

KALYANI STEELS

CIN-L27104MH1973PLC016350

KSL:SEC:

August 28, 2020

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort, Mumbai – 400 001
Scrip Code : 500235

National Stock Exchange of India Limited

Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip Symbol : KSL

Dear Sir,

Sub. : Notice of 47th Annual General Meeting scheduled to be held on Friday, September 25, 2020 and Annual Report for the financial year ended March 31, 2020

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended, please find enclosed herewith following documents :

- 1) Notice of 47th Annual General Meeting scheduled to be held on Friday, September 25, 2020 at 11.00 a.m. (I.S.T.) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without presence of members at a common venue.
- 2) Annual Report for the financial year ended March 31, 2020

Kindly take the aforesaid documents on record.

Thanking you,

Yours faithfully,
For KALYANI STEELS LIMITED

MRS.D.R. PURANIK
COMPANY SECRETARY
E-mail : puranik@kalyanisteels.com



Encl. : As above



KALYANI
GROUP COMPANY

KALYANI STEELS LIMITED, CORPORATE BUILDING, 2ND FLOOR, MUNDHWA, PUNE 411036, INDIA.
PHONE : +91 20 66215000 FAX : +91 20 26821124

KALYANI STEELS LIMITED

CIN : L27104MH1973PLC016350

Registered Office : Mundhwa, Pune 411 036

Phone No. : 020 - 26715000 / 66215000, Fax No. : 020 - 26821124

Website : www.kalyanisteels.com, E-mail : investor@kalyanisteels.com



KALYANI

NOTICE

NOTICE is hereby given that the FORTY-SEVENTH Annual General Meeting of the Members of Kalyani Steels Limited will be held on Friday, September 25, 2020, at 11.00 a.m. (I.S.T), through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt :
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020 and the Reports of the Board of Directors and Auditors thereon.
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 and the Report of the Auditors thereon.
2. To confirm payment of Interim Dividend on Equity Shares.
3. To appoint a Director in place of Mr.B.N. Kalyani (DIN 00089380), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.S.M. Kheny (DIN 01487360), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. Appointment of Mrs.Shruti A. Shah as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs.Shruti A. Shah (DIN 08337714 and IDDB Registration No. IDDB-DI-202001-005722), who has submitted a declaration that she meets the criteria for independence as prescribed in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from January 29, 2020 to January 28, 2025."

6. Appointment of Mr.Ahmad Javed as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr.Ahmad Javed (DIN 08668304 and IDDB Registration No. IDDB-DI-202006-028656), who has submitted a declaration that he meets the criteria for independence as prescribed in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 (Three) consecutive years with effect from June 26, 2020 to June 25, 2023."

7. Related Party Transactions with Saarloha Advanced Materials Private Limited

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to enter into transaction(s) of sale, purchase or supply of goods or materials or services etc., with Saarloha Advanced Materials Private Limited, upto an estimated transaction value of not exceeding ₹ 7,000 Million (Rupees Seven Thousand Million only) (whether constitutes material transaction or otherwise, as defined in Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) on behalf of the Company, for each of the 5 (Five) financial years commencing from April 1, 2021.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate and finalize the terms and conditions of transaction(s) and to do all such acts, deeds and

things including delegation of powers as may be necessary, proper or expedient, to give effect to this Resolution.”

8. To approve the Remuneration of the Cost Auditors

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded for the payment of remuneration of ₹ 425,000/- (Rupees Four Hundred Twenty Five Thousand only) plus applicable taxes and reimbursement of out of pocket expenses, to Company’s Cost Auditors, M/s S.R. Bhargave & Co., Cost Accountants, Pune (Firm Registration No.000218), appointed by the Board of Directors of the Company, for auditing the cost records maintained by the Company for the financial year ending March 31, 2021.”

By Order of the Board of Directors
For Kalyani Steels Limited

Pune
June 26, 2020

Mrs. Deepti R. Puranik
Company Secretary

NOTES :

1. In view of the massive outbreak of the COVID 19 pandemic, social distancing norms to be followed and the continuing restrictions on movement of persons at several places in the country and pursuant to General Circular Nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 respectively, issued by Ministry of Corporate Affairs (collectively referred to as “MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by Securities and Exchange Board of India (“SEBI Circular”) and in compliance with the provisions of the Companies Act, 2013 (“Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Forty-Seventh Annual General Meeting (“AGM”) of the Company will be conducted through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”), without the physical presence of the Members at a common venue.
2. In terms of the MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC / OAVM Facility and e-Voting during the AGM. Such members are requested to send a certified copy of the Board Resolution / Authorization Letter etc. together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at e-mail ID deulkarcs@gmail.com with a copy marked to evoting@kalyanisteels.com. In case of remote e-Voting, the said documents should reach the Scrutinizer on/ before Thursday, September 24, 2020 at 5.00 p.m.
3. In line with the MCA Circulars and SEBI Circular, the Notice of the AGM will be available on the website of the Company at www.kalyanisteels.com, on the websites of Stock Exchanges i.e. BSE Limited at www.bseindia.com, National Stock Exchange of India Limited at www.nseindia.com and also on the website of NSDL at www.evoting.nsdl.com.
4. National Securities Depositories Limited (“NSDL”) will be providing facility for voting through remote e-Voting and for participation in the AGM through VC / OAVM Facility and e-Voting during the AGM.
5. Members may join the AGM through VC / OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 10:15 a.m. I.S.T. i.e. 45 minutes before the scheduled start time of the AGM and will be open upto 15 minutes after the scheduled start time of AGM.
6. Members may note that the VC / OAVM Facility, provided by NSDL, allows participation of 1,000 Members on a first-come-first-served basis. This will not include large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend the AGM without any restriction on account of first-come-first-served principle.
7. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company’s website www.kalyanisteels.com, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and on the website of NSDL at https://www.evoting.nsdl.com
9. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Businesses under Item Nos.5 to 8 of

the Notice to be transacted at the Annual General Meeting is annexed hereto. The Board of Directors of the Company at its meeting held on June 26, 2020 considered that the Special Businesses under Item Nos.5 to 8, being considered unavoidable, be transacted at the AGM of the Company.

10. Members holding shares in dematerialized form are requested to intimate any change in their postal address, e-mail address, Permanent Account Number (PAN), bank details, ECS details etc. to their respective Depository Participants and those holding shares in physical form are requested to intimate the said changes to the Registrar and Transfer Agent of the Company, at their address given below.
11. Those Members who have not encashed / received their Dividend Warrants for the previous financial year(s) may approach the Registrar and Transfer Agent of the Company, at their address given below, for claiming their unencashed / unclaimed dividend.
12. Dividends which remain unencashed / unclaimed over a period of 7 years will have to be transferred by the Company to the Investor Education and Protection Fund (IEPF) constituted by the Central Government under Section 125 of the Companies Act, 2013. Further, under the amended provisions of Section 124 of the Companies Act, 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred by the Company in the name of the IEPF.
13. Equity Shares of the Company are under compulsory demat trading by all investors. Those shareholders, who have not dematerialized their shareholding, are advised to dematerialize the same to avoid any inconvenience in future.
14. The SEBI has mandated that transfer of shares of the Company in physical form has been prohibited from April 1, 2019. Members holding shares in physical form are requested to get them converted into dematerialized form.
15. Brief Profile of Director(s) proposed to be appointed / re-appointed, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se, are provided in the Report on Corporate Governance forming part of the Annual Report.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in dematerialized form are therefore requested to submit their PAN to the Depository Participants with whom they are maintaining the demat account. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent of the Company, at their address given below.
17. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, including change, if any, are requested to register their e-mail addresses, in respect of dematerialized holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill-up the E-mail Updation Form available at Company's web-site www.kalyanisteels.com and submit the same to the Registrar and Transfer Agent of the Company, at their address given below.
18. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
19. Members, who need assistance before or during the AGM, can contact Mr. Umesh Sharma of Link Intime India Private Limited, Registrar and Transfer Agent of the Company, at umesh.sharma@linkintime.co.in or call on 020-26161629 / 26160084. Kindly quote your name and DPID Client ID / Folio No. in all your communications.
20. The Register of Directors and Key Managerial Personnel and their shareholding, under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 and all documents referred to in this Notice and accompanying Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, will be available for inspection of the Members during the AGM, on the Company's website viz. www.kalyanisteels.com
21. **The Instructions for Members for remote e-Voting are as under :**
The remote e-Voting period begins on Tuesday, September 22, 2020 at 9.00 a.m. and ends on Thursday, September 24, 2020 at 5.00 p.m. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date of September 18, 2020, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote is cast by the member, the member shall not be allowed to change it subsequently.
The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below :
Step:-1 Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>
Step 2: Cast your vote electronically on NSDL e-Voting system
Details on Step 1 is mentioned below :
How to Log-in to NSDL e-Voting website?
i) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
ii) Once the home page of e-Voting system is launched,
17. To support this green initiative of the Government

click on the icon "Login" which is available under 'Shareholders' section.

- iii) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- iv) Your User ID details are given below :

Manner of holding Shares i.e. Demat (NSDL / CDSL) or Physical	Your User ID is :
Members who hold Shares in Demat Account with NSDL	8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12***** then your USER ID is IN300***12*****)
For Members who hold Shares in Demat Account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your User ID is 12*****
For Members holding Shares in Physical mode	EVEN Number followed by Folio Number registered with the Company. For example if Folio Number is 001*** and EVEN is 101456 then User ID is 101456001***

- v) Your Password details are given below :

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter your 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 1. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client

ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

2. If your e-mail ID is not registered, please follow steps mentioned below in process for those shareholders whose e-mail ids are not registered.

- vi) If you are unable to retrieve or have not received the 'initial password' or have forgotten your password :

- a) Click on "Forgot User Details / Password?" (if you are holding Shares in your Demat account with NSDL / CDSL) option available on www.evoting.nsd.com
- b) "Physical User Reset Password?" (if you are holding Shares in physical mode) option available on www.evoting.nsd.com
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your Demat account number / Folio number, your PAN, your name and your registered address.
- d) Members can also use OTP (One Time Password) based Login for casting the votes on the e-Voting system of NSDL.

- vii) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

- viii) Now you will have to click on Login button.

- ix) After you click on Login button, home page of e-Voting will open.

Details on Step 2 is given below :

Step 2 : Cast your vote electronically on NSDL e-Voting system

- x) After successful Login at Step 1, you will be able to see the home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- xi) After click on Active Voting Cycles, you will be able to see all the companies "EVEN", in which you are holding Shares and whose voting cycle is in active status.
- xii) Select "EVEN" of company for which you wish to cast your vote.
- xiii) Now you are ready for e-Voting as the voting page opens.
- xiv) Cast your vote by selecting appropriate options i.e. Assent or Dissent, verify / modify the number of Shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- xv) Upon confirmation, the message "Vote cast successfully" will be displayed.
- xvi) You can also take the printout of the votes cast

by you by clicking on the print option on the confirmation page.

- xvii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders :

- a) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to deulkarcs@gmail.com with a copy marked to evoting@nsdl.co.in

- b) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details / Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

- c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms.Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in

22. Process for those shareholders whose e-mail ids are not registered with the depositories for procuring User IDs and password and registration of e-mail IDs for e-voting for the resolutions set out in this notice :

- (a) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to pune@linkintime.co.in with copy marked to evoting@kalyanisteels.com.

- (b) In case shares are held in demat mode, please provide DPID CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to pune@linkintime.co.in with a copy marked to evoting@kalyanisteels.com.

23. The instructions for members for e-voting on the day of the AGM are as under :

- (a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- (b) Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions

through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

- (c) Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

- (d) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

24. Instructions for members for attending the AGM through VC / OAVM are as under :

- (a) Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders / members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder / members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

- (b) Members are encouraged to join the Meeting through Laptops for better experience.

- (c) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

- (d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

- (e) Shareholders, holding shares as on the cut-off date i.e. September 18, 2020, who would like to express their views / have questions, may send their questions in advance mentioning their name, demat account number / folio number, e-mail id, mobile number at investor@kalyanisteels.com. The same will be replied by the Company suitably.

- (f) Shareholders holding shares as on the cut-off date i.e. September 18, 2020, **who would like to express their views / ask questions during the AGM, will have to register themselves as a “Speaker”** and send their request mentioning their name, demat account number / folio number, e-mail id, mobile number at investor@kalyanisteels.com between September 21, 2020 (9.00 a.m.) to September 23, 2020 (5.00 p.m.). Only those members who have

registered themselves as a Speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

25. Mr.S.V. Deulkar and / or Mr.Sridhar Mudaliar and / or Mrs.Meenakshi Deshmukh, Partners of SVD & Associates, Company Secretaries has been appointed as the Scrutinizers to scrutinize the e-Voting process in a fair and transparent manner.
26. The Scrutinizer shall immediately after conclusion of AGM, unblock the votes cast through e-Voting at AGM and remote e-Voting in the presence of at least two witnesses not in the employment of the Company

and shall submit not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or the person authorised by him in writing who shall countersign the same. The Chairman or the person authorised by him, shall declare the result of the voting forthwith.

27. The results of voting along with the Scrutinizer's Report shall be placed on the Company's website www.kalyanisteels.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.

Registrar & Transfer Agent

LINK INTIME INDIA PRIVATE LIMITED

Block No.202, Akshay Complex, 2nd Floor, Off Dhole Patil Road, Near Ganesh Mandir, Pune - 411 001

Phone Nos. : 020 - 26161629 / 26160084, Telefax : 020 - 26163503

E-mail : pune@linkintime.co.in

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 102 of the Companies Act, 2013

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out, the material facts relating to Special Business Items as stated in the accompanying Notice dated June 26, 2020

ITEM NO. 5

Pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors at their meeting held on January 29, 2020, had appointed Mrs.Shruti A. Shah as an Additional Director of the Company categorized as an Independent Director to hold office for a term of 5 (Five) consecutive years with effect from January 29, 2020 to January 28, 2025, subject to the approval of the members.

The Company has received a declaration in writing from Mrs.Shah that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mrs.Shah fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for her appointment as an Independent

Director of the Company. The Board also considers that her association would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director on the Board of the Company.

The Company has received notice in writing from member as per Section 160 of the Companies Act, 2013 proposing the candidature of Mrs.Shah as an Independent Director of the Company.

Accordingly, the Board recommends the resolution set out at Item No.5 of the Notice, for the approval of the members of the Company.

Brief Profile of Mrs.Shah is provided in the report on Corporate Governance forming part of the Annual Report.

Except Mrs.Shah, being appointee, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the resolution set out at Item No.5 of the Notice.

ITEM NO.6

Pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors at their meeting held on June 26, 2020, had appointed Mr.Ahmad Javed as an Additional Director of the Company categorized as an Independent Director to hold office for a term of 3 (Three) consecutive years with effect from June 26, 2020 to June 25, 2023, subject to the approval of the members.

The Company has received a declaration in writing from Mr.Ahmad that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr.Ahmad fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his appointment as an Independent Director of the Company. The Board also considers that his association would be of immense benefit to the Company and it is desirable to avail his services as an Independent Director on the Board of the Company.

The Company has received notice in writing from member as per Section 160 of the Companies Act, 2013 proposing the candidature of Mr.Ahmad as an Independent Director of the Company.

Accordingly, the Board recommends the resolution set out at Item No.6 of the Notice, for the approval of the members of the Company.

Brief Profile of Mr.Ahmad is provided in the report on Corporate Governance forming part of the Annual Report.

Except Mr.Ahmad, being appointee, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the resolution set out at Item No.6 of the Notice.

ITEM NO.7

The members will recall that at the Forty-Third Annual General Meeting held on August 11, 2016, the members have authorized the Board of Directors of the Company to enter into transaction(s) of sale, purchase or supply of goods or materials or services with Kalyani Carpenter Special Steels Limited, now name changed as Saarloha Advanced Materials Private Limited ("Saarloha"), upto an estimated transaction value of not exceeding Rs.3,000 Million on behalf of the Company, for each of the 5 (Five) financial years commencing from 1st April, 2016. As the said approval is valid upto 31st March, 2021, the members are requested to grant a fresh approval for the further period of Five (5) financial years commencing from 1st April, 2021.

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the shareholders by an Ordinary Resolution. The said Regulation provides for definition of the term "Material" as follows :

"A transaction with a related party shall be considered

material if transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity."

In terms of the said Regulation, approval of the members is requested for transaction(s) of sale, purchase or supply of goods or materials or services by Kalyani Steels Limited (KSL) to / from Saarloha.

Saarloha is one of the leading industrial houses in India having core business in steel and steel base products, forging and automotive components. It manufactures wide variety of special steels for different applications, as per customer's specific requirements. It is ISO 9001:2015, IATF 16949:2016 and AS 9100D certified Company, consistently demonstrating the ability to meet the most stringent quality assurance standards.

In order to meet shortages and urgencies, if any, in the supplies to the customers and with the intention of not losing the business opportunities, the Company in its ordinary course of business and on arm length basis, sources variety of special steels from Saarloha. This ensures sourcing from customer approved source with the stability of supplies in terms of quality and logistics. During the course of business, the Company also sells its products to Saarloha. Secondly in addition to rolling done at Rolling Mill Shop (RMS) at Hospet, some portion or different sizes are also rolled at Saarloha, to balance the rolling capacity and meet the customer's delivery requirements.

These transactions with Saarloha may constitute as "material" in terms of the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore, the Board has proposed the same to be placed before the members for their approval as an Ordinary Resolution at the ensuing Annual General Meeting of the Company.

The key details as required under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as below :

1. Name of the Related Party : Saarloha Advanced Materials Private Limited
2. Name of the Director or Key Managerial Personnel who is related, if any : Mr.R.K. Goyal, Managing Director of the Company holds position of Director in Saarloha.
3. Nature of Relationship : Companies under Common Control
4. Nature, Material Terms, Monetary Value and Particulars of Contract : On arm's length basis and in tune with market parameters. Monetary Value as mentioned in the resolution set out at Item No.7 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.7 of the Notice for approval by the members. All entities falling under the definition of Related Party shall be abstained from voting, irrespective of whether the entity is a party to the particular resolution or not.

Except Mr.R.K. Goyal, Managing Director, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are in any way concerned or interested in the resolutions set out at Item No.7 of the Notice.

ITEM NO.8

The Board of Directors at their meeting held on June 26, 2020, based on the recommendation of the Audit Committee, had appointed M/s S.R. Bhargave & Co., Cost Accountants, Pune, as Cost Auditors of the Company for auditing the cost records maintained by the Company for the financial year ending March 31, 2021, at remuneration of ₹ 425,000/- (Rupees Four Hundred Twenty Five Thousand only) plus applicable taxes

thereon and reimbursement of out of pocket expenses.

Pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. The Board recommends the resolution set out at Item No.8 of the Notice, for the approval of the members of the Company.

None of the Directors / Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the resolution.

By Order of the Board of Directors
For Kalyani Steels Limited

Pune
June 26, 2020

Mrs. Deepti R. Puranik
Company Secretary

KALYANI STEELS LIMITED



KALYANI

DRIVING INNOVATION

BOARD OF DIRECTORS

Mr. B. N. Kalyani
Chairman

Mrs. Sunita B. Kalyani

Mr. Amit B. Kalyani

Mr. S. M. Kheny

Mr. B. B. Hattarki

Mr. M. U. Takale

Mr. Arun P. Pawar

Mr. S. K. Mandlik

Mr. S. K. Adivarekar

Mrs. Shruti A. Shah (w.e.f. January 29, 2020)

Mr. Ahmad Javed (w.e.f. June 26, 2020)

Mr. R. K. Goyal
Managing Director

CORPORATE IDENTITY NUMBER (CIN)

L27104MH1973PLC016350

REGISTERED OFFICE

Mundhwa, Pune - 411 036

Phone : +91-020-26715000 / 66215000

Fax : +91-020-26821124

Website: www.kalyanisteels.com

E-mail : investor@kalyanisteels.com

PLANT LOCATION

Hospet Road, Ginigera

Tal. & Dist. Koppal

KARNATAKA - 583 228

CHIEF FINANCIAL OFFICER

Mr. B. M. Maheshwari

COMPANY SECRETARY

Mrs. Deepti R. Puranik

AUDITORS

M/s. P. G. BHAGWAT
Chartered Accountants
Suite No. 2, "Orchard",
Dr. Pai Marg, Baner,
Pune - 411 045

BANKERS

Bank of Baroda
Union Bank of India
Canara Bank
HDFC Bank Limited
State Bank of India
Axis Bank Limited
The Hongkong and Shanghai
Banking Corporation 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

CONTENTS

Management Discussion and Analysis	2
Corporate Governance	6
Shareholder Information	17
Directors' Report	21
Auditor's Report	47
Balance Sheet	56
Statement of Profit and Loss	58
Statement of Changes in Equity	59
Cash Flow Statement	60
Notes forming part of the Financial Statements	62
Auditor's Report on Consolidated Financial Statements	106
Consolidated Balance Sheet	112
Consolidated Statement of Profit and Loss	113
Consolidated Statement of Changes in Equity	114
Consolidated Cash Flow Statement	115
Notes forming part of the Consolidated Financial Statements	117

47TH ANNUAL GENERAL MEETING

Day	: Friday
Date	: September 25, 2020
Time	: 11.00 a.m. (I.S.T.)
Mode of Meeting	: Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)



MANAGEMENT DISCUSSION AND ANALYSIS

The Board takes pleasure in presenting your Company's Forty-Seventh Annual Report for the year 2019-20 along with the compliance report on Corporate Governance. This chapter on Management Discussion and Analysis forms a part of the compliance report on Corporate Governance.

Global Economy

As per IMF, World GDP growth slowed down to 2.9% in 2019 as compared to 3.6% in 2018.

