited companies (excluding Kalyani Investment Company Limited) have been considered.

As mandated by Clause 49 of the Listing Agreement, the Independent Directors on Kalyani Investment Company Limited's Board :

- are person of integrity and possesses relevant expertise and experience;
- (i) are not a Promoter of the Company or its holding, subsidiary or associate company;
- (ii) are not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

➤ who, neither himself nor any of his relatives :

- (i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of :
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;
- (v) is a material supplier, service provider or customer or a lessor or lessee of the Company;

➤ are not less than 21 years of age.

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, capital budgets and any update thereof.
- Quarterly results for the Company.
- Minutes of meetings of Audit Committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the level of the Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, if any which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company
- Details of Joint Venture / Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Sale of material nature of investments, assets, which is not in normal course of business.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- General Notices of interest by Directors.
- Formation / Reconstitution of Committees of the Board.
- Dividend declaration.
- Appointment and fixing remuneration, of the Auditors as recommended by the Audit Committee.
- Annual Financial Results of the Company, Auditors' Report and the Report of the Board of Directors.
- Compliance certificates for all the laws as applicable to the Company.

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.

CEO AND CFO CERTIFICATION

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

**CODE OF CONDUCT**

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company. The code was suitably amended in February, 2015 to include the duties of Independent Directors as laid down in Companies Act, 2013. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website www.kalyani-investment.com.

The Board members and the senior management have affirmed the compliance with the Code. A declaration to that effect signed by the Chairman of the Company is contained in this Annual Report.

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 2014-15.

COMMITTEES OF THE BOARD

As on 31st March, 2015 the Company has Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board Committees are set up under the formal approval of the Board to carry out clearly defined role which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to the Committee Meetings, as far as may be practicable. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for perusal and noting. The Company Secretary acts as the Secretary of all Committees.

AUDIT COMMITTEE

As on 31st March, 2015, the Audit Committee of Kalyani Investment Company comprised three members, of which two 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 Annual General Meeting of the Company held on 5th September, 2014 was attended by the Chairman of the Audit Committee, Mr.B.B. Hattarki, to answer the shareholders' queries.

The representatives of the Statutory Auditors, Internal Auditors and remaining Board Members are permanent invitees to the Audit Committee Meetings.

During the year 2014-15 Audit Committee met on 29th May, 2014, 8th August, 2014, 20th October, 2014 and 3rd February, 2015 and there were no instances, where the Board had not accepted the recommendations of the Audit Committee. Particulars relating to the attendance at the Audit Committee meetings held during the year are given below :

| Name of the Director | Category | Number of Meetings held | Number of Meetings attended |
|----------------------------|---------------|-------------------------|-----------------------------|
| Mr.B.B. Hattarki, Chairman | Independent | 4 | 4 |
| Mr.S.S. Vaidya | Independent | 4 | 4 |
| Mr.C.G. Patankar | Non-Executive | 4 | 4 |

Powers of the Audit Committee :

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

The role of the Audit Committee of the Company include 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.
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.

- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- 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.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 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 in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of CFO (i.e. the wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of Information by the Audit Committee :

- 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.

STAKEHOLDERS RELATIONSHIP COMMITTEE

'Stakeholders Relationship Committee' was constituted by the Board on 29th May, 2014 by changing the nomenclature of Shareholders' / Investors' Grievance Committee. The Committee comprises of Mr.B.B. Hattarki and Mr.C.G.Patankar, Directors. During the year 2014-15, the Stakeholders Relationship Committee met on 29th May, 2014, 7th August, 2014, 20th October, 2014, and 3rd February, 2015.



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

| Name of the Director | Category | Number of Meetings held | Number of Meetings attended |
|----------------------------|---------------|-------------------------|-----------------------------|
| Mr.B.B. Hattarki, Chairman | Independent | 4 | 4 |
| Mr.C.G. Patankar | Non-Executive | 4 | 4 |

COMPLIANCE OFFICER

Mr.Rahul Agarwal, Company Secretary is the Compliance Officer for complying with requirements of Securities Laws and Listing Agreement with Stock Exchanges.

STATUS OF INVESTORS' COMPLAINTS

During the year four complaints were received, which were redressed. The status of complaint is also reported to the Board of Directors, as an agenda item.

SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

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

DESIGNATED EXCLUSIVE EMAIL-ID

The Company has also provided separate E-mail ID : investor@kalyani-investment.com exclusively for investor servicing.