The ongoing COVID 19 pandemic is inflicting high human costs worldwide and the protection measures and lockdowns are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by 3.0% in 2020, which is worse than that during 2008-09 financial crisis.

In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes, helped by policy support.

Real GDP Growth (%)

Calendar Year	2018	2019	2020 (p)	2021 (p)
World	3.6	2.9	(3.0)	5.8
Advanced Economies	2.2	1.7	(6.1)	4.5
Emerging Markets	4.5	3.7	(1.0)	6.6

All numbers are in percentages

(p) Refers to projections

Source : IMF, World Economic Outlook, May, 2020

Advanced Economies

Advanced Economies growth decelerated to 1.7% in 2019 as compared to 2.2% in 2018. Going forward, the Advanced Economies are expected to de-grow by 6.1% in 2020 and then grow at 4.5% in 2021. However, it is to be noted that the GDP in 2021 will be lower than that in pre-COVID 19 period.

Of course, the Advanced Economies (such as USA, EU) with strong governance capacity, well-equipped health care systems and the privilege of issuing globally accepted currencies are relatively better placed to fight this crisis.

Emerging Markets

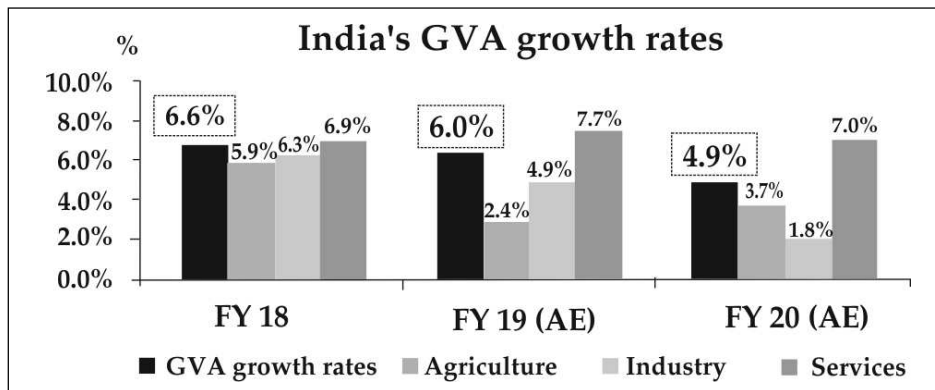
Emerging Market Economies are expected to see de-growth of 1.0% in 2020 and then return to growth of 6.6% in 2021.

Within Emerging Markets, China is still expected to keep its economic growth positive and around 1.0% in 2020. The Indian economy is expected to shrink by 5.0% in current year¹.

Further, other major economies are also expected to de-grow substantially such as Russia (5.5%), Brazil (5.3%), Mexico (6.6%), South Africa (5.8%), Saudi Arabia (2.3%) and Nigeria (3.4%).

Indian Economy

As per Ministry of Statistics and Programme Implementation (MoSPI), Government of India's Advance Estimates (AE), Indian Gross Value Added (GVA) grew by 4.9% in FY 2019-20 as compared to previous year.



AE : Advance Estimates from MoSPI

P : Projections from RBI

Source :

1. MoSPI, Govt. of India

2. RBI's Survey of Professional Forecasters

¹ As per CRISIL May, 2020 report

As shown in the chart, India's overall GVA growth decreased to 4.9% in FY 2020 from 6.0% in FY 2019 mainly due to slower Industry Sector growth.

As per CRISIL May, 2020 report, India is expected to see a de-growth of 5.0% in FY 2021, wherein non-Agriculture sector is expected to contract by 6.3% and Agriculture sector is expected to grow by 2.5%.

However, over a long term horizon of 3-7 years, the economy is still expected to do well and experience sustainable economic growth due to expected private consumption, ongoing introduction of wide-ranging policies and structural initiatives.

World Steel Industry

In 2019, World Crude Steel production increased by 3.4% to 1,869.9 Million MTs as shown below :

	CY 2018	CY 2019	YoY %
World Crude Steel	1808.6	1869.9	3.4%
China	920.0	996.3	8.3%
EU (28)	167.6	159.4	(4.9%)
India	109.3	111.2	1.8%
Japan	104.3	99.3	(4.8%)
USA	86.6	87.9	1.5%

All numbers are in Million Tonnes except percentages.

Source : World Steel Association (WSA), January, 2020

In 2019, China, the leading producer of steel, contributed 53% of the global output at 996.3 Million MTs, showing 8.3% growth over previous year.

The European Union (EU) recorded decrease of 4.9% in 2019 over 2018, producing 159.4 Million MTs of crude steel.

Japan's crude steel production continued its decrease and was down by 4.8% in 2019 to 99.3 Million MTs.

USA's crude steel production increased by 1.5% to 87.9 Million MTs in 2019 as compared to that in 2018.

India produced 111.2 Million MTs in 2019 with 1.8% growth over that in 2018.

In 2020, the global steel industry is being impacted as steel users and producers are hit by shutdowns, disrupted supply chains, collapsing confidence, delayed construction projects as well as a decline in consumption activity. Financial market volatility and collapsing oil prices have further undermined investment.

Indian Steel Industry

As per World Steel Association, crude steel production in India increased by 1.8% in 2019 as compared to 2018:

Crude Steel Production	CY 2018	CY 2019	YoY %
Production (Mil T)	109.3	111.2	1.8%

Source : World Steel Association

On demand side, however, going forward due to ongoing COVID 19 pandemic, Indian steel demand is expected to decline by 7.7% to 93.7 Million MTs in 2020.

**Industry Profitability Outlook**

In FY 2019-20 Indian steel industry continued to suffer from slowdown in demand from auto sector, continued steel imports and highly leveraged balance sheets.

Going forward, the industry profitability is expected to worsen in view of COVID 19 due to following factors :

- Demand slowdown : Substantial and abrupt reduction in demand in various end-use industries :
 - Automobiles
 - Energy / Power Sector
 - Oil & Gas
 - Engineering Industry
 - Drying of export market - particularly EU and US
 - Substantial reduction in CAPEX is expected by Private Sector

It may take anywhere between 6 months to 2 years for demand to reach pre-COVID 19 levels.

- Manpower shortage : Steel industry employs fairly large number of manpower and is currently affected due to low availability of manpower - particularly migrant workers and truck drivers.
- Disruption in supply chain : Supply chains i.e. raw material producers, third party-vendors, transportation etc. have been severely disturbed due to COVID 19.
- Stressed financial position : Due to sudden slowdown in economic activity and resultant industry losses, severe cash flow and working capital issues are expected in coming months.
- Low cost imports from China and FTA countries such as Korea, Japan, Thailand and Indonesia : China's Crude steel production had changed year-on-year by 7.2%, 5.0%, (1.7%) and 0.2% in January, February, March and April 2020 respectively. Thus overall, in the first 4 months of CY 2020, China's production has increased that too during the peak time for COVID 19.

This is expected to increase China's unsold steel inventory, as global trade and Chinese consumption has come down. This unsold inventory may be dumped in coming months in countries like India.

Given the above scenario, it is becoming more and more important to focus on cost reduction and quality improvement to remain competitive in current market and to protect margins.

Initiatives taken by the Company

The Company is in continuous pursuit of creating more value for all its stakeholders. The Company's various functional teams have taken some remarkable initiatives to not only strengthen its profitability in near future but also gain medium to long-term competitive advantage over its peers.

Marketing Initiatives

The Company has chalked out clear roadmap for Approvals and New Product Development with major OEMs in Domestic and International spaces.

The Company has continued focus on niche segments such as critical components in Automotive and Engineering - where the product range is less susceptible to global market fluctuations. Moreover, Company's efforts to improve service levels and close coordination with all stakeholders allowed the Company to consolidate its position as the preferred supplier to its customers.

Cost reduction & Quality improvement Initiatives

The Company continued its efforts for Cost reduction and Quality improvement. The details of the same are mentioned in Annexure "A" to the Directors' Report.

Company Performance

- Revenue from Operations - ₹ 11,989 Million
- Profit before Taxation – ₹ 1,679 Million

Revenue from Operations includes Manufacturing Revenue of ₹ 11,169 Million, Trading Revenue of ₹ 585 Million and other Operating Revenue of ₹ 235 Million.

Manufacturing Revenue consists of sale of Rolled Products, As Cast Blooms and Pig Iron. The Company sold 184,106 tonnes of Rolled Products aggregating ₹ 10,463 Million, 14,334 tonnes of As Cast Blooms aggregating ₹ 658 Million and 1,938 tonnes of Pig Iron aggregating to ₹ 48 Million.

Key Financial Ratios

The Key Financial Ratios for FY 2019-20 and FY 2018-19, along with explanation for significant changes (change of 25% or more, if any) are as follows :

Particulars	2019-20	2018-19	Change (%)
Debtors Turnover	5.09	4.55	11.78
Inventory Turnover	9.52	9.11	4.50
Interest Coverage Ratio	22.87	30.06	(23.92)
Current Ratio	2.28	1.87	21.36
Debt Equity Ratio	(0.02)	—	—
Operating Profit Margin (%)	9.78	10.48	(6.73)
Net Profit Margin (%)	11.40	9.40	21.82
Net Worth	9,639.31	8,905.68	8.24
Return on Net Worth (%)	14.22	14.83	(4.11)

Internal Control Systems and their adequacy

The Company employs an adequate and effective system of internal control commensurate with its size and nature of business that provides for assurance of the efficiency of operations, security of Company's assets, accurate and prompt recording of transactions, efficient Management Information Systems and compliance with prevalent statutes, accounting standards.

The internal control is supplemented by an extensive review by internal auditors. The prime objective of internal audit is to test the adequacy and effectiveness of the internal controls laid down by the management and to suggest improvements. Observations of the internal auditors are subject to periodic review and compliance monitoring. The Audit Committee of Directors reviews the significant observations made by internal auditors along with status of action thereon.

Human Resources

The Company is privileged to have an excellent pool of human resources working with it. The Company considers the quality of its human resources to be its most important asset and places great emphasis on training and development of employees at all levels. The Company's strategy of empowering people at all levels to take decisions and encouraging free flow of information and ideas has helped strengthening of its human capital.

As on March 31, 2020 the Company has 54 employees. 1,011 employees are on the rolls of Hospet Steels Limited, which is a Joint Venture Company formed with the specific purpose of managing and operating the composite steel making facility at Ginigera, in terms of Strategic Alliance between the Company and Mukand Limited.

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, labour relations and interest costs.

**REPORT ON CORPORATE GOVERNANCE****CORPORATE GOVERNANCE PHILOSOPHY**

Corporate Governance is ongoing process and Kalyani Steels has always focused on good corporate governance, which is a key driver of sustainable corporate growth, long term value creation and trust. The Company's Corporate Governance is a set of systems and procedures to ensure that the affairs of the Company are managed in a way which ensures accountability, transparency and fairness in all its transactions.

The Company is in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance, applicable for the Financial Year 2019-20.

This chapter of the report, along with the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitutes the compliance report of the Company on Corporate Governance.

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

As on March 31, 2020, the Board of Directors of Kalyani Steels comprised Eleven Directors. The Board consists of the Chairman, who is a Promoter Non-Executive Director, one Executive Director and nine Non-Executive Directors, of which six are Independent. Details are given in Table 1.

NUMBER OF BOARD MEETINGS

During the year 2019-20, the Board of the Company met four times on May 18, 2019, August 7, 2019, October 24, 2019 and January 29, 2020. All the meetings were held in such manner that the gap between two consecutive meetings was not more than one hundred and twenty days.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

Table 1 : The composition of the Board, the category of Directors and their attendance at the meetings of the Board of Directors held during the year 2019-20 and at the last Annual General Meeting held on August 27, 2019 :

Name of the Director	Category	Particulars of Attendance		
		Number of Board Meetings		Last AGM
		Held	Attended	
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	4	4	No
Mrs.Sunita B. Kalyani	Non-Executive	4	4	No
Mr.Amit B. Kalyani	Non-Executive	4	3	No
Mr.S.M. Kheny	Non-Executive	4	3	Yes
Mr.B.B. Hattarki	Independent	4	3	Yes
Mr.M.U. Takale	Independent	4	4	Yes
Mr.Arun P. Pawar	Independent	4	4	Yes
Mr.Sachin K. Mandlik	Independent	4	3	No
Mr.S.K. Adivarekar	Independent	4	4	Yes
Mrs.Shruti A. Shah*	Independent	N.A.	N.A.	N.A.
Mr.R.K. Goyal, Managing Director	Executive	4	4	Yes

*Appointed with effect from January 29, 2020, subject to the approval of the members.

Table 2 : The details of the number of Directorships held and Committee Memberships / Chairmanships held in Indian Public Limited Companies, whether listed or not, including the Company, as on March 31, 2020 and details of Directorships held in other Listed Companies :

Name of the Director	In Indian Public Limited Companies, whether listed or not, including Kalyani Steels Limited			Directorships held in other Listed Companies	
	Directorships	*Committee Memberships	*Committee Chairmanships	Name of the Company	Type of Directorship
Mr.B.N. Kalyani Chairman	7	3	—	Bharat Forge Limited Automotive Axles Limited Hikal Limited BF Utilities Limited	Promoter, Executive Non-Executive Non-Executive Non-Executive
Mrs.Sunita B. Kalyani	1	—	—	—	—
Mr.Amit B. Kalyani	9	1	—	Bharat Forge Limited Hikal Limited BF Utilities Limited Kalyani Investment Company Limited BF Investment Limited Schaeffler India Limited	Executive Non-Executive Non-Executive Non-Executive Non-Executive Independent
Mr.S.M. Kheny	5	2	1	Hikal Limited	Independent
Mr.B.B. Hattarki	8	4	5	Automotive Axles Limited BF Utilities Limited Kalyani Investment Company Limited BF Investment Limited	Independent Independent Independent Independent
Mr.M.U. Takale	4	2	1	BF Investment Limited	Independent
Mr.Arun P. Pawar	2	—	—	Phoenix Township Limited	Non-Executive
Mr.Sachin K. Mandlik	1	—	—	—	—
Mr.S.K. Adivarekar	4	2	2	Kalyani Investment Company Limited BF Utilities Limited	Independent Independent
Mrs.Shruti A. Shah	3	2	—	Kalyani Investment Company Limited Balkrishna Industries Limited	Independent Independent
Mr.R.K. Goyal Managing Director	4	3	—	Kalyani Investment Company Limited	Independent

* Memberships / Chairmanships of Audit Committee and Stakeholders Relationship Committee.

Certificate from M/s SVD & Associates, Practicing Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the companies, by the Securities and Exchange Board of India (SEBI) / Ministry of Corporate Affairs (MCA) or any such Statutory Authority, is enclosed as Annexure "A".

INDEPENDENT DIRECTORS

In the opinion of the Board the Independent Directors on the Board of the Company fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Company's management. The terms of appointment of the Independent Directors are disclosed on the website of the Company viz. www.kalyanisteels.com/profile/policies.

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 and minutes of meetings of Subsidiary Company.
- Appointment, remuneration and resignation of Directors.
- 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 or substantial non-payment for goods sold by the Company.



- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any Joint Venture / Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Making of loans and investments of surplus funds.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- 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, declaration of Independent Directors at the time of appointment / annual declaration.
- 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.
- CSR activities carried out by the Company and expenditure made thereon.

The Board of Directors of the Company is presented with detailed notes, along with the agenda papers, well in advance of each Board and Committee Meeting. All material information is incorporated in the agenda for facilitating focused and meaningful discussions at the meeting. In special and exceptional circumstances, additional items on the agenda are permitted.

CEO AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Regulation 33(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

CODE OF CONDUCT

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company. 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. (Web-link:<http://www.kalyanisteels.com/profile/policies/>)

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

COMMITTEES OF THE BOARD

As on March 31, 2020, the Company has Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Finance Committee and Share Transfer Committee. The Board Committees are set up and reconstituted, as and when necessary, under the formal approval of the Board to carry out clearly defined roles 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 consideration and noting. The Company Secretary acts as the Secretary of all Committees.

AUDIT COMMITTEE

As on March 31, 2020, the Audit Committee of Kalyani Steels comprised four members, of which three are Independent Directors. All the members have accounting and finance management expertise.

The Annual General Meeting of the Company held on August 27, 2019 was attended by the Chairman of the Audit Committee, Mr.S.K. Adivarekar, 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 2019-20, Audit Committee met on May 18, 2019, August 7, 2019, October 24, 2019 and January 29, 2020 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.S.K. Adivarekar, Chairman	Independent	4	4
Mr.B.N. Kalyani	Promoter Non-Executive	4	4
Mr.B.B. Hattarki	Independent	4	3
Mr.M.U. Takale	Independent	4	4

The Role / Terms of reference 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.
- 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.
 - Modified opinion(s) in the draft audit report, if any.
- 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 utilized 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.
- Reviewing and monitoring 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, if any.
- 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 Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
- Reviewing the utilization of loans and / or advances from / investment by the Company in the subsidiary exceeding Rs.100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
- 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

As on March 31, 2020, Stakeholders Relationship Committee comprised of three Directors viz. Mr.S.M. Kheny (Chairman), Mr.R.K. Goyal, Managing Director and Mr.B.B. Hattarki, Director. During the year 2019-20, the Stakeholders Relationship Committee met on May 18, 2019, August 7, 2019, October 24, 2019 and January 29, 2020.

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.S.M. Kheny, Chairman	Non-Executive	4	3
Mr.R.K. Goyal	Executive	4	4
Mr.B.B. Hattarki	Independent	4	3

Role of the Stakeholders Relationship Committee :

- Resolving the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

COMPLIANCE OFFICER

Mrs.Deepthi R. Puranik, Company Secretary is the Compliance Officer for complying with requirements of Securities Laws and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

STATUS OF INVESTORS' COMPLAINTS

The number and nature of complaints received and redressed during the year 2019-20 are as follows :

Nature of Complaint	No. of Complaints received	No. of Complaints redressed	No. of Complaints pending as on March 31, 2020
Dematerialization of Shares	1	1	—
Non-receipt of Annual Report	1	1	—

The status of complaints is also reported to the Board of Directors, as an agenda item.

DESIGNATED EXCLUSIVE E-MAIL ID

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

NOMINATION AND REMUNERATION COMMITTEE

As on March 31, 2020, Nomination and Remuneration Committee comprised of three Directors viz. Mr.M.U. Takale, Chairman, Mr.Amit B. Kalyani and Mr.B.B. Hattarki. During the year 2019-20, the Nomination and Remuneration Committee met on May 18, 2019, August 7, 2019 and January 29, 2020.

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 performance 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.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

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.M.U. Takale, Chairman	Independent	3	3
Mr.Amit B. Kalyani	Non-Executive	3	2
Mr.B.B. Hattarki	Independent	3	2

PERFORMANCE EVALUATION CRITERIA FOR DIRECTORS

The Nomination and Remuneration Committee has devised criteria for performance evaluation of Directors including independent Directors. The said criteria provides for certain parameters like seniority / experience, number of years on the Board, Board / Committee meetings attended, Director's position on the Company's Board Committees, other relevant factors and performance of the Company.

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 2019-20.

POLICY ON BOARD DIVERSITY AND NOMINATION AND REMUNERATION POLICY

The Board on recommendation of the Nomination and Remuneration Committee, has approved Policy on Board Diversity and Nomination and Remuneration Policy and the same are available on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>). These Policies provides for criteria for determining qualifications, positive attributes & independence of director as well as remuneration policy for directors, key managerial personnel and other employees, with an objective to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In terms of the said Policies, 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.

Skills / Expertise / Competencies for the Board of Directors

The following is the list of core Skills / Expertise / Competencies identified by the Board of Directors for the Board members, in the context of the Company's business and that the said skills are available with the Board members :

Name of the Director	Industry Knowledge / experience	Technology and Innovations	Strategy & Planning	Sales and Marketing	Financial Skills	Legal and Regulatory knowledge	Corporate Governance and Risk Management
Mr.B.N. Kalyani, Chairman	✓	✓	✓	✓	✓	✓	✓
Mrs.Sunita B. Kalyani	✓		✓		✓		✓
Mr.Amit B. Kalyani	✓	✓	✓	✓	✓	✓	✓
Mr.S.M. Kheny	✓	✓	✓		✓		
Mr.B.B. Hattarki	✓	✓	✓		✓		
Mr.M.U. Takale	✓	✓	✓		✓		
Mr.Arun P. Pawar	✓	✓	✓		✓	✓	✓
Mr.Sachin K. Mandlik	✓		✓		✓	✓	✓
Mr.S.K. Adivarekar	✓		✓		✓	✓	✓
Mrs.Shruti A. Shah	✓		✓		✓	✓	✓
Mr.R.K. Goyal, Managing Director	✓	✓	✓	✓	✓	✓	✓

**Remuneration to Non-Executive Directors**

The Non-executive Directors are paid sitting fees for attending each meeting of the Board and of the Committees thereof as specified by the Board. Each of the Non-executive Directors is paid sitting fee of ₹ 2,000/- per meeting attended by him. The Non-Executive Directors also 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.

Payments to Non-Executive Directors are decided based on multiple criteria of seniority / experience, number of years on the Board, Board / Committee meetings attended, Director's position on the Company's Board Committees, other relevant factors and performance of the Company.

Remuneration to Managing Director, Key Managerial Personnel and other Employees

The Remuneration to Managing Director shall take into account the Company's overall performance, Managing Director's contribution for the same & trends in the industry in general, in a manner which will ensure and support a high performance culture.

The Managing Director is paid remuneration as per the terms approved by the Nomination and Remuneration Committee and the Board and confirmed by the Shareholders of the Company. The remuneration of the Managing Director comprises of Salary, Commission and Perquisites besides contributions to provident fund, superannuation and gratuity and leave encashment facility. The Company does not have any stock option scheme. The tenure of the office of the Managing Director is 5 (Five) years. The Board has discretion to decide notice period of the Managing Director. There is no separate provision for payment of severance fees.

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.

Table 3 : The details of the remuneration package of Directors during the year 2019-20, their shareholding in the Company and relationship with other directors, if any :

(₹ in Million)						
Name of the Director	Relationship with other Directors	Sitting fees #	Salaries and perquisites	Commission ##	Total	No. of Shares held
Mr.B.N. Kalyani	*	0.04	—	5.50	5.54	1,118
Mrs.Sunita B. Kalyani	**	0.01	—	4.00	4.01	54,650
Mr.Amit B. Kalyani	***	0.01	—	4.00	4.01	31,694
Mr.S.M. Kheny	****	0.01	—	0.65	0.66	14
Mr.B.B. Hattarki	None	0.06	—	0.90	0.96	—
Mr.M.U. Takale	None	0.03	—	0.70	0.73	2,500
Mr.Arun Pawar	None	0.01	—	0.50	0.51	—
Mr.Sachin K. Mandlik	None	0.01	—	0.75	0.76	—
Mr.S.K. Adivarekar	None	0.02	—	0.75	0.77	—
Mrs.Shruti A. Shah [§]	None	N.A.	N.A.	N.A.	N.A.	—
Mr.R.K. Goyal	None	N.A.	58.05	22.00	80.05	—

Sitting fees include payment of fees for attending Board and Committee Meetings.

Commission proposed and payable after approval of accounts by members of the Company in the ensuing Annual General Meeting (AGM)

* Husband of Mrs.Sunita B. Kalyani and Father of Mr.Amit B. Kalyani

** Wife of Mr.B.N. Kalyani and Mother of Mr.Amit B. Kalyani

*** Son of Mr.B.N. Kalyani and Mrs.Sunita B. Kalyani

**** Brother of Mrs.Sunita B. Kalyani

§ Appointed as Director with effect from January 29, 2020

None of the employees are related to any of the Directors of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility (CSR) Committee comprises of three Directors viz. Mr.B.B. Hattarki, Chairman, Mr.M.U. Takale and Mr.R.K. Goyal, Managing Director. During the year 2019-20, the Corporate Social Responsibility Committee met on May 18, 2019 and August 7, 2019.

Terms of Reference :

- Formulation and recommendation to the Board, CSR 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 CSR Policy.
- Monitor CSR 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 CSR Policy of the Company is available on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

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.M.U. Takale	Independent	2	2
Mr.R.K. Goyal	Executive	2	2

FINANCE COMMITTEE

Finance Committee comprises of three Directors viz. Mr.B.N. Kalyani, Chairman, Mr.B.B. Hattarki, Director and Mr.R.K. Goyal, Managing Director. During the year 2019-20, the Finance Committee met on May 15, 2019, June 1, 2019, August 19, 2019, September 20, 2019 and March 2, 2020.

Terms of Reference :

- To borrow money from banks / financial institutions, upto the limits specified by the Board.
- To open and close Bank Accounts of the Company and to authorize employees for operation of bank accounts of the Company.
- Authorisation to employees to execute / sign returns, submissions, documents etc. on behalf of the Company and to appear before various statutory authorities.
- Such other matters as may be delegated by the Board from time to time.

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

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	5	4
Mr.B.B. Hattarki	Independent	5	5
Mr.R.K. Goyal	Executive	5	4

SHARE TRANSFER COMMITTEE

The Company has constituted the Share Transfer Committee, to approve share transfers, transmissions, consolidation, sub-division, deletion of name, issue of duplicate certificates and requests for rematerialization of Company's shares. The Committee comprises of Mr.B.N. Kalyani, Chairman, Mr.B.B. Hattarki, Director and Mr.R.K.Goyal, Managing Director. During the year 2019-20, the Share Transfer Committee met eleven times and the particulars relating to the attendance at the Share Transfer Committee meetings held during the year are given below :

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	11	7
Mr.B.B. Hattarki	Independent	11	11
Mr.R.K. Goyal	Executive	11	11

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on January 29, 2020, 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, that is necessary for the Board of Directors to effectively and reasonably perform their duties.

All the Independent Directors, except Mr.B.B. Hattarki, were present at the meeting. The Directors expressed their satisfaction with the evaluation process.

2. MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

This Annual Report has a detailed chapter on Management Discussion and Analysis.

DISCLOSURES

RELATED PARTY TRANSACTIONS

All transactions entered into with related parties during the year were in ordinary course of business and have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>).

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosure set out in Notes to Financial Statements forming part of the Annual Report.

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 promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal / unethical behavior. 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 for direct access to the Chairperson of the audit committee and 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. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

SUBSIDIARY COMPANY

The minutes of the Board Meetings of the unlisted subsidiary company are periodically placed before the Board of Directors of the Company. The Company has policy for determining material subsidiary. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

INDEPENDENT DIRECTORS' TRAINING AND INDUCTION

The Independent Directors are provided with necessary documents / brochures and reports to enable them to familiarize 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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and his affirmation is taken with respect to the same.

Further, with a view to familiarize Director with the Company's operations, plant visit is scheduled and the Managing Director also has one-to-one discussion with the newly appointed Director. These initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfill his role as a Director of the Company. The details of this familiarization programme are available on the website of the Company. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

DISCLOSURE IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the Act"), the Company has formulated a Policy for prevention, prohibition and redressal of Sexual Harassment of Women at Workplace. All women employees (permanent, temporary, contractual and trainees), as well as any women visiting the Company's office premises are covered under the Policy. During the year under review, no complaint was filed pursuant to the said Act.

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

Mr.B.N. Kalyani, Chairman and Mr.S.M. Kheny, Director of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mrs.Shruti A. Shah, who was co-opted on the Board as an Additional Director, categorized as an Independent Director, for a term of 5 (Five) years with effect from January 29, 2020 to January 28, 2025, subject to the approval of the members, is seeking an appointment as Independent Director.

Mr.Ahmad Javed, who was co-opted on the Board as an Additional Director, categorized as an Independent Director, for a term of 3 (Three) years with effect from June 26, 2020 to June 25, 2023, subject to the approval of the members, is seeking an appointment as Independent Director.

Details of directors to be re-appointed / appointed, are given below :

- Mr.B.N. Kalyani is Chairman and Managing Director of Bharat Forge Limited. Mr.Kalyani, born on January 7, 1949, is a Mechanical Engineer from the Birla Institute of Technology & Sciences (BITS), Pilani, Rajasthan. He is also M.S. in Engineering from the Massachusetts Institute of Technology, U.S.A. Mr.Kalyani holds 1,118 Equity Shares of ₹ 5/- each of the Company.

The details of Directorships and Committee Memberships held in other public limited companies are as follows :

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Bharat Forge Limited 2. BF Utilities Limited 3. Hikal Limited 4. Automotive Axles Limited 5. Meritor (HVS) India Limited 6. BF-Elbit Advanced Systems Private Limited (Subsidiary of Public Company)	1. Bharat Forge Limited Stakeholders Relationship Committee – Member Corporate Social Responsibility Committee – Member 2. BF Utilities Limited Stakeholders Relationship Committee – Member

- Mr.S.M. Kheny, born on March 18, 1948, is Mechanical Engineer. Mr.Kheny has more than 40 years rich experience in business, industry and commercial activities specifically in steel and infrastructure development. Mr.Kheny holds 14 Equity Shares of ₹ 5/- each of the Company.

The details of Directorships and Committee Memberships held in other public limited companies are as follows :

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Hospet Steels Limited 2. Hikal Limited 3. Nandi Highway Developers Limited 4. Bangalore Turf Club Limited	1. Hikal Limited Audit Committee - Member 2. Nandi Highway Developers Limited Audit Committee - Member Corporate Social Responsibility Committee – Chairman Nomination and Remuneration Committee – Member

- Mrs.Shruti A. Shah was co-opted on the Board on January 29, 2020, as an Additional Director, categorized as an Independent Director, for the term of 5 (Five) years with effect from January 29, 2020 to January 28, 2025, is seeking an appointment as an Independent Director, pursuant to notice received from the member of the Company, signifying his intention to propose Mrs.Shah, as candidate for the office of an Independent Director. Mrs.Shah, being eligible, offers herself for appointment. In the opinion of the Board, Mrs.Shah fulfills the criteria of independence as prescribed under the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for her appointment as an Independent Director of the Company.

Mrs.Shah born on June 5, 1980, is a Chartered Accountant, in practice for the last 15 years. She is graduated in Commerce from Mumbai University and also holds a degree in Law. She is Partner of M/s. Pravin P. Shah & Company, since November, 2007 and engaged in Income Tax Advisory for HNIs and Corporates, Estate Planning in the form of Wills, Trusts etc. Mrs.Shah does not hold any Equity Shares of the Company.

The details of Directorships and Committee Memberships held in other public limited companies are as follows :

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Balkrishna Industries Limited 2. Kalyani Investment Company Limited	1. Balkrishna Industries Limited Audit Committee - Member Stakeholders Relationship Committee - Member CSR Committee - Member Nomination & Remuneration Committee - Member

- Mr.Ahmad Javed was co-opted on the Board on June 26, 2020, as an Additional Director, categorized as an Independent Director, for the term of 3 (Three) years with effect from June 26, 2020 to June 25, 2023, is seeking an appointment as an Independent Director, pursuant to notice received from the member of the Company, signifying his intention to propose Mr.Ahmad, as candidate for the office of an Independent Director. Mr.Ahmad, being eligible, offers himself for appointment. In the opinion of the Board, Mr.Ahmad fulfills the criteria of independence as prescribed under the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his appointment as an Independent Director of the Company.

Mr.Ahmad, a 1980 batch IPS Officer, was the 39th Commissioner of Police, Mumbai, India. Post his retirement in 2016, he was appointed as the Ambassador to the Kingdom of Saudi Arabia. Earlier, Mr.Ahmad served as a Director General of Police in Maharashtra Police. He is recipient of the President's Police Medal for Distinguished Service, Police Medal for Meritorious Service and the 50th Anniversary Independence Medal. Mr.Ahmad does not hold any Equity Shares of the Company.

COMMUNICATION TO SHAREHOLDERS

Kalyani Steels puts all vital information about the Company and its performance, including quarterly results, official announcements and communication to the investors and analysts on its website 'www.kalyanisteels.com' regularly for the benefit of the public at large.

During the year, quarterly, half yearly, annual financial results are published in leading newspapers such as Business Standard (All Editions) and Loksatta (Pune).

1. Website

The Company's website contains a separate dedicated section titled "Investors". The basic information about the Company, as called for in terms of Regulation 46 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, is provided on the Company's website www.kalyanisteels.com and the same is updated from time-to-time.

2. Filing with Stock Exchanges

Financial Results / other information to Stock Exchanges is filed electronically on BSE's On-line Portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and NSE's On-line Portal – NSE Electronic Application Processing System (NEAPS).

3. Annual Report

Annual Report containing, inter alia, Audited Financial Statements, Consolidated Financial Statements, Directors' Report, Independent Auditor's Report and other important information, is circulated to members and others entitled thereto in electronic / physical form. The same is also displayed on the Company's website.

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

**CREDIT RATING FROM CARE RATINGS LIMITED**

Care Ratings Limited have assigned following rating to the Company's bank facilities :

Facilities	Rating
Long Term Bank Facilities	CARE AA Stable (Reaffirmed) (Double A; Outlook : Stable)
Short Term Bank Facilities	CARE A1+ (Reaffirmed) (A One Plus)
Commercial Paper – Proposed [@]	CARE A1+ (Reaffirmed) (A One Plus)

@ carved out of sanctioned working capital limits of the Company.

FEES PAID TO STATUTORY AUDITORS

The Company has paid the fees of ₹ 5.43 Million to M/s. P. G. Bhagwat, Chartered Accounts, Pune (Firm Registration No.101118W) during the year 2019-20.

DETAILS OF NON-COMPLIANCE

Kalyani Steels 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

Annual General Meeting :

The date, time and venue for the last 3 (Three) Annual General Meetings are given below :

Date	Time	Venue	Special Resolutions Passed
August 1, 2017	11.00 a.m.	Registered Office of the Company at Mundhwa, Pune - 411 036	—
August 21, 2018	11.00 a.m.	Registered Office of the Company at Mundhwa, Pune - 411 036	Re-appointment of Mr.B.B. Hattarki, as an Independent Director
August 27, 2019	11.00 a.m.	Registered Office of the Company at Mundhwa, Pune - 411 036	1. Re-appointment of Mr.Arun Pawar as an Independent Director. 2. Re-appointment of Mr.M.U Takale as an Independent Director.

POSTAL BALLOT

No resolution was put through postal ballot during the year 2019-20.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of resolution conducted through postal ballot.

COMPLIANCE WITH MANDATORY AND DISCRETIONARY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted the following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1) Unmodified Opinion(s) in Audit Report

The Company is in the regime of financial statements with unqualified / unmodified Audit Opinion.

2) Reporting of Internal Auditors

The Internal Auditors of the Company report to the Audit Committee periodically to ensure independence of the Internal Audit function.

SHAREHOLDER INFORMATION**COMPANY REGISTRATION DETAILS**

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is L27104MH1973PLC016350.

ANNUAL GENERAL MEETING

Day, Date and Time : Friday, September 25, 2020 at 11.00 a.m.

Mode of Meeting : Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”),

FINANCIAL CALENDAR

1st April to 31st March

INTERIM DIVIDEND PAYMENT DATE

Interim Dividend of ₹ 5/- per Equity Share of ₹ 5/- each (i.e.100%) for FY 2019-20 was paid on March 23, 2020.

LISTING

- 1) National Stock Exchange of India Limited (NSE), Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
- 2) BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

All annual listing fees due during the year have been paid.

STOCK CODES

NSE : KSL

BSE : 500235

ISIN in NSDL and CDSL : INE907A01026

STOCK DATA

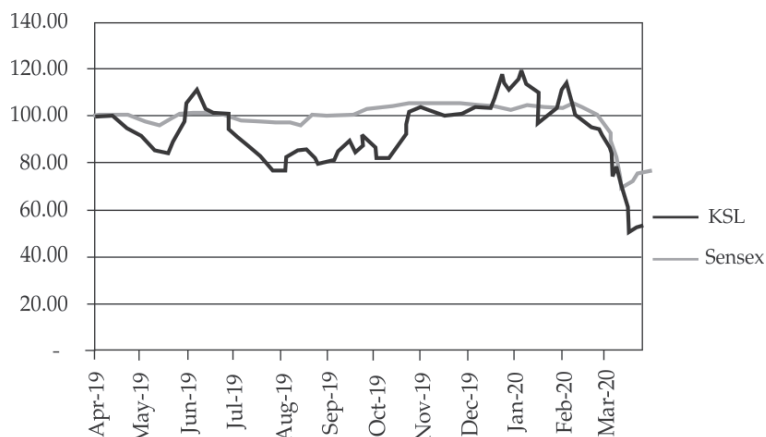
Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year 2019-20 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2019	224.00	192.60	605,382	223.00	194.20	196,125
May, 2019	247.00	177.00	1,692,438	246.50	177.30	376,284
June, 2019	238.50	207.05	581,567	231.10	206.30	124,582
July, 2019	213.70	161.85	537,329	215.10	162.10	145,425
August, 2019	192.70	161.90	622,151	192.50	161.90	178,422
September, 2019	203.00	178.40	598,101	203.20	178.75	122,658
October, 2019	198.05	181.00	551,367	198.00	173.00	121,662
November, 2019	233.00	192.60	2,054,166	233.20	193.50	358,378
December, 2019	259.20	216.50	2,171,799	259.95	216.95	209,019
January, 2020	269.00	218.50	1,779,192	268.65	219.60	233,795
February, 2020	252.95	204.00	1,131,900	253.50	205.15	132,716
March, 2020	222.10	91.75	1,440,165	220.80	92.35	180,741

**STOCK PERFORMANCE**

Chart 'A' plots the movement of Kalyani Steels Equity Shares adjusted closing prices compared to the BSE Sensex.

Chart 'A' : Kalyani Steels Share Performance Vs. BSE Sensex



Note : Share prices of Kalyani Steels and BSE Sensex have been indexed to 100 as on first working day of Financial Year 2019-20 i.e. April 1, 2019

REGISTRAR AND TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

M/s. Link Intime India Private Limited, having Registered Office address at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai – 400 083 and Pune Branch Office at 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. The Equity Shares of the Company are traded on the Stock Exchanges compulsorily in demat mode.

PATTERN OF SHAREHOLDING BY OWNERSHIP AS ON MARCH 31, 2020

Category of the Shareholder	No. of Equity Shares held	Shareholding %
Promoters	28,248,823	64.71
Mutual Funds	1,400,206	3.21
Financial Institutions / Banks	62,846	0.14
Foreign Portfolio Investors	952,889	2.18
Bodies Corporate	1,215,483	2.79
NRIs	449,743	1.03
Indian Public	11,323,070	25.94
TOTAL	43,653,060	100.00

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON MARCH 31, 2020

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5,000	46,173	9,069,283	20.78
5,001 to 10,000	119	861,284	1.97
10,001 to 20,000	44	618,164	1.42
20,001 to 30,000	17	424,775	0.97
30,001 to 40,000	12	411,379	0.94
40,001 to 50,000	6	266,680	0.61
50,001 to 100,000	7	505,927	1.16
100,001 and above	15	31,495,568	72.15
TOTAL	46,393	43,653,060	100.00

DEMATERIALIZATION

The Company's Equity Shares are under compulsory Demat Trading. As on 31st March, 2020, dematerialized shares accounted for 99.26% of the total Equity.

SITE LOCATION

The integrated steel plant of the Company is located at Village Ginigera, Taluka and District Koppal, in the State of Karnataka.

INVESTORS CORRESPONDENCE ADDRESS

1) Link Intime India Private Limited
Registrar & Transfer Agent
Block No.202, Akshay Complex, 2nd Floor,
Off Dhole Patil Road, Near Ganesh Mandir,
Pune - 411 001
Phone No. : 020 - 26161629 / 26160084
Telefax : 020 - 26163503
E-Mail : pune@linkintime.co.in

2) Kalyani Steels Limited
Secretarial Department
Mundhwa, Pune - 411 036
Phone No. : 020 - 26715000 / 66215000
Fax No. : 020 - 26821124
E-mail : investor@kalyanisteels.com

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, R.K. Goyal, Managing Director of the Company do hereby declare that all the Board Members and Senior Management Personnel have affirmed for the year ended March 31, 2020, compliance with the Code of Conduct of the Company laid down for them.

Place : Pune
Date : June 26, 2020

R.K. Goyal
Managing Director

Annexure A**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**
[Pursuant to Regulation 34(3) and Schedule V Para C clause 10(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Kalyani Steels Limited
Mundhwa, Pune – 411 036

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kalyani Steels Limited (hereinafter referred to as 'the Company'), having CIN : L27104MH1973PLC016350 and having Registered Office at Mundhwa, Pune – 411 036, produced before us by the Company on the e-mail for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary) and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr.Babasaheb Neelkanth Kalyani	00089380	15/02/1984
2.	Mr.Amit Babasaheb Kalyani	00089430	22/05/2004
3.	Mrs.Sunita Babasaheb Kalyani	00089496	30/03/2015
4.	Mr.Bhalachandra Basappa Hattarki	00145710	29/06/1992
5.	Mr.Madan Umakant Takale	01291287	27/06/2006
6.	Mr.Shivakumar Kheny	01487360	15/02/1984
7.	Mr.Ravindra Kumar Goyal	03050193	17/01/2011
8.	Mr.Arun Pandurang Pawar	03628719	25/10/2011
9.	Mr.Shrikrishna Kiran Adivarekar	06928271	18/05/2018
10.	Mr.Sachin Krishna Mandlik	07980384	09/11/2017
11.	Mrs.Shruti Anup Shah	08337714	29/01/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVD & Associates
Company Secretaries

S.V. Deulkar
Partner

Place : Pune
Date : June 26, 2020

FCS No : 1321
CP No : 965

UDIN : F001321B000366941



KALYANI

47th Annual Report 2019-2020

CERTIFICATE FROM PRACTISING COMPANY SECRETARY ON CORPORATE GOVERNANCE

To the Members of
Kalyani Steels Limited

We have examined the compliance of conditions of Corporate Governance by Kalyani Steels Limited (hereinafter referred "the Company") for the year ended March 31, 2020, as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination 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 an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

We further 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 SVD & Associates
Company Secretaries

S.V. Deulkar
Partner

FCS No : 1321

CP No : 965

UDIN : F001321B000366941

Place : Pune
Date : June 26, 2020

DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting the Forty-Seventh Annual Report on the business and operations of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2020.

1. Financial Highlights (on stand-alone basis)

		(₹ in Million)	
		2019-20	2018-19
Total Income	:	12,221.91	14,197.84
Total Expenditure	:	10,036.27	11,941.82
Finance Cost	:	80.46	66.25
Depreciation & amortization expenses	:	426.15	383.97
Profit before Exceptional Item and Tax	:	1,679.03	1,805.80
Exceptional Item	:	—	119.21
Profit before Tax	:	1,679.03	1,925.01
Tax Expenses :			
- Current Tax	:	477.50	635.50
- Deferred Tax	:	(165.04)	(30.97)
- Taxation for earlier years	:	(4.61)	—
Profit after Tax	:	1,371.18	1,320.48

2. Dividend & Reserves

The Board of Directors on March 2, 2020, declared an Interim dividend of ₹ 5/- per Equity Share of ₹ 5/- each (i.e.100%), for the financial year 2019-20, involving a cash outflow of ₹ 218.27 Million plus a dividend tax of ₹ 44.87 Million paid by the Company on the same.