NOMINATION AND REMUNERATION COMMITTEE

'Nomination and Remuneration Committee' was constituted by the Board on 29th May, 2014 by changing the nomenclature, constitution and terms of reference of the Remuneration Committee. During the year 2014-15, the Nomination and Remuneration Committee met on 29th May, 2014, 3rd February, 2015 and 30th March, 2015.

Role of Nomination and Remuneration Committee :

- Formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

Particulars relating to the attendance at the Nomination and Remuneration Committee meetings held during the year are given below :

| Name of the Director | Category | Number of Meetings held | Number of Meetings attended |
|---------------------------|---------------|-------------------------|-----------------------------|
| Mr.B.B.Hattarki, Chairman | Independent | 3 | 3 |
| Mr.Amit B. Kalyani | Non-Executive | 3 | 2 |
| Mr.R.K. Goyal | Independent | 3 | 3 |

BOARD DIVERSITY AND REMUNERATION POLICY

The Board on recommendation of the Nomination and Remuneration Committee, on 3rd February, 2015, has approved Board Diversity and Remuneration Policy and the same is available on the Company's website www.kalyani-investment.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 Clause 49 of the Listing Agreement concerning independence of directors.

Remuneration to Non-Executive Directors

The Non-Executive Directors draw remuneration in the form of commission, upto an aggregate amount not exceeding 1% of the net profits of the Company for the year, as may be decided by the Board of Directors from time to time.

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.

REMUNERATION OF DIRECTORS

No remuneration was paid to any Director during the year 2014-15. The Company does not have any stock option scheme.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Considering the requirement of the Companies Act, 2013, the Board on 29th May, 2014 constituted 'Corporate Social Responsibility (CSR) Committee'. The Committee comprises of Mr.B.B. Hattarki, Chairman, Mr.S.S.Vaidya and Mr.R.K. Goyal, Directors. During the year 2014-15, the Corporate Social Responsibility Committee met on 29th May, 2014 and 3rd February, 2015.

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 referred in Clause (i) above.
- 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. The Board on recommendation of the CSR Committee, on 29th May, 2014 has approved CSR Policy for the Company and the same is available on the Company's website www.kalyani-investment.com.

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

| Name of the Director | Category | Number of Meetings held | Number of Meetings attended |
|----------------------------|-------------|-------------------------|-----------------------------|
| Mr.B.B. Hattarki, Chairman | Independent | 2 | 2 |
| Mr.S.S. Vaidya | Independent | 2 | 2 |
| Mr. R.K. Goyal | Independent | 2 | 2 |

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, the Board on 3rd February, 2015, has also constituted 'Risk Management Committee' to identify, monitor and minimise risks as also identify business opportunities. Within the framework of the Risk Management Policy, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan. The Committee comprises of Mr.R.K. Goyal and Mr.Amit B. Kalyani, Directors of the Company. No meeting of the Committee was held during the year.

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 3rd February, 2015, inter alia to discuss :

- Evaluation of the performance of Non-Independent Directors and Board of Directors, as a whole.
- Evaluation of the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Evaluation of the quality, quantity and timeliness of flow of information between the Company Management and the Board of Directors.

All the Independent Directors were present at the meeting. The Directors expressed their satisfaction with the evaluation process.

**PERFORMANCE EVALUATION**

Nomination and Remuneration Committee had prepared and sent feed-back forms for evaluation of the Board, Independent Directors and the Chairman, covering various aspects of the Board functioning. Independent Directors at their meeting without any one from non-independent Directors and management, considered the Board's performance, performance of the Chairman and of other non-independent Directors and their feedback / suggestions were forwarded by them to the Chairman of the Company. Subsequently the Board carried out the annual performance evaluation of its own performance, the Directors individually and of various Committees of the Board.

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**RELATED PARTY TRANSACTIONS**

The Company has not entered into any 'Related Party Transaction' pursuant to Section 188(1) of the Companies Act, 2013, during the financial year 2014-15.

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.

WHISTLE BLOWER POLICY

The Company has vigil mechanism named 'Whistle Blower Policy', wherein the employees / directors can report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and / or laws applicable to the Company and seek redressal. This mechanism provides appropriate protection to the genuine Whistle Blower, who avails of the mechanism. The details of establishment of Whistle Blower Policy / Vigil Mechanism have been disclosed on the website of the Company www.kalyani-investment.com.

INDEPENDENT DIRECTORS' TRAINING AND INDUCTION

The Independent Directors' are provided with necessary documents / brochures and reports to enable them to familiarise with the Company's business, procedures and practices. Along with role, function, duties and responsibilities expected from Director, the Director is also explained in detail the compliances required from him under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and his affirmation is taken with respect to the same.