During the year under review, no transfer is made to the General Reserve. An amount of ₹ 8,930.80 Million is retained as surplus in the Statement of Profit and Loss.

3. Performance of the Company

During the Financial Year ended March 31, 2020, the Company achieved Revenue from Operations of ₹ 11,989 Million against ₹ 14,065 Million in the previous year. The Profit before Tax is ₹ 1,679 Million against ₹ 1,925 Million in the previous year.

The drop in revenue is mainly on account of reduction in the sales tonnage due to global recessionary trends in Automobile, Engineering and Bearing Industry, which are Company's main target business segments. The global economic downturn has affected the target business segments adversely and also hit their exports of forging components to overseas market. Strict implementation of BS VI emission norms, also resulted in slow down of Automobile Industry.

Secondly the sales tonnage during the month of March, 2020, was also marginally affected due to nationwide lockdown declared by Government of India, on account of COVID 19 pandemic.

4. State of Company's Affairs

Discussion on the state of Company's affairs has been covered as part of the Management Discussion and Analysis (MD&A). MD&A for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

5. Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance Requirements set out by SEBI. The Report on Corporate Governance as stipulated under SEBI (Listing



Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

The requisite certificate from Secretarial Auditors of the Company viz. M/s. SVD & Associates, Company Secretaries, Pune, confirming compliance with conditions of Corporate Governance is attached to Report on Corporate Governance.

6. Deposits

During the year under review, the Company has not accepted any deposit under Chapter V of the Companies Act, 2013.

7. Directors

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr.B.N. Kalyani, Chairman and Mr.S.M. Kheny, Director of the Company, are retiring by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

The Board of Directors at its meeting held on January 29, 2020 had co-opted Mrs.Shruti A. Shah, as an Additional Director, categorized as an Independent Director, for the term of 5 (Five) consecutive years with effect from January 29, 2020 to January 28, 2025, subject to approval of the members at the ensuing Annual General Meeting.

The Board of Directors at its meeting held on June 26, 2020 had co-opted Mr.Ahmad Javed, as an Additional Director, categorized as an Independent Director, for the term of 3 (Three) consecutive years with effect from June 26, 2020 to June 25, 2023, subject to approval of the members at the ensuing Annual General Meeting.

These re-appointments / appointments form part of the Notice of the Annual General Meeting and the Resolutions are recommended for your approval. Profiles of these Directors, are given in the Report on Corporate Governance for reference of the members.

The Company has received declarations from all Independent Directors that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7.1 Board Evaluation

Pursuant to provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as composition of the committee, effectiveness of the committee meetings, information and functioning.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of criteria such as contribution of individual director to the Board and committee meetings like preparedness on the issues to be discussed and inputs in meetings etc.

In a separate meeting of independent directors, the performance of the non-independent directors, the Chairman of the Company and the Board as a whole was evaluated, taking into account the views of the executive and non-executive directors.

7.2 Policy on Board Diversity and Nomination & Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Policy on Board Diversity and Nomination & Remuneration Policy is available on the website of the Company. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

7.3 Meetings of the Board

During the Financial Year 2019-20, four Board Meetings were convened and held. Also a separate meeting of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013 was held. The details of meetings of Board of Directors are provided in the Report on Corporate Governance that forms part of this Annual Report.

8. Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

- i) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed and that there are no material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for that period;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts for the year ended March 31, 2020, on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

9. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure "A".

10. Corporate Social Responsibility

The Company has been carrying out various Corporate Social Responsibility (CSR) activities in the areas of education, health, water, sanitation etc. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Annual Report on CSR Activities undertaken by the Company is annexed herewith as Annexure "B". The CSR Policy is available on Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

11. Related Party Transactions

All contracts or arrangements entered into by the Company with Related Parties during the financial year were in the ordinary course of business and on an arm's length basis. Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of transactions with related parties, are provided in Form AOC-2, which is annexed herewith as Annexure "C". Related party disclosures as per Ind AS have been provided in Note 37 to the Financial Statements.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

12. Risk Management

The Company recognizes 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 as part of business strategy has in place a mechanism to identify, assess, monitor risks and mitigate various risks with timely action. Risks are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

13. Audit Committee

As on March 31, 2020, the Audit Committee comprises of Mr.S.K. Adivarekar, Chairman of the Committee and Independent Director, Mr.B.N. Kalyani, Promoter Non-Executive Director, Mr.B.B. Hattarki, Independent Director and Mr.M.U. Takale, Independent Director.



All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the Financial Year 2019-20.

14. Auditors and Auditor's Report

M/s P.G. Bhagwat, Chartered Accountants, Pune (Firm Registration No.101118W), are the Statutory Auditors of the Company and they hold the office till the conclusion of the Forty-Ninth Annual General Meeting to be held in 2022.

The Notes on Financial Statements referred to in the Auditor's Report are self-explanatory and hence do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

During the year under review, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013 to the Audit Committee.

15. Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the cost audit record maintained by the Company is required to be audited. The Board of Directors had, on the recommendation of the Audit Committee, appointed M/s S.R. Bhargave & Co., Cost Accountants, Pune for conducting the cost audit of the Company for Financial Year 2020-21.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, resolution seeking members' ratification for remuneration to be paid to Cost Auditors is included at Item No.8 of the Notice convening Annual General Meeting.

16. Secretarial Audit and Secretarial Standards

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Board had appointed M/s. SVD & Associates, Company Secretaries, Pune, to undertake Secretarial Audit of the Company for the Financial Year 2019-20. The Secretarial Audit Report for the Financial Year ended March 31, 2020, is annexed herewith as Annexure "D". The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Company is compliant with the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by Central Government under Section 118(10) of the Companies Act, 2013.

17. Particulars of Employees and related Disclosures

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, has been provided in Annexure "E".

18. Extract of the Annual Return

An extract of the Annual Return of the Company, pursuant to the Section 92(3) of the Companies Act, 2013, in Form MGT-9 is annexed hereto as Annexure "F".

19. 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 avail of the mechanism. During the year under review, the Company has not received any complaint under the said mechanism. The 'Whistle Blower Policy' as approved by the Board is uploaded on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

20. Particulars of Loans, Guarantees or Investments

Particulars of Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013, form part of the notes to the Financial Statements provided in this Annual Report.

21. Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the Financial Statements. During the year, such controls were tested and no reportable material weaknesses were observed in the design or implementation.

22. Material Changes and Commitments, if any affecting Financial Position of the Company

There are no adverse material changes or commitments occurred after March 31, 2020, which may affect the financial position of the Company or may require disclosure.

23. Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

24. Familiarization Programme

The Company on a regular basis, makes detailed presentation to the entire Board including Independent Directors on the Company's operations and business plans, strategy, global and domestic business environment. Such presentations are made by the senior management, so that the Independent Directors can have direct interaction with them. The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

The details of programmes for familiarization of Independent Directors with the Company are put up on website of the Company. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

25. Subsidiaries, Joint Ventures or Associate Companies

As on March 31, 2020, the Company has one Subsidiary and two associates / joint venture companies. A statement containing the salient features of the financial statement of the subsidiary and associates / joint ventures in the prescribed format AOC-1 is annexed hereto as Annexure "G".

The Policy for determining 'Material' subsidiaries has been displayed on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

26. Business Responsibility Report

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") mandates inclusion of the Business Responsibility Report (BRR) as a part of Annual Report, for top 1,000 Listed entities based on market capitalization. In compliance with the Regulations, BRR is annexed hereto as Annexure "H".

27. Consolidated Financial Statements

The Consolidated Financial Statements, pursuant to Section 129 of the Companies Act, 2013 are attached to the Standalone Financial Statements of the Company.

28. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) the declared dividends, which are unpaid or unclaimed for a period of seven (7) years and the shares thereof, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Accordingly, during the year, the Company has transferred the unpaid or unclaimed dividend for a period of seven (7) years from the date they became due for payment, alongwith the shares thereof to IEPF. No claim shall be entertained against the Company for the amounts and shares so transferred.

29. Obligation of Company under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment of women at workplace and has adopted a Policy for prevention, prohibition and redressal of sexual harassment at workplace, in terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. All women employees (permanent, temporary, contractual and trainees), as well as any women visiting the Company's office premises are covered under the Policy. During the year under review, no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

30. Acknowledgement

The Directors would like to express their sincere appreciation of the co-operation received from the Central Government, the Government of Maharashtra, the Government of Karnataka, Karnataka Industrial Area Development Board, Financial Institutions and the Bankers. The Directors also wish to place on record its appreciation for the commitment displayed by all employees at all levels, resulting in the successful performance of the Company during the year.

The Directors also take this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

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

for and on behalf of the Board of Directors

Place : Pune
Date : June 26, 2020

B.N. Kalyani
Chairman



ANNEXURE - A TO DIRECTORS' REPORT

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY :

I. The steps taken or impact on conservation of energy :

- a) Energy efficient pump introduced for mould and spray cooling in caster for power saving.
- b) Energy saving by installing VFD in Sinter cooler motor, for adjusting speed with sinter discharge temperature.

II. The steps taken by the Company for utilizing alternate sources of energy :

- 4.2 Cr unit of IEX power and 0.95 Cr unit of wind power (sourced from external party) used to partially replace KPTCL power.

III. The capital investment on energy conservation equipment : N.A.

B. TECHNOLOGY ABSORPTION :

I. The efforts made towards technology absorption :

- a) Development of process to replace double rolling by single rolling, resulting in substantial increase in productivity and reduction of energy and mill operation cost.
- b) Process innovation to produce improved bar quality suitable for direct forging without peeling for cold forging application of constant velocity (CV) joints.
- c) Development of customized variants of 5120H, 28Cr S4, SCM420H grades for IB5 Gear and Shaft applications.
- d) Modification of Shot blasting machine turbine drive arrangement resulting in substantial increase in machine availability and increased MTBF (Mean Time Between Failures).
- e) Augmentation of Condition Monitoring System by introducing following additional monitoring activities to facilitate Condition Based Maintenance (CBM) of critical equipment as follows :
 - Partial discharge test for HT Motors
 - Partial discharges (PD) Testing and Monitoring solutions can provide critical information on the quality of insulation and its impact on overall equipment health.
 - Current signature analysis on HT motors
 - Motor Current Signature Analysis (MCSA) is a condition monitoring technique used to diagnose problems in motors.
 - Sweep frequency response analysis on Main Transformers
 - Sweep frequency response analysis (SFRA) is a method to evaluate the mechanical integrity of core, windings and clamping structures within power transformers.
 - For MBF#1 and #3, 'ISOTHERM SOFTWARE PROGRAM' for hearth refractory wear monitoring was set up for improved monitoring of hearth condition.

II. The benefits derived like product improvement, cost reduction, product development or import substitution :

The Company has developed various new products such as :

- a) Development of 38MnSiVs6 with stringent Carbon Equivalent (CE) requirement for LASER welding for output shaft applications.
- b) Developed EN 353 with Titanium for DANA Corporation USA for cold forging applications.
- c) Developed 17NiCrMo6-4 special steel for DANA Corporation USA for Yoke shaft application.

III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) :

- a) Auto Grinding Machine :
 - (1) Year of Import : 2017-18
 - (2) Whether technology been fully absorbed : Yes
 - (3) If not, areas where absorption has not taken place with reasons : N.A.
- b) DC MOTOR (1650 kw) for Blooming Mill :
 - (1) Year of Import : 2017-18
 - (2) Whether technology been fully absorbed : Yes
 - (3) If not, areas where absorption has not taken place with reasons : N.A.
- c) MBF Hearth refractory design modification and Isotherm Monitoring :
 - (1) Year of Implementation : 2018-19
 - (2) Whether technology been fully absorbed : Yes
 - (3) If not, areas where absorption has not taken place with reasons : N.A.

IV. The expenditure incurred on Research and Development : Nil

C. Foreign Exchange Earning and Outgo :

- I. The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows :

- a) Total foreign exchange used and earned :

Used : ₹ 2,550.94 Million

Earned : ₹ 336.33 Million

for and on behalf of the Board of Directors

ANNEXURE - B TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with
the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes :

Corporate Social Responsibility (CSR) Policy of the Company emphasize initiatives in specific areas of social development that would include primary, secondary education, skills development, vocational training, health and hygiene, preventive health care and sanitation, women empowerment, environment and ecological protection, character building by providing training opportunities in sports and cultural activities etc. The CSR Policy is available on the website of the Company. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

2. The composition of the CSR Committee :

The CSR Committee consists of three Directors viz. Mr.B.B. Hattarki, as the Chairman and Mr.M.U. Takale and Mr.R.K. Goyal, as members.

3. Average Net Profit of the Company for last three financial years : ₹ 2,021.10 Million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 40.43 Million

5. Details of CSR spent during the Financial Year :

a) Total amount to be spent for the financial year : ₹ 40.43 Million

b) Amount unspent, if any : Not Applicable

c) Manner in which the amount spent during the financial year is detailed below :

							(₹ in Million)
No.	CSR Project or Activity identified	Sector in which the project is covered	Location District (State)	Amount outlay (budget) Project or Programme wise	Amount spent on the Project or Programme	Cumulative Expenditure upto reporting period	Amount spent : Direct or through implementing agency
1	Kalyani School	Education	Pune (Maharashtra)	35.56	35.56	35.56	Through implementing agency
2	Pratham Educational Foundation	Education	Pune (Maharashtra)	2.59	2.59	2.59	Through implementing agency
3	Krushi Udyog Mul Shikshan Sanstha	Education	Baramati (Maharashtra)	2.00	2.00	2.00	Through implementing agency
4	PM CARES Fund	Health	PAN India	50.00	50.00	50.00	Directly
5	Equipment to Health Dept. for TB Eradication	Health	Koppal (Karnataka)	0.21	0.21	0.21	Directly
6	Books and Furniture for Library	Village Development	Koppal (Karnataka)	0.06	0.06	0.06	Directly
			Total	90.42	90.42	90.42	

The Responsibility Statement of the CSR Committee of the Board of Directors :

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and Policy of the Company.

Place : Pune

Date : June 26, 2020

R.K. Goyal

Managing Director

B.B. Hattarki

Chairman, CSR Committee



ANNEXURE - C TO DIRECTORS' REPORT

FORM AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto -

1. Details of contracts / arrangements or transactions not at arm's length basis :

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2020, which are not at arm's length basis.

2. Details of material contracts / arrangements or transactions at arm's length basis :

a)	Name(s) of the related party and nature of relationship	: Bharat Forge Limited, Company under Common Control	Kalyani Technoforge Limited, Company under Common Control
b)	Nature of contracts / arrangements / transactions	: Sale / supply of goods or materials - Steel, Purchase of scrap, mill scale	Sale / supply of goods or materials - Steel
c)	Duration of contracts / arrangements / transactions	: On on-going basis	On on-going basis
d)	Salient terms of the contracts / arrangements / transactions including the value, if any	: In tune with market parameters. Transaction Value not exceeding ₹ 20,000 Million for each of the Financial Year	In tune with market parameters. Transaction Value not exceeding ₹ 5,000 Million for each of the Financial Year
e)	Date(s) of approval by the Board	: February 5, 2019	May 18, 2019
f)	Amount paid as advance, if any	: N.A.	N.A.

On behalf of the Board of Directors

Place : Pune

Mrs.D.R. Puranik

B.M. Maheshwari

R.K. Goyal

B.N. Kalyani

Date : June 26, 2020

Company Secretary

Chief Financial Officer

Managing Director

Chairman

ANNEXURE - D TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 and

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Kalyani Steels Limited
Mundhwa,
Pune - 411 036

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kalyani Steels Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of :

- (i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period);
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the Audit Period).

(vi) We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

We have also examined compliance with the applicable clauses and regulations of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments thereto.



During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, guidelines, Standards mentioned above subject to the following observation :

1. Pursuant to Section 124 read with clause (a) of sub-rule (3) of Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the publication of notice in newspaper regarding transfer of equity shares to IEPF have been made beyond the time prescribed therefor.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For SVD & Associates
Company Secretaries

S.V. Deulkar
Partner

FCS No : 1321

C P No : 965

UDIN : F001321B000366972

Place : Pune

Date : June 26, 2020

Note : This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure 'A' and forms an integral part of this report.

ANNEXURE 'A'

To,
The Members
Kalyani Steels Limited
Mundhwa,
Pune - 411 036

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. We have also relied on the documents and evidences provided on email to us, in view of the prevailing Pandemic situation of COVID 19.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For SVD & Associates
Company Secretaries

S.V. Deulkar
Partner

FCS No : 1321

C P No : 965

UDIN : F001321B000366972

Place : Pune

Date : June 26, 2020

ANNEXURE - E TO DIRECTORS' REPORT

[Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended)]

- a) The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year :

Sr. No.	Name of the Director	Ratio
1	Mr.B.N. Kalyani	3.68
2	Mrs.Sunita B. Kalyani	2.66
3	Mr.Amit B. Kalyani	2.66
4	Mr.S.M. Kheny	0.44
5	Mr.B.B. Hattarki	0.64
6	Mr.M.U. Takale	0.48
7	Mr.Arun Pawar	0.34
8	Mr.Sachin K. Mandlik	0.50
9	Mr.S.K. Adivarekar	0.51
10	Mrs.Shruti A. Shah	N.A.
11	Mr.R.K. Goyal	53.14

- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year :

(₹ in Million)

Sr. No.	Name of the Director	Remuneration		% increase / (decrease)
		2019-20	2018-19	
1	Mr.B.N. Kalyani	5.54	4.54	22.14
2	Mrs.Sunita B. Kalyani	4.01	3.01	33.24
3	Mr.Amit B. Kalyani	4.01	4.01	—
4	Mr.S.M. Kheny	0.66	0.62	8.17
5	Mr.B.B. Hattarki	0.96	0.88	9.11
6	Mr.M.U. Takale	0.73	0.62	17.10
7	Mr.Arun Pawar	0.51	0.41	24.51
8	Mr.Sachin K. Mandlik	0.76	0.66	14.89
9	Mr.S.K. Adivarekar	0.77	0.51	49.03
10	Mrs.Shruti A. Shah	N.A.	N.A.	N.A.
11	Mr.R.K. Goyal	80.05	78.74	1.66

Percentage increase in remuneration of Mr.B.M. Maheshwari, Chief Financial Officer is 7.78% and of Mrs.D.R. Puranik, Company Secretary is 7.56%.

- c) The percentage increase in the median remuneration of employee(s) in the financial year : 7%
d) The number of permanent employees on the role of the Company : 54 Employees as on March 31, 2020
e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :

Percentage increment at 50th Percentile for Salaries of Non-Manual Personnel is 6%.

Percentage increment at 50th Percentile for Salaries of Managerial Personnel is 7%.

The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in managerial remuneration.

- f) The remuneration paid to the Directors is as per the Remuneration Policy of the Company.
g) Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee of the Company, who - (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the



managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company :

No.	Name & Designation	Remuneration Received (₹ in Million)	Nature of Employment	Qualifications	Experience (Years)	Date of Commencement of Employment	Age	Last Employment	% of Equity Shares held	Whether Relative of Director and if so, name of the Director
1	Mr.R.K. Goyal, Managing Director	80.05	Permanent Employee	B.E. (HONS) MBA	38	17-01-2011	62	JSL Stainless Limited	—	N.A.
2	Mr.P.S. Ghosh, President and Chief (Project)	13.76	Permanent Employee	M.Tech (Mechanical) MDP	42	02-04-2014	68	Welspun Maxsteels Limited	—	N.A.
3	Mr.B.M. Maheshwari, Chief Financial Officer	9.42	Permanent Employee	B.Com ACA	26	16-05-2013	50	Essar Steel India Limited	—	N.A.
4	Mrs.D.R. Puranik Company Secretary	6.27	Permanent Employee	B.Com LL.B. ACS	31	16-05-2001	54	Kalyani Ferrous Industries Limited	—	N.A.
5	Mr. Prashant L. Dande Sr. Vice President (Marketing)	5.38	Permanent Employee	B.E. (Met) M.B.A.	30	19-10-2018	53	Mahindra Sanyo Special Steels Private Limited	—	N.A.
6	Mr.Ajit R. Yadav Vice President (Marketing)	5.12	Permanent Employee	B. Sc. M.B.A. (Marketing)	24	01-08-2012	47	Kalyani Carpenter Special Steels Private Limited	—	N.A.
7	Mr.Dushyant Dattatray Deputy General Manager (Purchase)	5.09	Permanent Employee	B. Tech. (Computer Science & Engineering) PGDM	10	01-08-2015	35	Nilon's Enterprises Private Limited	—	N.A.
8	Mr.Amit Jawade Sr. Manager	4.83	Permanent Employee	B. Tech. (Electronic & Communication) PGDCM	8	23-09-2013	32	The Boston Consulting Group	—	N.A.
9	Mr.Anand Shirsat Deputy General Manager (Legal & HR)	4.64	Permanent Employee	B.Com. LLB DLL&LW	25	24-07-1997	54	Kalyani Ferrous Industries Limited	—	N.A.
10	Mr.Arvind Sangamnerkar Vice President (Marketing)	4.60	Permanent Employee	B. Tech (Industrial Engineering)	23	16-08-2012	46	Remi Metals Gujrat Ltd.	—	N.A.

for and on behalf of the Board of Directors

Place : Pune
Date : June 26, 2020

B.N. Kalyani
Chairman

ANNEXURE - F TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

- i) CIN : L27104MH1973PLC016350
- ii) Registration Date : February 28, 1973
- iii) Name of the Company : Kalyani Steels Limited
- iv) Category / Sub-Category of the Company : Public Company / Limited by Shares
- v) Address of the Registered Office and Contact details : Mundhwa, Pune - 411 036
Contact Nos : Phone : 020 - 26715000 / 66215000
Fax : 020 - 26821124
E-mail : investor@kalyanisteels.com
- vi) Whether Listed Company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Link Intime India Private Limited
Block No.202, Akshay Complex,
2nd Floor, Off Dhole Patil Road,
Near Ganesh Mandir, Pune - 411 001
Phone : 020 - 26161629 / 26160084
Telefax : 020 - 26163503
E-mail : pune@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

No.	Name and Description of main products / services	NIC Code of the Product / Service	% to Total Turnover of the Company
1.	Manufacture of Iron & Steel	241	100 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Lord Ganesha Minerals Private Limited Industry House, S.No.49, Mundhwa, Pune - 411 036	U14213PN2007PTC129573	Subsidiary	77.50	2(87)
2	Hospet Steels Limited Hospet Road, Village Ginigera, Tal. & Dist. Koppal, Karnataka - 583 228	U85110KA1998PLC023759	Associate	49.99	2(6)
3	Kalyani Mukand Limited Bajaj Bhavan, Nariman Point, Mumbai - 400 021	U27100MH1988PLC049731	Associate	50.00	2(6)



IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :

i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year (01-04-2019)				No. of Shares held at the end of the year (31-03-2020)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1)	Indian									
a)	Individual / HUF	94,762	—	94,762	0.22	95,262	—	95,262	0.22	—
b)	Central Govt.	—	—	—	—	—	—	—	—	—
c)	State Govt(s)	—	—	—	—	—	—	—	—	—
d)	Bodies Corp.	28,153,561	—	28,153,561	64.49	28,153,561	—	28,153,561	64.49	—
e)	Banks / FI	—	—	—	—	—	—	—	—	—
f)	Any other	—	—	—	—	—	—	—	—	—
	Sub-total (A)(1)	28,248,323	—	28,248,323	64.71	28,248,823	—	28,248,823	64.71	—
2)	Foreign									
a)	NRI - Individuals	—	—	—	—	—	—	—	—	—
b)	Other - Individuals	—	—	—	—	—	—	—	—	—
c)	Bodies Corp.	—	—	—	—	—	—	—	—	—
d)	Banks / FI	—	—	—	—	—	—	—	—	—
e)	Any other	—	—	—	—	—	—	—	—	—
	Sub-total (A)(2)	—	—	—	—	—	—	—	—	—
	Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	28,248,323	—	28,248,323	64.71	28,248,823	—	28,248,823	64.71	—
B.	Public Shareholding									
1.	Institutions									
a)	Mutual Funds	970,269	—	970,269	2.22	1,400,206	—	1,400,206	3.21	0.99
b)	Banks / FI	69,554	500	70,054	0.16	62,646	200	62,846	0.14	(0.02)
c)	Central Govt.	—	—	—	—	—	—	—	—	—
d)	State Govt(s)	—	—	—	—	—	—	—	—	—
e)	Venture Capital Funds	—	—	—	—	—	—	—	—	—
f)	Insurance Companies	—	—	—	—	—	—	—	—	—
g)	Foreign Institutional Investors	—	—	—	—	—	—	—	—	—
h)	Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i)	Others (specify)									
i)	Foreign Portfolio Investors	799,833	—	799,833	1.83	952,889	—	952,889	2.18	0.35
ii)	Alternate Investment Fund	93,000	—	93,000	0.22	93,000	—	93,000	0.22	—
	Sub-total (B)(1)	1,932,656	500	1,933,156	4.43	2,508,741	200	2,508,941	5.75	1.32
2.	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	1,452,678	1,663	1,454,341	3.33	1,213,859	1,624	1,215,483	2.78	(0.55)
ii)	Overseas	—	—	—	—	—	—	—	—	—
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto Rs.1 lakh	8,809,015	351,496	9,160,511	20.99	8,676,857	309,134	8,985,991	20.59	(0.40)
ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	896,453	—	896,453	2.05	738,726	—	738,726	1.69	(0.36)
c)	Others									
i)	NRI's	404,644	11,285	415,929	0.95	438,458	11,285	449,743	1.03	0.08
ii)	Clearing Member	130,869	—	130,869	0.30	76,719	—	76,719	0.18	(0.12)
iii)	HUF	564,204	402	564,606	1.29	572,674	376	573,050	1.31	0.02
iv)	Trust	709,792	80	709,872	1.63	703,278	80	703,358	1.61	(0.02)
v)	IEPF	139,000	—	139,000	0.32	152,226	—	152,226	0.35	0.03
	Sub-total (B)(2)	13,106,655	364,926	13,471,581	30.86	12,572,797	322,499	12,895,296	29.54	(1.32)
	Total Public Shareholding (B) = (B)(1) + (B)(2)	15,039,311	365,426	15,404,737	35.29	15,081,538	322,699	15,404,237	35.29	—
C.	Shares held by Custodian for GDRs & ADRs									
	Grand Total (A+B+C)	43,287,634	365,426	43,653,060	100.00	43,330,361	322,699	43,653,060	100.00	—

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2019)			Shareholding at the end of the year (31-03-2020)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Ajinkya Investment & Trading Company	3,261,822	7.47	Nil	3,261,822	7.47	Nil	Nil
2	Sundaram Trading & Investment Private Limited	7,766,758	17.79	Nil	7,766,758	17.79	Nil	Nil
3	Ajinkyatara Trading Company Limited	2,560	0.01	Nil	2,560	0.01	Nil	Nil
4	Lohagaon Trading Company Private Limited	70,000	0.16	Nil	70,000	0.16	Nil	Nil
5	BF Investment Limited	17,052,421	39.06	Nil	17,052,421	39.06	Nil	Nil
6	Mr.B.N. Kalyani	1,118	—	Nil	1,118	—	Nil	Nil
7	Mr.Amit B. Kalyani	31,694	0.07	Nil	31,694	0.07	Nil	Nil
8	Mrs.Sunita B. Kalyani	54,150	0.13	Nil	54,650	0.13	Nil	Nil
9	Mrs.Sugandha J. Hiremath	6,785	0.02	Nil	6,785	0.02	Nil	Nil
10	Mrs.Sugandha Hiremath & Mr.Jai Hiremath	1,015	—	Nil	1,015	—	Nil	Nil
	Total	28,248,323	64.71	Nil	28,248,823	64.71	Nil	Nil

iii) Change in Promoter's Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (01-04-2019)		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the Year	28,248,323	64.71	28,248,323	64.71
	Mrs.Sunita B. Kalyani : Off Market Purchase on 16-04-2019	500	—	28,248,823	64.71
	At the end of the Year	Nil	Nil	28,248,823	64.71



iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2019)		Increase - Market Purchase / (Decrease - Market Sale) in Shareholding		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	No. of Shares	% of total shares of the Company
1.	DSP Small Cap Fund	939,536	2.15	24-05-2019	86,035	1,025,571	2.35
				31-05-2019	8,738	1,034,309	2.37
				07-06-2019	2,438	1,036,747	2.38
				14-06-2019	31,925	1,068,672	2.45
				21-06-2019	54,276	1,122,948	2.57
				29-06-2019	4,599	1,127,547	2.58
				09-08-2019	109,940	1,237,487	2.83
				16-08-2019	21,911	1,259,398	2.89
				23-08-2019	38,856	1,298,254	2.97
				30-08-2019	35,420	1,333,674	3.06
				06-09-2019	23,243	1,356,917	3.11
				13-09-2019	7,155	1,364,072	3.12
				27-09-2019	21,212	1,385,284	3.17
				30-09-2019	1,094	1,386,378	3.18
04-10-2019	13,728	1,400,106	3.21				
2	VLS Finance Ltd	497,913	1.14	26-04-2019	(13,078)	484,835	1.11
				03-05-2019	(2,400)	482,435	1.11
				24-05-2019	(2,435)	480,000	1.10
				08-11-2019	(12,705)	467,295	1.07
				29-11-2019	(21,000)	446,295	1.02
				06-12-2019	(20,480)	425,815	0.98
				13-12-2019	(3,000)	422,815	0.97
				20-12-2019	(10,400)	412,415	0.94
27-12-2019	(12,415)	400,000	0.92				
3	Bhavana Govindbhai Desai	310,000	0.71	22-03-2019	(10,000)	300,000	0.69
4	Acadian Emerging Markets Small Cap Equity Fund LLC	248,448	0.57	—	—	248,448	0.57
5	Emerging markets core equity portfolio (the portfolio) of DFA investment dimensions group INC. (DFAIDG)	178,214	0.41	—	—	178,214	0.41
6	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	139,000	0.32	25-10-2019	13,742	152,742	0.35
				17-01-2020	(125)	152,617	0.35
				24-01-2020	(139)	152,478	0.35
				28-02-2020	(252)	152,226	0.35
7	Bharat Forge Co. Ltd, General Welfare Trust No II	140,000	0.32	—	—	140,000	0.32
8	Bharat Forge Co. Ltd, General Welfare Trust No III	140,000	0.32	—	—	140,000	0.32
9	Bharat Forge Co. Ltd, General Welfare Trust No IV	140,000	0.32	—	—	140,000	0.32
10	BFC officers Welfare Trust No XV	140,000	0.32	—	—	140,000	0.32

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Directors	Shareholding at the beginning of the year (01-04-2019)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	No. of Shares	% of total shares of the Company
1	Mr.B.N. Kalyani	1,118	—	—	—	1,118	—
2	Mrs.Sunita B. Kalyani	54,150	0.12	16-04-2019	500	54,650	0.12
3	Mr.Amit B. Kalyani	31,694	0.07	—	—	31,694	0.07
4	Mr.M.U. Takale	2,500	0.01	—	—	2,500	0.01
5	Mr.S.M. Kheny	14	—	—	—	14	—

Mr.R.K. Goyal, Managing Director, Mr.B.M. Maheshwari, Chief Financial Officer and Mrs.D.R. Puranik, Company Secretary, do not hold any shares in the Company at the beginning of the year as well as at the end of the year. They have neither acquired / sold any shares during the year under review.

V. INDEBTEDNESS :

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Million)

	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	178.81	—	—	178.81
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	2.38	—	—	2.38
Total (i + ii + iii)	181.19	—	—	181.19
Change in Indebtedness during the financial year				
i) Addition	—	—	—	—
ii) Reduction	178.81	—	—	178.81
Net Change	(178.81)	—	—	(178.81)
Indebtedness at the end of the financial year				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i + ii + iii)	—	—	—	—

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

A. Remuneration to Managing Director, Wholtime Directors and / or Manager

(₹ in Million)

No.	Particulars of Remuneration	Mr.R.K. Goyal Managing Director	Total Amount
1.	Gross Salary		
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	57.90	57.90
b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	0.15	0.15
c)	Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	—	—
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	Commission		
	- As % of profit	22.00	22.00
	- Others, specify	—	—
5.	Others, please specify	—	—
	Total (A)	80.05	80.05
	Ceiling as per the Act		91.86



B. Remuneration to other Directors

(₹ in Million)

No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr.B.B. Hattarki	Mr.M.U. Takale	Mr.Arun Pawar	Mr.Sachin K. Mandlik	Mr.S.K. Adivarekar	
	Independent Directors						
a)	Fee for attending Board / Committee meetings	0.06	0.03	0.01	0.01	0.02	0.13
b)	Commission	0.90	0.70	0.50	0.75	0.75	3.60
c)	Others, please specify	—	—	—	—	—	—
	Total (1)	0.96	0.73	0.51	0.76	0.77	3.73
	Other Non-Executive Directors	Mr.B.N. Kalyani	Mrs.Sunita B. Kalyani	Mr.Amit B. Kalyani	Mr.S.M. Kheny		Total Amount
a)	Fee for attending Board / Committee meetings	0.04	0.01	0.01	0.01		0.07
b)	Commission	5.50	4.00	4.00	0.65		14.15
c)	Others, please specify	—	—	—	—		—
	Total (2)	5.54	4.01	4.01	0.66		14.22
	Total (B) = (1 + 2)						17.95
	Total Managerial Remuneration						98.00
	Overall Ceiling as per the Act						110.24

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(₹ in Million)

		Key Managerial Personnel		
		Mr.B.M. Maheshwari CFO	Mrs.D.R. Puranik Company Secretary	Total
1.	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9.42	6.12	15.54
b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	—	0.15	0.15
c)	Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission			
	- As % of profit	—	—	—
	- Others, specify	—	—	—
5.	Others, please specify	—	—	—
	Total	9.42	6.27	15.69

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCE :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding Fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (Give Details)
A) COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B) DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C) OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

for and on behalf of the Board of Directors

Place : Pune
Date : June 26, 2020

B.N. Kalyani
Chairman

ANNEXURE - G TO DIRECTORS' REPORT

FORM AOC-1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

Part "A" : Subsidiaries

(₹ in Million)

Name of the Subsidiary	:	Lord Ganesha Minerals Private Limited
The Date since when subsidiary was acquired	:	October 1, 2015
Reporting Period for the subsidiary concerned, if different from the holding company's reporting period	:	April 1, 2019 to March 31, 2020
Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	:	Indian Rupees
Share Capital	:	₹ 20.00
Reserves & Surplus	:	₹ (165.54)
Total Assets	:	₹ 0.99
Total Liabilities	:	₹ 146.53
Investments	:	₹ 0.01
Turnover	:	Nil
Profit before Taxation	:	₹ (112.51)
Provision for taxation	:	Nil
Profit after Taxation	:	₹ (112.51)
Proposed Dividend	:	Not Applicable
% of shareholding	:	77.50%

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in Million)

Name of Associate / Joint Venture	Kalyani Mukand Limited	
1. Latest Audited Balance Sheet Date	31-03-2020	
2. Date on which the Associate or Joint Venture was associated or acquired	January 18, 2000	
3. Shares of Associate / Joint Venture held by the Company on the year end		
No.	1,000,000	
Amount of Investment in Associates / Joint Venture	₹ 10.05 (Refer Note 5 (a) of Separate Financial Statements)	
Extend of Holding %	50.00%	
4. Description of how there is significant influence	Note - A	
5. Reason why the associate / joint venture is not consolidated	Note - B	
6. Networth attributable to Shareholding as per latest Audited Balance Sheet	—	
7. Profit / (Loss) for the year		
Considered in Consolidation	—	
Not Considered in Consolidation	—	

Notes :

- A. There is Significant Influence due to percentage (%) of Share Capital.
B. Based on materiality or where control is intended to be temporary.

On behalf of the Board of Directors

Place : Pune
Date : June 26, 2020

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

**ANNEXURE – H TO DIRECTORS' REPORT
BUSINESS RESPONSIBILITY REPORT**

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company :
L27104MH1973PLC016350
2. Name of the Company :
Kalyani Steels Limited
3. Registered address :
Mundhwa, Pune – 411 036
4. Website :
www.kalyanisteels.com
5. E-mail ID :
investor@kalyanisteels.com
6. Financial Year reported :
2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise) :
NIC Code Description
214 Manufacture of Iron & Steel
8. List three key products / services that the Company manufactures / provides (as in balance sheet) :
Quality Medium Carbon, High Carbon, Medium Alloy and Micro-Alloyed steels for following applications :
a) Rolled Bars for Automotive Application
b) Rolled Bars for Engineering Application
c) Round Cast for Seamless Tube Industry
d) Machined Bars for Aluminium Smelting Industry
9. Total number of locations where business activity is undertaken by the Company :
a) Number of International Locations (Provide details of major 5) : Not Applicable
b) Number of National Locations : Registered Office : Mundhwa, Pune – 411 036
Plant Location : Hospet Road, Ginigera, Tal. & Dist. Koppal, Karnataka – 583 228
10. Markets served by the Company – Local / State / National / International :
India, Dubai, U.A.E., Qatar

SECTION B : FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) :
₹ 218.64 Million
2. Total Turnover (INR) :
₹ 11,989 Million
3. Total profit after taxes (INR) :
₹ 1,371 Million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) :
4.473% of the average net profits of the Company for last three financial years was spent towards Corporate Social Responsibility during year 2019-20.
5. List of activities in which expenditure in 4 above has been incurred :
Promotion of education and Health

SECTION C : OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies? :
Yes. The Company has one subsidiary as on March 31, 2020.
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary company(s) :
Given the current size and scale of operations, Subsidiary Company, as of now, is not engaged in BR initiatives process of the Company.
3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] :
The other entities with which the Company does business with viz. suppliers, distributors etc. are not directly included in BR initiatives of the Company.

SECTION D : BR INFORMATION	
1. Details of Director / Directors responsible for BR	
a.	Details of the Director / Directors responsible for implementation of the BR policy / policies : DIN : 03050193 Name : Mr.R.K. Goyal Designation : Managing Director
b.	Details of BR head : DIN : 03050193 Name : Mr.R.K. Goyal Designation : Managing Director Telephone No. : 020-66215000 E-mail ID : rkgoyal@kalyanisteels.com

2. Principle-wise (as per NVGs) BR Policy / policies

The Company's policies are in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs, which provides for the following nine areas of Business Responsibility to be adopted by the organizations :

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the well-being of all employees.
Principle 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect, protect and make efforts to restore the Environment.
Principle 7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliances (Reply in Y/N)										
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for	Y	Y	Y	Y	Y*	Y	Y	Y	Y
2.	Has the policy being formulated in Consultation with the relevant stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y
3.	Does the policy conform to any National / international standards? If yes, specify? (50 words)	Yes, the Policies are in line with international standards such as ISO 9001-2000, ISO 14001 & TS 16949 : 2002 and meet national regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also guidelines as per NVGs on social, environment and economic responsibility of business have been considered for formulation of some policies.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	The mandatory Polices under Indian laws and regulations have been adopted by the Board and signed by the Director.								
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through internal governance structure.								
6.	Indicate the link for the policy to be viewed online?	Mandatory Policies viz. CSR Policy, Insider Trading Policy, Code of Conduct are available on Company's website viz. • http://www.kalyanisteels.com/profile/policies/ • http://www.kalyanisteels.com/quality/ All other policies are available at the Registered Office.								

* This policy is embedded in the Company's Code of Conduct, Ethics and HR policies.



7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. Policies are communicated to internal stakeholders and the same are available at the Registered Office. Wherever required, the Policies are also communicated to our external stakeholders and are made available on Company's website.								
8.	Does the Company has in-house Structure to implement the policy / policies?	Yes. The Company has an in-house structure with clearly defined roles and responsibilities which periodically reviews implementation of various policies under the aegis of Internal Risk Management Framework, Internal Audits and review of KPI's at various levels of management.								
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders grievances related to the policy/ policies?	Yes. Each of the Policies formulated by the Company have an in-built grievance and redressal mechanism.								
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments wherever required.								
b)	If answer to the question at serial number 1 against any principle, is 'No', please explain why : (tick up to 2 options) :									
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (Please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year :
Annually
- b) Does the Company publish a BR or a Sustainability Report ? What is the hyperlink for viewing this report ?
How frequently it is published ?
BR Report is published as a part of Annual Report 2019-20 for the first time.

SECTION E : PRINCIPLE-WISE PERFORMANCE

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

- a) Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?
Yes. It also extends to outside Company to the extent applicable.
- b) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
During the year under review, the Company has not received any Complaint in connection with ethics, bribery and corruption.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

- a) List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.
- Social or environmental concerns and risks – None
 - De-risking and Opportunities – As under :
 - a) Stringent production process compliance and 100% quality inspection through NDT inspection line to detect and eliminate any defect in the final product preventing the risk of premature failures of the products.
 - b) Machined current collector bar for aluminum smelter has opened a new market segment. It also benefits the client by reducing the smelting cost by reduction of cell voltage of electrolysis and thereby energy consumption.
- b) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional) :
- i) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
Nil
 - ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
Nil
- c) Does the Company have procedures in place for sustainable sourcing (including transportation) ? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
The Company follows its sourcing strategy from suppliers who can offer sustainability in their supply in terms of various attributes of sourcing.
- d) Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
Yes, the Company, as a regular practice attach preference to the local contractors and service providers in following areas :
 - i) Various civil and structural construction work of moderate size and complexity
 - ii) Hiring of material handling and construction field equipment
 - iii) Plant maintenance works except AMCs
 - iv) Procurement of standard lubricants and consumables
- e) Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
Yes. Recycling of products and waste is done as under :
 - i) BF dust catcher dust – recycled to Sinter Plant - approx. 100%
 - ii) EOF sludge – recycled to Sinter Plant - approx. 100%
 - iii) RMHS de-dusting system bag house dust - approx. 100%
 - iv) Scale pit – Mill scale recovered and recycled to Sinter Plant - approx. 100%
 - v) Blowdown water / waste water from Demineralization (DM) plant – Settling in guard pond and recycled / Treated in ETP and recycled (100%)

Principle 3 : Businesses should promote the well-being of all employees.

- a) Please indicate the Total number of employees :
- a) Head Office (Pune) – 54
 - b) Works – 1,011 employees on the rolls of Hospet Steels Limited, which is a joint venture formed with a specific purposes of managing and operating the composite steel making facility.
- b) Please indicate the Total number of employees hired on temporary / contractual / casual basis :
- a) Head Office (Pune) - Nil
 - b) Works (Hospet) - 1,309 employees on the rolls of Hospet Steels Limited
- c) Please indicate the Number of permanent women employees :
- a) Head Office (Pune) – 5
 - b) Works (Hospet) - 7
- d) Please indicate the Number of permanent employees with disabilities :
- a) Head Office (Pune) – Nil
 - b) Works (Hospet) - 2
- e) Do you have an employee association that is recognized by management?
No



- f) What percentage of your permanent employees is members of this recognized employee association?
N.A.
- g) Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year :

No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

- h) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

i)	Permanent Employees	Safety Training : 100% Skill & Up-gradation Training : 73%
ii)	Permanent Women Employees	
iii)	Casual / Temporary / Contractual Employees	
iv)	Employees with Disabilities	

Principle 4 : Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

- a) Has the Company mapped its internal and externals Stakeholders? Yes/No
Yes, the principal stakeholders of the Company are employees, shareholders, suppliers, customers, partners, Government & regulatory authorities and local community. These stakeholders are mapped in a structured manner through systematic communication platforms which help the Company us to understand the Stakeholders needs and the improvement opportunities for the Company in all respects.
- b) Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders ?
Yes, the general population from adjacent villages.
- c) Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
Yes. The Company engages with these stakeholders on a regular basis and pursue various community development programs like renovation of village schools, construction of toilets, providing school furniture etc.

Principle 5 : Businesses should respect and promote human rights.

- a) Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others ?
The Company does not have a specific policy for human rights as such. However, Company's internal policies on Code of Conduct, Ethics and HR recognizes all the key aspects of human rights and extends to Group / Joint Ventures / Suppliers / Contractors / NGOs / Local community.
- b) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management ?
During the year, the Company has not received any complaints from any stakeholders.

Principle 6 : Businesses should respect, protect and make efforts to restore the Environment.

- a) Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others ?
Principle 6 has a wide coverage other than the Company itself including the following :
- Group
 - Joint Venture
 - Suppliers
 - Contractors
 - Local community

- b) Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming etc ? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the Company has strategic focus on global environmental issues with sustainable initiatives in place as under :

- i) Emission control :

Continuous environmental monitoring to contain emissions under regulatory limits and as per the specific environmental conditions laid down by the Government for the plant. Compliance report link :

- <http://www.kalyanisteels.com/wp-content/uploads/MOEFCC-Bangalore-CCR.pdf>
- <http://www.kalyanisteels.com/wp-content/uploads/PGB-Stat-Compl-Report-Mar2020-Qrtr.pdf>

- ii) Conservation of natural resources :

Implementation of Zero Liquid Discharge (ZLD) on a sustainable basis.

- iii) Reduction of Carbon foot print :

Use of Blast Furnace gas for power generation and replace fossil fuel in reheating furnaces of the rolling mills.

- iv) Re-use and recycling :

Recovery and Recycling of solid waste generated through various processes.

- c) Does the Company identify and assess potential environmental risks ? Y/N

Yes, the Company continuously assess and monitors environmental risks through its robust environment monitoring system facilitated by continuous stack monitoring equipment and ambient air quality monitoring systems.

- d) Does the Company have any project related to Clean Development Mechanism ? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed ?

The Company has not participated formally for CDM certification as per guidelines of Kyoto Protocol but have executed major projects to replace fossil oil fuels with blast furnace gas leading to substantial reduction in pollution

- e) Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, listed as under :

- i) 4.2 Cr unit of IEX power and 0.95 Cr unit of wind power (sourced from external party) used to partially replace KPTCL power.
- ii) Energy efficient pump introduced for mould and spray cooling in caster for power saving.
- iii) Energy saving by installing VFD in Sinter cooler motor, for adjusting speed with sinter discharge temperature.

- f) Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported ?

Yes. Ref link : <http://www.kalyanisteels.com/wp-content/uploads/MOEFCC-Bangalore-CCR.pdf>

- g) Number of show cause/ legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

- a) Is your Company a member of any trade and chamber or association ? If Yes, Name only those major ones that your business deals with :

The Company is member of Confederation of Indian Industry (CII), Maharashtra Chamber of Commerce, Industry and Agriculture (MCCIA) and The Alloy Steel Producers Association of India (ASPA).

- b) Have you advocated / lobbied through above associations for the advancement or improvement of public good ? Yes/No; if yes specify the broad areas (drop box : Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

From time to time, the Company has joined hands with these associations for the betterment and advancement of society at large. The Company has contributed in the areas of Governance and administration, inclusive development policies.

**Principle – 8 : Businesses should support inclusive growth and equitable development.**

- a) Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8 ?
If yes details thereof.

The Company through Pratham Pune Educational Foundation (NGO) provides non formal education to underprivileged children from slum areas of Pune.

- b) Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

The programmes are undertaken through external NGO.

- c) Have you done any impact assessment of your initiative ?

No

- d) What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken ?

During the year, the Company spend ₹ 90.42 Million towards various CSR activities. The project-wise details are provided in Annexure - B to the Directors' Report.

- e) Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company is providing the non-formal education to underprivileged children through Pratham Pune Education Foundation, initiative with the objective that 'Every Child is in school and every child learns' and the dropout rate is considerably decreased.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

- a) What percentage of customer complaints / consumer cases are pending as on the end of financial year.

No customer complaint is pending for FY 2019 - 20.

- b) Does the Company display product information on the product label, over and above what is mandated as per local laws ? Yes / No / N.A. / Remarks (additional information) -

Yes - we display product information on products.

- c) Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No case is filed by any customer on the Company.

- d) Did your Company carry out any consumer survey / consumer satisfaction trends ?

The Company has done detailed market survey of all the existing as well as potential customers region wise to understand their requirements in terms of product range, volumes and new business opportunities.

INDEPENDENT AUDITOR’S REPORT

To the Members of Kalyani Steels Limited
 Report on the Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the Standalone Ind AS Financial Statements of Kalyani Steels Limited (“the Company”), which comprise the balance sheet as at March 31, 2020 and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information in which is included one Joint Operation Company on proportionate basis. (hereinafter referred to as “the Standalone Ind AS Financial Statements”)

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs of the Company as at March 31, 2020 and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
<p>Investment in convertible debentures As explained in Note 2.4 of the financial statements, the Company has invested in fully convertible debentures (FCDs) of DGM Realities Private Limited (DGM) of face value ₹ 1,319.60 Million. These FCDs shall be compulsorily converted into equity shares of DGM in various tranches starting with March 29, 2024. This gives rise to potential voting rights while assessing a control over DGM. However, the existing rights associated with these FCDs do not give the Company the current ability to direct control over relevant activities of DGM and therefore considered not substantive. Hence, these investments are considered as investment in equity instruments and classified as fair value through Other Comprehensive Income (OCI). Refer Note 5(b) for further disclosures. Due to level of judgement relating to assessment of control over DGM and its fair valuation through OCI, this is considered to be a key audit matter.</p>	<p>As part of our audit procedures we have assessed these potential voting rights as per the requirements of Ind AS 110. We have analysed the purpose and design of the instrument, as well as the purpose and design of any other involvement the Company has with the DGM. This includes an assessment of the various terms and conditions of the instrument as well as the Company’s apparent expectations, motives and reasons for agreeing to those terms and conditions. Based on our assessment and analysis, we consider management’s judgement is appropriate. For valuation of these FCDs the Company has appointed external valuation expert, we have obtained and read the valuation report from the said valuer. As a part of our audit procedures we have -</p> <ul style="list-style-type: none"> - examined the valuation methodologies used by management and their external valuation expert in the fair value determination of FCDs; - analysed the significant assumptions used such as discount rate and inflation rate comparing to source data and market data. <p>Based on the work performed in testing the valuation of FCDs, we did not find any contradictory evidences suggesting valuation techniques used by management are not appropriate.</p>



Key Audit Matters	How our audit addressed the key audit matters
<p>Accounting of joint operation</p> <p>As explained in Note 2.3, the Company's composite steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited (KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement. Thus, the strategic alliance is a joint arrangement in the nature of joint operation and accordingly, the Company has recognized its share of revenue and expenses and assets and liabilities from joint operation in its separate financial statements.</p> <p>Due to the nature and complexities involved in accounting of strategic alliance arrangement as joint operation, this is considered to be a key audit matter.</p>	<p>As part of our audit procedure –</p> <ul style="list-style-type: none"> - we have obtained the said strategic alliance arrangement and read the terms and conditions mentioned therein. - assessed the management's judgement of concluding the arrangement as joint operation as per the principles laid down under Ind AS 111. - further we have tested the controls and procedures established by the management relating to accounting of joint venture. <p>The accounting for joint operation requires the Company to recognize only its share of expenses from the joint operation, therefore we have checked the amount charged to ML (joint venture partner) are as per the terms and conditions of strategic alliance arrangement and have been offset against the respective expense line items. Similarly, the expenses incurred by the ML (joint venture partner) and charged to the Company have been reclassified to the respective expense line items based on the nature of such expenses.</p> <p>In light of the work performed and the evidence obtained, we consider the joint operation accounting to be appropriate.</p>
<p>Valuation of finished goods inventory</p> <p>As on March 31, 2020, the Company is having finished goods inventory of ₹ 553.64 Million and disclosed in Note 10. The finished goods are valued at cost or net realizable value whichever is lower. Costs includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis. (refer Note (k) of Significant Accounting Policies).</p> <p>The Company's composite steel manufacturing involves processes such as Mini Blast Furnace (MBF), Steel Melting Shop (SMS) and Rolling Mill Shop (RMS). The production is carried out continuously, by way of the simultaneous, standardized and sequential process. The output of a process is the input of another. The production from the last process is transferred to finished stock. Both direct and indirect costs are charged to the processes. The production results in joint and by-products. Losses like normal and abnormal loss occur at different stages of production which are also taken into consideration while calculating the unit cost.</p> <p>Considering the calculation of process cost at each stage, accounting of joint product and by-product, normal / abnormal losses and allocation of overheads, the valuation of finished goods is regarded as a key audit matter.</p>	<p>As a part of our audit procedures over valuation of finished goods we have performed the following procedures –</p> <ul style="list-style-type: none"> - assessed the design and performed tests of the design and operating effectiveness of the key controls over inventory valuation. - obtained understanding of production process at each stage. - obtained and tested on sample basis the process cost of each production process. - verified the calculations and accounting of joint and by-product and allocation basis of overhead as per costing principles. - tested the assumptions such as allocation percentages of fixed and variable overheads and yield rate at each production stages with source data. - further we have tested on sample basis, net realisable value of finished goods based on subsequent sale value. - we have also checked the aging report on sample basis for identification of non-moving / slow moving finished goods. <p>We did not identify any material differences from the Company's valuations from performing this work.</p>

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Shareholder Information and Directors' Report but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the standalone financial position, standalone financial performance, standalone changes in equity and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also :

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may



cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of one joint operation whose financial statements reflect total assets of ₹ 195.74 Million and net assets of ₹ (5.24) Million as at March 31, 2020, total revenue of ₹ Nil, net loss of ₹ Nil and net cash flows amounting to ₹ 4.84 Million for the year ended on that date, as considered in the Standalone Ind AS Financial Statements as per Ind AS 111 "Joint Operations" on proportionate basis. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the Standalone Ind AS Financial Statements insofar as it relates to the amounts and disclosures included in respect of this Joint Operation Company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid joint operation, is based solely on the report of the other auditor.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure A"; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company and its Joint Operation Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), standalone changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the Directors as on March 31, 2020, taken on record by the Board of Directors and the report of the other auditor of its Joint Operation Company, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its Joint Operation Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- g) As required by Section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of Section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this Section.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements.
 - (ii) The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses.
 - (iii) The Company did not have any derivative contracts as at March 31, 2020.
 - (iv) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s. P. G. Bhagwat
Firm Registration No.101118W
Chartered Accountants

Sanjay Athavale
Partner
Membership No.83374
UDIN : 20083374AAAAABZ8152

Pune
June 26, 2020

**Annexure 'A' to Independent Auditor's Report**

Referred to in paragraph 1 of the Independent Auditor's Report of even date to the members of Kalyani Steels Limited on the Standalone Ind AS Financial Statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of four years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, Income Tax, duty of customs, Goods and Services Tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, duty of customs, value added tax, Goods and Services Tax which have not been deposited on account of any dispute as at March 31, 2020, except :

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	9,425,387/-	August, 2008 to February, 2011	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Income Tax Act, 1961	Income Tax	6,719,315/-	Assessment Years 2016-17 & 2017-18	Commissioner of Income Tax Appeals
VAT	VAT	641,424/-	FY 2011-12	Karnataka Appellate Tribunal
VAT	VAT	1,014,012/-	FY 2012-13	Forum JC-Appeals

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders.

- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For M/s. P. G. Bhagwat
Firm Registration No.101118W
Chartered Accountants

Pune
June 26, 2020

Sanjay Athavale
Partner
Membership No.83374
UDIN : 20083374AAAABZ8152

Annexure 'B' to the Independent Auditor's Report

Referred to in paragraph 2 (f) of the Independent Auditor's Report of even date to the members of Kalyani Steels Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2020

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of Kalyani Steels Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date which includes internal financial controls with reference to financial statements of the Company's one Joint Operation which is incorporated in India.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and



detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal financial controls with reference to financial statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one Joint Operation, which is a Company incorporated in India, is based on the corresponding report of the auditor of such Company incorporated in India. Our opinion is not qualified in respect of this matter.

For M/s. P. G. Bhagwat
Firm Registration No.101118W
Chartered Accountants

Pune
June 26, 2020

Sanjay Athavale
Partner
Membership No.83374
UDIN : 20083374AAAABZ8152



BALANCE SHEET AS AT MARCH 31, 2020

		(₹ in Million)	
		As at March 31, 2020	As at March 31, 2019
	Notes		
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	4,172.75	4,203.12
(b) Capital work-in-progress	3	52.19	50.88
(c) Intangible assets	4	12.20	21.64
(d) Investment in subsidiary and associate	5.a	—	—
(e) Financial assets			
(i) Investments	5.b	1,446.88	1,624.39
(ii) Loans	6.a	70.15	68.88
(iii) Other financial assets	7.a	15.15	14.26
(f) Income Tax assets (net)	8	9.31	2.65
(g) Other non-current assets	9.a	8.08	31.43
		Total	
		5,786.71	6,017.25
Current assets			
(a) Inventories	10	1,259.68	1,544.30
(b) Financial assets			
(i) Investments	5.c	327.73	2,035.72
(ii) Trade receivables	11	2,355.10	3,088.62
(iii) Cash and cash equivalents	12	146.98	208.56
(iv) Bank balances other than (iii) above	13	3,458.39	175.66
(v) Loans	6.b	0.19	0.49
(vi) Other financial assets	7.b	149.61	97.58
(c) Other current assets	9.b	159.73	135.22
		Total	
		7,857.41	7,286.15
Total Assets		13,644.12	13,303.40
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	218.64	218.64
(b) Other equity			
(i) Reserves and surplus		9,350.07	8,510.43
(ii) Other reserves		70.60	176.61
Total equity		9,639.31	8,905.68
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	—	—
(b) Provisions	18.a	39.11	39.13
(c) Deferred tax liabilities (net)	19	305.43	472.24
		Total	
		344.54	511.37
		Carried Over	511.37
		Carried Over	8,905.68

BALANCE SHEET AS AT MARCH 31, 2020

		(₹ in Million)
		As at
		March 31, 2020
		As at
		March 31, 2019
	Notes	
		Carried Over
		9,639.31
		8,905.68
		Carried Over
		344.54
		511.37
Current liabilities		
(a) Financial liabilities		
(i) Trade payables 20		
- total outstanding dues of micro enterprises and small enterprises 22.34 23.85		
-total outstanding dues of creditors other than micro enterprises and small enterprises 3,112.87 3,280.61		
(ii) Other financial liabilities 17 378.94 366.53		
(b) Provisions 18.b 19.39 21.80		
(c) Other current liabilities 21 122.82 162.80		
(d) Current tax liabilities (net) 22 3.91 30.76		
		Total
		<u>3,660.27</u>
		<u>3,886.35</u>
Total liabilities		4,004.81
Total Equity and Liabilities		13,644.12
		<u>13,303.40</u>
Significant Accounting Policies 1		
Significant accounting judgements, estimates and assumptions 2		

The notes referred to above form an integral part of these standalone financial statements

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

		(₹ in Million)	
	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	23	11,989.28	14,065.79
Other Income	24	232.63	132.05
Total Income		12,221.91	14,197.84
Expenses			
Cost of raw materials consumed	25	5,854.32	8,012.23
Purchase of traded goods	26	510.88	86.24
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(120.53)	(203.89)
Employee benefits expense	28	577.34	560.52
Finance costs	29	80.46	66.25
Depreciation and amortization expense	30	426.15	383.97
Other expenses	31	3,214.26	3,486.72
Total expenses		10,542.88	12,392.04
Profit before exceptional items and tax		1,679.03	1,805.80
Exceptional items	45	—	119.21
Profit before tax		1,679.03	1,925.01
Tax expense			
Current tax		477.50	635.50
Deferred tax		(165.04)	(30.97)
Taxation in respect of earlier years		(4.61)	—
Total tax expense	33	307.85	604.53
Profit for the year		1,371.18	1,320.48
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent period (net of tax)			
(a) Re-measurement of post employment benefit plans		(7.03)	(2.72)
Tax on above		1.77	0.95
		(5.26)	(1.77)
(b) Changes in fair value of equity instruments (compulsorily convertible debentures)		(106.01)	2.82
Total other comprehensive income for the year (net)		(111.27)	1.05
Total comprehensive income for the year		1,259.91	1,321.53
Earnings per share (of ₹ 5/- each)	34		
Basic and Diluted		31.41	30.25
Significant Accounting Policies	1		
Significant accounting judgements, estimates and assumptions	2		

The notes referred to above form an integral part of these standalone financial statements

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N.Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity Share Capital

(₹ in Million)

Particulars	Notes	No. of shares	Amount
As at March 31, 2018		43,653,060	218.64
Changes in equity share capital	14	—	—
As at March 31, 2019		43,653,060	218.64
Changes in equity share capital	14	—	—
As at March 31, 2020		43,653,060	218.64

B. Other Equity

(₹ in Million)

Particulars	Notes	Reserves and Surplus		Other reserve FVTOCI Equity	Other Equity
		Retained Earnings	General reserve		
As at April 1, 2018		7,035.59	419.27	173.79	7,628.65
Profit for the year		1,320.48	—	—	1,320.48
Other Comprehensive Income :					
Remeasurements of post-employment benefit plans, (net of tax)		(1.77)	—	—	(1.77)
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	2.82	2.82
Total Comprehensive Income for the year		1,318.71	—	2.82	1,321.53
Final Dividend for the year ended March 31, 2018	15	(218.27)	—	—	(218.27)
Tax on final dividend for the year ended March 31, 2018	15	(44.87)	—	—	(44.87)
As at March 31, 2019		8,091.16	419.27	176.61	8,687.04
As at April 1, 2019		8,091.16	419.27	176.61	8,687.04
Profit for the year		1,371.18	—	—	1,371.18
Other Comprehensive Income :					
Remeasurements of post-employment benefit plans, (net of tax)		(5.26)	—	—	(5.26)
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	(106.01)	(106.01)
Total Comprehensive Income for the year		1,365.92	—	(106.01)	1,259.91
Final Dividend for the year ended March 31, 2019	15	(218.27)	—	—	(218.27)
Tax on final dividend for the year ended March 31, 2019	15	(44.87)	—	—	(44.87)
Interim equity dividend of current year	15	(218.27)	—	—	(218.27)
Tax on interim equity dividend of current year	15	(44.87)	—	—	(44.87)
As at March 31, 2020		8,930.80	419.27	70.60	9,420.67

Significant Accounting Policies 1

Significant accounting judgements, estimates and assumptions 2

The notes referred to above form an integral part of these standalone financial statements

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K.Goyal
Managing
Director

B.N.Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020



STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Million)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash Flows from Operating Activities :		
Profit before income tax	1,679.03	1,925.01
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	426.15	383.97
Unrealized foreign exchange loss / (gain) / MTM etc., net	83.52	(62.89)
Interest expense	80.46	66.25
Dividend income	(37.84)	(76.03)
Profit on sale of property, plant and equipment	(0.03)	(0.40)
Profit on sale of Investment	(22.49)	—
Interest from deposits and loans	(167.03)	(9.25)
Provision written back	(87.99)	(73.58)
Fair value loss / (Gain) on investments measured at FVTPL	9.94	(1.35)
Impairment of Investment	72.98	—
Fair value gain / loss (net) on derivatives not designated as hedges	—	3.24
Receivables provided for / written off (net)	27.12	—
Adjustments for changes in working capital		
(Increase) / Decrease in inventories	284.62	(427.62)
(Increase) / Decrease in trade receivables	708.26	674.50
(Increase) / Decrease in other current assets / other financial assets	62.54	(15.72)
(Increase) / Decrease in loans	(0.97)	2.19
Increase / (Decrease) in provisions	(9.46)	2.67
Increase / (Decrease) in trade payables	(166.65)	1,590.27
Increase / (Decrease) in other financial liabilities	3.83	(14.27)
Increase / (Decrease) in other current liabilities	(39.98)	(501.61)
Cash generated from Operations	2,906.01	3,465.38
Income taxes paid (net of refunds)	(506.40)	(607.73)
Net Cash Flow from Operating Activities	2,399.61	2,857.65
B. Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(182.45)	(220.13)
(Purchase) / Sale of investments	(1,564.56)	(1,030.97)
Dividend received	37.84	76.03
Interest received	30.42	9.25
Sale of assets property, plant and equipment	0.06	0.46
Net Cash Flows from Investing Activities	(1,678.69)	(1,165.36)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	Year ended March 31, 2020	(₹ in Million) Year ended March 31, 2019
C) Cash Flows from Financing Activities		
Repayment of borrowings	(178.81)	(1,509.53)
Interest paid	(77.43)	(41.24)
Dividend paid	(526.26)	(263.13)
Net Cash Flows from Financing Activities	(782.50)	(1,813.90)
Net increase / (decrease) in cash and cash equivalents	(61.58)	(121.61)
Cash and cash equivalents at the beginning of the year (refer Note 12)	208.56	330.17
Cash and cash equivalents at the end of the year (refer Note 12)	146.98	208.56
Significant accounting policies	1	
Significant accounting judgements, estimates and assumptions	2	

The notes referred to above form an integral part of these Standalone financial statements

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K.Goyal
Managing
Director

B.N.Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(All amounts are in Rupees Million, except per share data and unless stated otherwise)

Background

Kalyani Steels Limited ("the Company") is a public limited company domiciled in India and incorporated in February, 1973 under the provisions of Companies Act, 1956. The equity shares of the Company are listed on two recognized stock exchanges in India i.e. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company is primarily engaged in the business of manufacture and sale of Iron and Steel Products. The Company is an integrated manufacturer of diverse range of steel products with its manufacturing facility located at Hospet Works in Karnataka. The Registered Office of the Company is located at Mundhwa, Pune - 411 036. The CIN of the Company is L27104MH1973PLC016350.

These standalone financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 26, 2020.

1A. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation**(i) Compliance with Ind AS**

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. In addition, guidance notes/amendments issued by ICAI and guidelines issued by SEBI are also applied.

Joint operations

Certain of the Company's activities, are conducted through joint operations, which are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. As per Ind AS 111 - Joint arrangements, in its standalone financial statements, the Company being a joint operator has recognized its share of the assets, liabilities, income and expenses of these joint operations incurred jointly with the other partners, along with its share of income from the sale of the output and any assets, liabilities and expenses that it has incurred in relation to the joint operation.

(ii) Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following :

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value.
- Defined benefit plans - plan assets measured at fair value.

(iii) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is treated as current when it is :

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**(iv) Amended standards adopted by the Company**

The Company applied Ind AS 116 Leases for the first time with effect from April 1, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective / notified.

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the full retrospective method of adoption, with the date of initial application on April 1, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains, a lease at April 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases) and lease contracts for which the underlying asset is of low value (low-value assets). Accordingly, the Company has tested the lease contracts and has found all the lease contracts fall under the exemptions mentioned above.

(b) Estimation of uncertainties relating to the global health pandemic from COVID 19

The Company has considered the possible effects that may result from the pandemic relating to COVID 19 on the carrying amounts of receivables, inventory, Investments, prices of principal inputs and outputs and possible supply chain disruptions. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company expects the carrying amount of these assets will be recovered. The impact of COVID 19 on the Company's financial statements may differ from the estimated as at the date of approval of these financial statements.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions for the company. Refer Note 42 for segment information presented.

(d) Foreign currency translation**Functional and presentation currency**

Items included in the standalone financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The standalone financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of transaction.

Conversion

Monetary items, designated in foreign currencies are revalued at the rate prevailing on the date of Balance Sheet.

Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognized as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. On transition to Ind AS, the Company has elected to continue the accounting policy adopted in its previous GAAP with respect to foreign exchange differences arising on long-term foreign currency monetary items related to a depreciable asset, existing as on March 31, 2017. Such exchange differences are adjusted to the cost of depreciable asset and depreciated over the balance life of the asset.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :****(e) Revenue recognition**

Sale of goods

The Company manufactures and sells a range of steel and iron product in the market. Sales are recognized when control of the products has transferred at a point of time, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Export Incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Interest Income

Interest income from debt instruments is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company and the amount of the dividend can be measured reliably.

(f) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(g) Taxes

Current income Tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961. The management periodically evaluates positions taken in returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Current income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income and not in statement of Profit and Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except :

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except :

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of indirect taxes paid, except :

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

(h) Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Company uses the practical expedient to apply the requirements of Ind AS 116 to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Company applies both recognition exemptions.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :****Right of use asset**

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the company accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Company as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. However, if there is no reasonable certainty that the company will obtain possession of the asset upon end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Effective April 1, 2019, the company adopted Ind AS 116 "Leases" for the first time, using the modified retrospective transition method, applied to lease contracts that are ongoing as at April 1, 2019.

(i) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

(j) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**(k) Inventories**

Cost of inventories include all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares are valued at cost or net realizable value whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at cost or net realizable value whichever is lower. Costs includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of balance sheet.

Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(l) Investment in subsidiary and associate

Investment in subsidiary and associate are accounted at cost less accumulated impairment.

(m) Fair value measurement

The Company measures financial instruments at fair value on initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level inputs that is significant to the fair value measurement as a whole :

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is un-observable.

For assets and liabilities that are recognized in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation,

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**

independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another equity.

(o) Financial assets**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories :

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A financial asset is measured at amortized cost if both following conditions are met :

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following criteria are met :

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are de-recognized or reclassified, are subsequently measured at fair value and recognized in other comprehensive income except for interest income, gain / loss on impairment, gain / loss on foreign exchange which is recognized in the statement of profit and loss.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any financial asset as at fair value through profit or loss.

After initial measurement, such financial assets are subsequently measured at fair value in the statement of profit and loss.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Equity Instrument

Investment in equity instrument issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

De-recognition of financial assets

A financial asset is de-recognized when :

- The contractual rights to receive cash flows from the financial asset have expired or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either :
 - (a) The Company has transferred substantially all the risks and rewards of the asset or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure :

- Financial assets that are debt instruments and are measured at amortized cost e.g. loans, debt-securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider :

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss. This amount is reflected under the head "Other Expenses" in the statement of profit and loss.

The Balance sheet presentation for various financial instruments is described below :

- Financial assets measured as at amortized cost.

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-offs criteria, the Company does not de-recognize impairment allowance from the gross carrying amount.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e. financial assets which are credit impaired on purchase / origination.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :****(o) Financial Liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below :

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Standalone embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is de-recognized from its balance sheet when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

(p) Loans and Borrowings at amortised Cost

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains / (losses).

(q) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

(r) Derivatives

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income / other expenses.

(s) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(t) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property, plant and equipment are capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowings costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection / relining is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit and loss during the reporting period in which they are incurred.

Subsequent costs are included in the asset's carrying amount as recognized as a standalone asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for a standalone asset is derecognized when replaced.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation on additions is provided from the beginning of the month in which the asset is put to use.

Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.

The useful lives has been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Depreciation is charged on the basis of useful life of assets on straight line method.

Useful life of following asset category is considered as per Schedule II of Companies Act, 2013 except MBF Relining.

For MBF Relining, useful life is considered based on past history of usage, supported by technical evaluation.

Asset Category	Life In Years
Factory Buildings	30
Office Building	60
Plant and Equipment – Continuous Process	20
Plant and Equipment – other than continuous process	13
MBF Relining	4
Electrical Installations	10
Computers	3
Servers	6
Furniture and Fixtures	10
Office Equipment	5
Vehicles	8

Freehold land is carried at historical cost.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the standalone statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :****Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets of computer software is amortized over the useful economic life of six years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

(u) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories are recognized in the statement of profit and loss.

Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount. Such reversal is recognized in statement of profit and loss.

(v) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Company after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(w) Provisions and contingent liabilities

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(x) Employee Benefits**(i) Short-term Employee Benefits**

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognized in the period in which the employee renders the related service.

(ii) Post-Employment benefits**1. Defined Contribution plan**

The Company makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid / payable under the schemes is recognized in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

2. Defined Benefit plan

The employees' gratuity fund scheme is Company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on a net basis.

(iii) Long term Employment benefits

The employee's long term compensated absences are Company's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognize the obligation on a net basis.

In regard to other long term employment benefits, the Company recognizes the net total of service costs, net interest on the net defined benefit liability (asset) and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

Gratuity

The company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Provident Fund

The Company operates two plans for its employees to provide employee benefits in the nature of provident fund.

The Company pays provident fund contributions to publicly administered provident funds as per regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to insurance Company for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary, restricted to ₹ 150,000/- p.a. The Company recognizes expense toward the contribution paid / payable to the defined contribution plan as and when an employee renders the relevant service. The Company has no obligation, other than the contribution payable to the superannuation fund.

iv) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates : (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(y) Paid up equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

(aa) Dividends

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the Company when distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(bb) Earnings per share**(i) Basic Earnings per Share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Earnings considered in ascertaining the company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**(ii) Diluted Earnings per Share**

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(cc) Rounding of amounts

All amounts disclosed in these standalone financial statements and notes have been rounded off to the nearest Million as per the requirement of Schedule III, unless otherwise stated.

1. B Standards issued but not effective

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India :

1. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
2. Ind AS 40, "Investment Property"
3. Ind AS 103, "Business Combinations"
4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments : Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from April 1, 2020 as at the date of approval of these financial statements.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. This note provides an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below.

Judgments, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the standalone financial statements :

1. Legal Contingencies

The Company has received various orders and notices from tax authorities in respect of direct and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and makes judgements for providing provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

2. Segment Reporting

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

The Company has determined that the Chief Operating Decision Maker (CODM) is the Board of Directors (BoD), based on its internal reporting structure and functions of the BoD. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources.

3. Joint operation

The Company's composite Steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**

(KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement. Thus, the strategic alliance is a joint arrangement in the nature of joint operation.

4. Investment in convertible debentures

The Company has invested in fully convertible debentures (FCDs) of DGM Realities Private Limited of face value ₹ 1319.60 Million. These FCDs shall be compulsorily converted into equity shares of DGM Realities in various tranches starting from March 29, 2024. The existing rights associated with these FCDs do not give the Company the current ability to direct control over relevant activities of DGM Realities. Hence, these investments are considered as investment in equity instruments and classified as fair value through OCI. Refer Note 5(b) for further disclosures.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

1. Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and benefit increases are based on expected future inflation rates. Further details about employee benefit obligations are given in Note 36.

2. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 38 for further disclosures.

3. Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and estimates the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Deferred Tax

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax asset could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 3 : Property, plant and equipment

Particulars	(₹ in Million)						
	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Capital work in progress
Gross Block as at March 31, 2018	984.19	1,004.32	6,698.68	97.20	30.77	48.35	8,863.51
Additions	15.20	7.73	211.76	0.35	0.23	0.01	235.28
Disposals / Adjustments	(0.02)	—	(83.95)	(0.56)	(0.81)	(9.52)	(34.17)
Gross Block as at March 31, 2019	999.37	1,012.05	6,826.49	96.99	30.19	38.84	9,003.93
Additions	36.06	30.33	314.22	2.31	0.24	3.20	386.36
Disposals / Adjustments	—	—	(177.72)	(0.42)	—	(0.77)	(178.91)
Gross Block as at March 31, 2020	1,035.43	1,042.38	6,962.99	98.88	30.43	41.27	9,211.38

Particulars	(₹ in Million)						
	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Accumulated Depreciation :							
As at March 31, 2018	—	296.85	4,106.05	74.23	15.19	28.75	4,521.07
For the year	—	33.49	324.31	10.05	2.32	4.36	374.53
Disposals / Adjustments	—	—	(83.95)	(0.51)	(0.81)	(9.52)	(94.79)
As at March 31, 2019	—	330.34	4,346.41	83.77	16.70	23.59	4,800.81
For the year	—	35.53	367.19	7.62	2.34	4.03	416.71
Disposals / Adjustments	—	—	(177.72)	(0.42)	—	(0.75)	(178.89)
As at March 31, 2020	—	365.87	4,535.88	90.97	19.04	26.87	5,038.63

Particulars	(₹ in Million)						
	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Net Block							
As at March 31, 2019	999.37	681.71	2,480.08	13.22	13.49	15.25	4,203.12
As at March 31, 2020	1,035.43	676.51	2,427.11	7.91	11.39	14.40	4,172.75

- i) For Depreciation and amortisation refer accounting policy (Refer Note 1A).
- ii) The Company had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and Accumulated Depreciation as on April 1, 2015 is carried forward for disclosures.
- iii) Contractual obligations - Refer Note 35-B for disclosure of contractual commitments for the acquisition of Property, plant and equipment.
- iv) Capital work-in-progress as on March 31, 2020 mainly comprises converting existing SAP oracle database to SAP Hana database.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 4 : Intangible assets

(₹ in Million)

Particulars	Computer software
Gross block as at March 31, 2018	56.65
Additions	—
Disposals / Adjustments	—
Gross block as at March 31, 2019	56.65
Additions	—
Disposals / Adjustments	—
Gross block as at March 31, 2020	56.65

(₹ in Million)

Particulars	Computer software
Accumulated Amortisation :	
As at March 31, 2018	25.57
For the year	9.44
Disposals / Adjustments	—
As at March 31, 2019	35.01
For the year	9.44
Disposals / Adjustments	—
Gross block as at March 31, 2020	44.45

(₹ in Million)

Net Block	Computer software
As at March 31, 2019	21.64
As at March 31, 2020	12.20

- i) Intangible Assets are amortised on Straight Line method.
- ii) For Depreciation and amortisation refer accounting policy (Note 1A)
- iii) The remaining amortisation period is 2-4 years.
- iv) The Company had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.

Note 5 (a) : Investment in Subsidiary and Associate

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Investment in Equity Shares (Unquoted) :					
Equity Shares in Subsidiary valued at cost (fully paid)					
Lord Ganesha Minerals Private Limited	₹ 10	1,550,000	1,550,000	—	—
Equity Shares in Associate at cost (Unquoted)					
Kalyani Mukand Limited	₹ 10	1,000,000	1,000,000	10.05	10.05
Total				10.05	10.05
Aggregate provision for impairment in value of investments				(10.05)	(10.05)
Total				—	—
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				10.05	10.05

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 5 (b) : Non-current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares / debentures		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Investments in Preference Shares (Unquoted) :					
Investments at fair value through profit or loss					
10% Non-Cumulative Redeemable in Baramati Speciality Steels Limited	₹ 10	5,926,000	5,926,000	16.28	14.80
10% Non-Cumulative Redeemable in Kalyani Natural Resources Private Limited	₹ 100	132,000	132,000	—	—
8% Non-Cumulative Redeemable in Kalyani Mining Ventures Private Limited	₹ 10	1,310,000	1,310,000	—	—
Sub Total				16.28	14.80
Investments in Subsidiary at fair value through profit or loss					
1% Non-Cumulative Redeemable in Lord Ganesha Minerals Private Limited	₹ 10	42,038,500	42,038,500	72.98	72.98
Less : Provision for impairment in value of investments				(72.98)	—
Sub Total				—	72.98
Total				16.28	87.78
Investment in Debentures (Unquoted) (fully paid up) :					
Investment at fair value through other comprehensive income					
0% Fully Convertible Debentures in DGM Realities Private Limited	₹ 100	13,196,000	13,196,000	1,430.60	1,536.61
Total Investment in Debentures				1,430.60	1,536.61
Total Non-current investments				1,446.88	1,624.39
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				1,446.88	1,624.39
Aggregate amount of impairment in the value of investments				72.98	—

Note 5 (c) : Current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
I. Investments in Mutual Funds (Quoted) :					
Investments at fair value through profit and loss					
Baroda Pioneer Liquid Fund - Plan A Daily Dividend Plan	1,000	—	17,995	—	18.02
ICICI Prudential Liquid Regular Plan - Daily Dividend	100	—	1,668,660	—	167.11
HDFC Liquid Fund - Daily Dividend	1,000	—	417,865	—	426.15
HDFC Liquid Fund - Growth	1,000	39,311	—	152.67	—
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	1,000	—	102,779	—	157.12
UTI Liquid Cash Plan	1,000	—	155,198	—	158.22
Axis Liquid Fund Daily Dividend	1,000	—	130,007	—	130.19
Birla Sun Life Cash Plus - Daily Dividend Regular Plan	1,000	—	1,339,279	—	134.19
HSBC Cash Fund - Liquid	1,000	—	98,775	—	98.84
Kotak Liquid Scheme Plan - Daily Dividend Regular Plan	1,000	—	145,015	—	177.33
LIC Mutual Fund - Liquid Fund - Daily Dividend	1,000	—	61,583	—	67.62
DSP Saving Fund	1,000	3,358,856	—	71.35	—
Franklin India Liquid Fund - Super Institutional Plan - Daily Dividend	1,000	—	500,577	—	500.93
Total I				224.02	2,035.72
Aggregate amount of quoted investments				224.02	2,035.72
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
II. Investments in Equity Shares (Quoted) :					
Investments at fair value through profit and loss					
ACC Limited	10	2,300	—	2.23	—
Axis Bank Limited	2	14,500	—	5.50	—
Bajaj Auto Limited	10	1,500	—	3.04	—
Bajaj Finance Limited	2	7,200	—	15.96	—
Container Corporation of India Limited	5	3,300	—	1.09	—
Crisil Limited	1	1,400	—	1.76	—
DLF Limited	2	5,000	—	0.69	—
Finolex Industries Limited	10	4,000	—	1.56	—
Godrej Industries Limited	5	1,000	—	0.60	—
HDFC Bank Limited	1	27,000	—	23.27	—
ICICI Bank Limited	2	17,500	—	5.68	—
Kajaria Ceramics Limited	1	1,000	—	0.38	—
Kotak Mahindra Bank Limited	5	21,900	—	28.39	—
Maruti Suzuki India Limited	5	1,900	—	8.15	—
State Bank of India	1	27,500	—	5.41	—
		Total II		103.71	—
Aggregate amount of quoted investments				103.71	—
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—
Total Current Investments		I+II		327.73	2,035.72
Aggregate amount of quoted investments				327.73	2,035.72
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—

Note 6 : Loans

a. Non-current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Loans to employees		
Unsecured, considered good	—	0.19
Security deposits		
Unsecured, considered good	70.15	68.69
Unsecured, considered doubtful	2.09	2.09
Less : Allowance for credit losses	(2.09)	(2.09)
Total	70.15	68.88
Loans which have significant increase in credit risk	—	—
Loans - credit impaired	—	—

b. Current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Unsecured, considered good		
Loans to employees	0.19	0.49
Total	0.19	0.49
Loans which have significant increase in credit risk	—	—
Loans - credit impaired	—	—

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 7 : Other financial assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Bank deposits with maturity more than twelve months under lien against Bank Guarantee	15.15	14.26
Total	15.15	14.26

b. Current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Income Receivable	149.61	97.58
Total	149.61	97.58

Note 8 : Current tax assets (net)

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Tax paid in advance (net of provisions)	9.31	2.65
Total	9.31	2.65

Note 9 : Other assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Capital advances		
Unsecured, considered good	4.73	25.60
Unsecured, considered doubtful	20.29	20.29
Less : Allowance for credit losses	(20.29)	(20.29)
Balances with government authorities		
Unsecured, considered good	1.69	5.11
Unsecured, considered doubtful	10.60	13.30
Less : Allowance for credit losses	(10.60)	(13.30)
Prepaid expenses	1.66	0.72
Total	8.08	31.43

b. Current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Prepaid expenses	16.55	15.40
Unsecured, considered good :		
Advance to Suppliers	111.68	100.30
Others	31.50	19.52
Total	159.73	135.22



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 10 : Inventories

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
(at lower of cost or net realisable value)		
Raw materials	408.93	815.10
Raw materials (in transit)	—	—
	408.93	815.10
Work-in-progress	158.33	127.17
Finished goods	500.56	308.45
Finished goods (in transit)	53.08	188.17
	553.64	496.62
Finished goods - Traded	36.04	3.73
Scrap at estimated realisable value	1.25	1.21
Stores, spares etc.	101.49	100.47
Total	1,259.68	1,544.30

1. The value of inventories above is stated after amount recognized of ₹ 31.56 Million (March 31, 2019 : ₹ 13.10 Million) for write-downs to net realisable value and provision for slow moving and obsolete items.

2. Inventory hypothecated as security, refer Note 44.

a) Details of raw material inventory

(₹ in Million)

As at March 31, 2020	MTs	Amount
Coke / Coal / Coke Fines	11,363	233.83
Iron Ore / Iron Ore Fines / Mill Scale	16,802	68.15
Ferro Alloys		51.67
Others		55.28
Total		408.93

(₹ in Million)

As at March 31, 2019	MTs	Amount
Coke / Coal / Coke Fines	22,277	553.66
Iron Ore / Iron Ore Fines / Mill Scale	25,287	99.75
Ferro Alloys		115.41
Others		46.28
Total		815.10

b) Details of work in progress

(₹ in Million)

As at March 31, 2020	MTs	Amount
Blooms & Rounds	4,130	140.67
Others		17.66
Total		158.33

(₹ in Million)

As at March 31, 2019	MTs	Amount
Blooms & Rounds	2,859	120.24
Others		6.93
Total		127.17

c) Details of finished goods

(₹ in Million)

As at March 31, 2020	MTs	Amount
Rolled Products	13,626	553.64
Traded Goods	635	36.04
Others		1.25
Total		590.93

(₹ in Million)

As at March 31, 2019	MTs	Amount
Rolled Products	10,580	496.62
Traded Goods	56	3.73
Others		1.21
Total		501.56

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 11 : Trade receivables

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Trade Receivable	1,141.29	1,300.60
Receivables from related parties (refer Note 37)	1,255.13	1,819.46
Less : Allowance for doubtful debts	(41.32)	(31.44)
	2,355.10	3,088.62
Break up of security details		
Secured, considered good	—	—
Unsecured, considered good	2,355.10	3,088.62
Doubtful	41.32	31.44
Total	2,396.42	3,120.06
Allowance for doubtful debts	(41.32)	(31.44)
Total	2,355.10	3,088.62

Trade receivables which have significant increase in credit risk	—	—
Trade receivables - credit impaired	—	—

1. Trade receivables are measured at amortised cost.
2. Trade receivable are non-interest bearing and are generally on terms of 30-90 days upon delivery.
3. For details of debts due from companies in which any director is a partner, a director or a member, refer Note 37 of related party transactions.
4. Trade Receivable hypothecated as security, refer Note 44.
5. Movement of impairment Allowance (allowance for bad and doubtful debts)

(₹ in Million)

Particulars	
As at April 1, 2018	45.17
Allowance made / (reversed) during the year	(13.73)
Provision for Doubtful Debts	—
As at April 1, 2019	31.44
Allowance made / (reversed) during the year	(17.24)
Provision for Doubtful Debts	27.12
As at March 31, 2020	41.32

Note 12 : Cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Cash on hand	0.51	0.01
Cheque in hand	—	121.54
Balances with Banks		
In current accounts	146.47	87.01
Total	146.98	208.56

Note 13 : Bank balances other than cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Earmarked balances (on unclaimed dividend accounts)	9.49	5.66
Deposits with original maturity of more than three months but less than twelve months	3,448.90	170.00
Total	3,458.39	175.66



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 14 : Share capital

(a) Authorised share capital

Particulars	Equity shares	Cumulative redeemable preference shares	Unclassified shares
As at March 31, 2018 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00
As at March 31, 2019 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00
As at March 31, 2020 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00

(b) Terms / rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Issued and subscribed equity share capital

(₹ in Million)

Particulars	Number of shares	Amount
As at April 1, 2018	43,759,380	218.80
Changes in equity share capital	—	—
As at March 31, 2019	43,759,380	218.80
Changes in equity share capital	—	—
As at March 31, 2020	43,759,380	218.80

(d) Subscribed and fully paid up equity share capital

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Equity Shares of ₹ 5/- each fully paid	218.27	218.27	218.27
Add : Forfeited Equity Shares (amount paid up)	0.37	0.37	0.37
Subscribed and paid up equity share capital	218.64	218.64	218.64
Number of equity shares of ₹ 5/- each fully paid	43,653,060	43,653,060	43,653,060
Add : Forfeited Equity Shares	106,320	106,320	106,320
Number of shares	43,759,380	43,759,380	43,759,380

(e) Details of shareholders holding more than 5% shares in the Company

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited	BF Investment Limited
As at March 31, 2018			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421
As at March 31, 2019			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421
As at March 31, 2020			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 15 : Other equity

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
A) Reserves and Surplus		
i) Retained earnings		
Balance at the beginning of the year	8,091.16	7,035.59
Add : Profit for the year	1,371.18	1,320.48
Add : Other Comprehensive Income being remeasurements of post-employment benefit plans (net of tax)	(5.26)	(1.77)
	1,365.92	1,318.71
Less :		
Final equity dividend of previous year	218.27	218.27
Tax on final equity dividend of previous year	44.87	44.87
Interim equity dividend of current year	218.27	—
Tax on interim equity dividend of current year	44.87	—
Balance at the end of the year	526.28	263.14
	8,930.80	8,091.16
ii) General reserve		
Balance at the beginning and end of the year	419.27	419.27
B) Other reserve :		
FVTOCI Equity investment reserve		
Balance at the beginning of the year	176.61	173.79
Fair value changes for the year	(106.01)	2.82
Balance at the end of the year	70.60	176.61
Total	9,420.67	8,687.04

Nature and purpose of reserves :

i) General reserve :

Under the erstwhile Companies Act,1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.

ii) FVTOCI Equity investment reserve :

The Company has elected to recognise changes in the fair value of investment in compulsorily convertible debentures in other comprehensive income. These changes are accumulated within the FVTOCI investment reserve within equity. The Company will transfer amounts from the said reserve to retained earnings when the relevant debentures are de-recognised.

iii) Dividend distribution made and proposed :

(₹ in Million)

Particulars	2019-20	2018-19
Cash Dividend on Equity shares declared and paid		
Final Dividend :		
For the year ended March 31, 2019 : ₹ 5/- per equity share (March 31, 2018 : ₹ 5/- per equity share)	218.27	218.27
Dividend distribution tax on final dividend	44.87	44.87
Interim Dividend :		
For the year ended March 31, 2020 : ₹ 5/- per equity share (March 31, 2019 : ₹ Nil/- per equity share)	218.27	—
Dividend distribution tax on interim dividend	44.87	—
Proposed dividends on Equity Shares		
Final Dividend :		
For the year ended March 31, 2020 : ₹ Nil per equity share (March 31, 2019 : ₹ 5/- per equity share)	—	218.27
Dividend distribution tax on proposed dividend	—	44.87



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 16 : Non- current borrowings

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Secured :		
Foreign currency term loans from banks :		
Bank of Baroda (refer Note (i) below)	—	181.19
Total non-current borrowings	—	181.19
Less : amount disclosed as current maturities of non-current borrowings (refer Note 17)		
Bank of Baroda	—	178.81
Total current maturities of non-current borrowings	—	178.81
Less : Interest accrued	—	2.38
Total	—	—

Foreign currency term loans :

i) From Bank of Baroda, London

External Commercial Borrowing (ECB) Term Loan has been fully paid and cleared on December 20, 2019. Satisfaction of charge was filed with Ministry of Corporate Affairs.

Details of security

Above Foreign currency term loans were secured by first pari-passu charge on the immovable and movable fixed assets of the Company i.e. mortgage of Company's immovable properties consisting of land together with all buildings and structures thereon and all plant and machinery, attached to the earth or permanently fastened to anything attached to the earth, both present and future and hypothecation of whole of the movable property, plant and equipment of the Company, both present and future, ranking pari-passu with charges created and / or to be created in favour of Banks / Financial Institutions for their term / foreign currency loans. The foreign currency term loans are also secured by second pari-passu charge on the current assets of the Company consisting of stock of raw materials, stock in process, semi-finished and finished goods, bills receivables and book debts.

Note 17 : Other Current financial liabilities

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Current maturities of non-current borrowings (refer Note 16)	—	178.81
Interest accrued but not due	21.14	18.12
Interest accrued and due	14.71	14.71
Unclaimed dividend payable	9.49	5.66
Creditors for capital goods	333.60	149.23
Total	378.94	366.53

Note 18 : Provisions

a. Non-current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Provision for employee benefits (refer Note 36)		
Provision for compensated absences	39.11	37.34
Provision for provident fund	—	1.79
Total	39.11	39.13

b. Current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Provision for employee benefits (refer Note 36)		
Provision for gratuity	11.74	14.80
Provision for compensated absences	7.65	7.00
Total	19.39	21.80

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 19 : Deferred tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Deferred tax liabilities		
Depreciation and amortisation	337.01	508.61
Fair valuation of derivatives	—	—
Total deferred tax liabilities	337.01	508.61
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	9.73	15.48
Provision for doubtful debts	5.44	5.35
Other Comprehensive income	2.72	0.95
Fair valuation of investment	13.69	14.59
Total deferred tax assets	31.58	36.37
Total	305.43	472.24

Changes in Deferred Tax Assets / (Liabilities) in Statement of Profit and Loss [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Deferred tax liabilities		
Depreciation and amortisation	(171.60)	(33.57)
Fair valuation of derivatives	—	(1.13)
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	5.75	(0.12)
Provision for doubtful debts	(0.09)	3.55
Fair valuation of investment	0.90	0.30
Total	(165.04)	(30.97)

Changes in Deferred Tax Assets / (Liabilities) in Other Comprehensive income [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Remeasurements of post-employment benefit plans	(1.77)	(0.95)
Total	(1.77)	(0.95)

Note 20 : Trade payables

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	22.34	23.85
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Acceptances (see Note (i) below)	1,820.68	1,709.45
ii) Related Parties (refer Note 37)	54.58	22.24
iii) Others	1,237.61	1,548.92
Total	3,135.21	3,304.46

i) Acceptances include credit availed by the Company from banks for payment to suppliers for raw materials purchased by the Company. The arrangements are interest-bearing and are payable within one year.

ii) Other Trade payables are non interest bearing and generally settled within 90 days.

iii) The Company has compiled this information based on the current information in its possession as at March 31, 2020.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows :

(₹ in Million)

Dues to Micro, Small and Medium Enterprises (MSMEs)	March 31, 2020	March 31, 2019
Total amount dues to MSMEs as on Balance Sheet date		
- Principal amount due to MSMEs	22.34	23.85
- Interest on principal amount due to MSMEs	0.11	0.06
Total delayed payments to MSMEs during the year		
- Principal amount	1.24	0.98
- Interest on Principal amount	0.11	0.06
Total amount of interest paid to MSMEs during the year	—	—
Total interest accrued and remaining unpaid at the end of the year under MSMED Act	0.11	0.06
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under Section 23	0.11	0.06

Note 21 : Other current liabilities

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Statutory dues payable	52.80	85.68
Advances from customers	13.84	3.88
Employee benefits payable	56.18	73.24
Total	122.82	162.80

Note 22 : Current tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Provision for income tax (net of advance tax)	3.91	30.76
Total	3.91	30.76

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 23 : Revenue from operations

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers		
Sale of Products		
Finished Goods	11,169.85	13,725.21
Traded Goods	584.65	112.39
Other Operating Revenue		
Scrap Sales	133.76	126.92
Export incentives received	12.60	25.96
Processing charges for job work	0.43	1.73
Provisions written back	87.99	73.58
Total	11,989.28	14,065.79

Details of finished goods sold

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Pig Iron	1,938	48.31
Blooms and Rounds	14,334	658.39
Rolled Products	184,106	10,463.15
Total		11,169.85

(₹ in Million)

Year ended March 31, 2019	Quantity in MTs	Amount
Blooms and Rounds	8,072	430.60
Rolled Products	225,288	13,294.61
Total		13,725.21

Details of traded goods sold

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Rolled Products	10,510	584.65
Total		584.65

(₹ in Million)

Year ended March 31, 2019	Quantity in MTs	Amount
Rolled Products	1,768	112.39
Total		112.39

Note 24 : Other income

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Dividend income from investment in mutual funds - measured at FVTPL	37.84	76.03
Interest from deposits and loans, being financial assets carried at amortised cost	167.03	9.25
Gain on foreign exchange, net	—	40.19
Profit on sale of Investments	22.49	—
Miscellaneous receipts	2.87	8.07
Gain on sale of property, plant and equipment	0.03	0.40
Net gain / (loss) on investments measured at FVTPL	2.37	1.35
Fair value gain / loss (net) on derivatives not designated as hedges	—	(3.24)
Total	232.63	132.05



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 25 : Cost of raw materials consumed

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Raw material at the beginning of the year	815.10	659.83
Add : Purchases	5,448.15	8,171.61
Less : Sale of Raw Material	—	4.11
Less : Raw material at the end of the year	408.93	815.10
Total	5,854.32	8,012.23

Details of raw materials consumed

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Coke / Coal / Coke Fines	135,510	3,122.78
Iron Ore / Iron Ore Fines / Mill Scale	324,881	1,302.29
Ferro Alloys		1,064.31
Others		364.94
Total		5,854.32

(₹ in Million)

Year ended March 31, 2019	Quantity in MTs	Amount
Coke / Coal / Coke Fines	156,713	4,413.22
Iron Ore / Iron Ore Fines / Mill Scale	375,293	1,635.94
Ferro Alloys		1,676.61
Others		286.46
Total		8,012.23

Note 26 : Purchases of traded goods

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rolled Products	510.88	86.24
Total	510.88	86.24

Note 27 : Changes in inventories of finished goods (including stock-in-trade) and work-in-progress

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the end of the year		
Work in Progress	158.33	127.17
Finished Goods	553.64	496.62
Finished Goods - Traded	36.04	3.73
Scrap at estimated realisable value	1.25	1.21
	749.26	628.73
Inventories at the beginning of the year		
Work in Progress	127.17	129.55
Finished Goods	496.62	292.67
Finished Goods - Traded	3.73	1.07
Scrap at estimated realisable value	1.21	1.55
	628.73	424.84
Total	(120.53)	(203.89)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 28 : Employee benefits expense

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	480.00	489.74
Gratuity (refer Note 36)	10.99	11.27
Contribution to provident fund and other funds	62.11	34.30
Workmen and staff welfare expenses	24.24	25.21
Total	577.34	560.52

Note 29 : Finance costs

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest expenses	4.08	20.20
Other borrowing costs	76.38	46.05
Total	80.46	66.25

Note 30 : Depreciation and amortization expense

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on tangible assets (refer Note 3)	416.71	374.53
Amortisation of intangible assets (refer Note 4)	9.44	9.44
Total	426.15	383.97

Note 31 : Other expenses

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Manufacturing expenses :		
Stores and spares consumed	945.99	1,250.06
Job work and manufacturing charges	486.43	676.97
Power and fuel	753.95	799.92
Building and road repairs	16.13	20.75
Machinery repairs	60.79	63.42
Facility charges under strategic alliance	58.79	45.50
Other expenses :		
Rent	1.16	1.22
Rates and taxes	0.65	0.91
Insurance	14.34	11.59
Legal and Professional charges	28.83	28.76
CSR expenditure (refer Note 41)	90.42	39.21
Donations	10.00	—
Freight outward	328.64	383.34
Brokerage and commission	1.92	5.61
Payment to auditor (refer Note 32)	5.43	5.14
Directors' fees and travelling expenses	1.04	1.24
Directors' commission	17.75	15.05
Loss on Foreign Exchange Fluctuation	146.90	—
Provision for Doubtful Debts	27.12	—
Fair value loss arising from financial instruments designated as FVTPL	12.31	—
Provision for impairment in Investment in subsidiary	72.98	—
Miscellaneous expenses*	132.69	138.03
Total	3,214.26	3,486.72

* Miscellaneous expenses includes travelling expenses, printing, stationery, postage, telephone etc.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 32 : Payment to auditors

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
As statutory auditors	3.68	3.68
In other capacity :		
Tax audit fees	0.73	0.73
Limited review	0.45	0.45
Certification	0.56	0.19
Out of pocket expenses reimbursed	0.01	0.09
Total	5.43	5.14

Note 33 : Income tax expense

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense	477.50	635.50
Deferred tax expense	(165.04)	(30.97)
Taxation in respect of earlier years	(4.61)	—
Total	307.85	604.53

The Company has provided Income Tax for the year ended on March 31, 2020 and remeasured its Deferred Tax Assets / Liabilities on the basis of rates prescribed under Section 115BAA of Income Tax Act, 1961 exercising the option permitted under that Section.

Reconciliation of tax expense and accounting profit multiplied by statutory tax rate

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	1,679.03	1,925.01
Applicable tax rate	25.168%	34.944%
Computed tax expense	422.58	672.67
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
CSR Expenses	10.17	13.70
Investment written off	18.37	—
Impact of Income Tax rate decrease on Deferred Tax	(133.31)	—
Dividend received	(9.52)	(26.57)
Donation	(5.05)	(6.80)
Exempt Income (refer Note 45)	—	(41.65)
Others	9.22	(6.82)
Taxation in respect of earlier years	(4.61)	—
Income tax expense	307.85	604.53

Note 34 : Earnings per Share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax (₹ in Million)	1,371.18	1,320.48
Weighted average number of equity shares	43,653,060	43,653,060
Basic and diluted earning per share of nominal value of ₹ 5/- each	31.41	30.25

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 35 : Contingencies and commitments

A Contingent liabilities

(₹ in Million)

Particulars		March 31, 2020	March 31, 2019
i	Claims against the Company not acknowledged as debts	1.98	1.98
ii	Customs duty, excise duty and service tax - matter under appeal	32.57	109.97
iii	Income tax matters under appeal	9.50	11.84
iv	Iron ore supplier - rate difference claim - disputed	255.20	255.20
v	Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	33.49	33.49
vi	Forest Development Fees	255.54	163.76
vii	Bank Guarantee	5.65	5.65
viii	Others	1.53	1.53
Total		595.46	583.42

B Capital and other commitments

(₹ in Million)

Particulars		March 31, 2020	March 31, 2019
1	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	1.97	152.75
2	Other Commitments on account of :		
	a) Purchase of Raw Material through E-Auction	—	26.88
	b) Supply of Gases - Minimum Take over Price	435.57	493.64
Total		437.54	673.27

Note 36 : Provision for Employee benefits

(₹ in Million)

Particulars		March 31, 2020	March 31, 2019
Compensated absences (refer Note A)			
	Non-current	39.11	37.34
	Current	7.65	7.00
Gratuity (refer Note B)			
	Current	11.74	14.80
Provident fund (refer Note C)			
	Non-current	—	1.79

A) Compensated absences

The compensated absences cover the Company's liability for privilege leave.

I) Significant assumptions

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.50%	7.30%
Salary escalation rate	7.00%	10.00%
Retirement age	VP and above - 60 years Wholtime Director - 65 years Others - 55 years	VP and above - 60 years Wholtime Director - 65 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	7.00%	7.00%



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Hospet Steels Limited (Joint Operation)

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.90%	7.80%
Salary escalation rate	7.00%	8.00%
Retirement age	Staff - 58 years Workers - 60 years	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	1.00-3.00%	1.00-3.00%

B) Gratuity

The Company has formed "Kalyani Steels Limited Employees Group Gratuity cum Life Assurance Scheme" to manage the gratuity obligations. The joint operation at Hospet Steels Limited has formed "Hospet Steels Employees Gratuity Trust" to manage its gratuity obligations. The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company - Life Insurance Corporation of India. Every permanent employee is entitled to a benefit equivalent to 15/30 days (as applicable) of the last drawn salary for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. There is no compulsion on the part of the Company to fully pre-fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity as well as level of under funding of the plan.

I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows :
(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018	93.15	(78.39)	14.76
Current service cost	10.63	—	10.63
Interest expense / (income)	7.10	(6.46)	0.64
Total amount recognised in Statement of Profit and Loss	17.73	(6.46)	11.27
Experience gain / loss	1.77	(0.15)	1.62
(Gain) / loss from change in demographic assumptions	0.02	—	0.02
(Gain) / loss from change in financial assumptions	1.24	(0.16)	1.08
Total amount recognised in Other Comprehensive Income	3.03	(0.31)	2.72
Benefits paid	(2.91)	2.68	(0.23)
Contribution	—	(14.18)	(14.18)
Mortality	—	0.46	0.46
March 31, 2019	111.00	(96.20)	14.80

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	111.00	(96.20)	14.80
Current service cost	10.67	—	10.67
Interest expense / (income)	7.95	(7.63)	0.32
Total amount recognised in Statement of Profit and Loss	18.62	(7.63)	10.99
Experience gain / loss	11.64	(0.03)	11.61
(Gain) / loss from change in demographic assumptions	—	—	—
(Gain) / loss from change in financial assumptions	(4.77)	0.19	(4.58)
Total amount recognised in Other Comprehensive Income	6.87	0.16	7.03
Benefits paid	(10.23)	9.98	(0.25)
Contribution	—	(21.36)	(21.36)
Mortality	—	0.53	0.53
March 31, 2020	126.26	(114.52)	11.74

II) The net liability disclosed above relates to funded plans are as follows :

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Present value of funded obligation	126.26	111.00
Fair value of plan assets	(114.52)	(96.20)
Deficit of funded plan	11.74	14.80

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

III) Significant estimates :

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.50%	7.30%
Salary growth rate	7.00%	10.00%
Attrition rate	7.00%	7.00%
Retirement age	M1 category - 60 years Wholetime Director - 65 years	M1 category - 60 years Wholetime Director - 65 years
Mortality rate	Others - 55 years Indian Assured Lives Mortality (2012-14) Ultimate	Others - 55 years Indian Assured Lives Mortality (2012-14) Ultimate

Hospet Steels Limited (Joint operation)

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.90%	7.80%
Salary growth rate	7.00%	8.00%
Attrition rate	1 - 3%	1 - 3%
Retirement age	Staff - 58 years Workers - 60 years	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

IV) Sensitivity analysis :

The sensitivity of defined obligation to changes in the weighted principal assumptions is :

(₹ in Million)

Assumption	Impact on defined benefit obligation	
	March 31, 2020	March 31, 2019
Discount rate		
1% decrease	10.17	9.08
1% increase	(8.87)	(7.96)
Future salary increase		
1% decrease	(7.85)	(7.03)
1% increase	8.80	7.84
Attrition rate		
1% decrease	0.78	0.68
1% increase	(0.71)	(0.64)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following payments are expected future benefit payments :

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Less than a year	11.65	12.27
Between 1 - 2 years	7.73	5.05
Between 2 - 5 years	63.31	51.02
Over 5 years	77.05	91.58
Total	159.74	159.92

The weighted duration of the defined obligation is 7.55 years (March 31, 2019 - 8.91 years)



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

V) The major categories of plan assets are as follows :

Particulars	March 31, 2020	March 31, 2019
Unquoted - Insurer managed funds*	100.00%	100.00%

* The Company maintains gratuity fund, which is being administered by LIC. Fund value confirmed by LIC as at March 31, 2020 is considered to be the fair value.

VI) The Company expects to contribute ₹ 11.74 Million to the gratuity fund in the next year.

C) Provident Fund

Provident fund for management employees was managed by the Company through the "Kalyani Steels Limited Non Bargainable Staff Provident Fund", in line with the provisions of Provident Fund and Miscellaneous Provisions Act, 1952, as well as the relevant provisions of the Income Tax Act. During the year, all corpus lying in "Kalyani Steels Limited Non Bargainable Staff Provident Fund" has been transferred to "Employee's Provident Fund Organization (EPFO)" administered by government. In connection with this transfer, an additional amount ₹ 24.74 Million has been transferred to "Kalyani Steels Limited Non Bargainable Staff Provident Fund".

Defined contribution : The Company and its joint operation Hospet Steels Limited also has certain defined contribution plans. Contributions are made to provident fund in India for workers at the 12% of basic and dearness allowance as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 19.05 Million (March 31, 2019 : ₹ 11.64 Million).

D) Superannuation plan

The Company and its Joint Operation has formed "Kalyani Steels Limited Officers Superannuation Scheme" and "Hospet Steels Limited Employees Superannuation Trust" respectively to manage its superannuation scheme through Life Insurance Corporation of India. Contributions are made at 15% of basic salary for employees covered under the superannuation scheme. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 9.43 Million (March 31, 2019 : ₹ 9.52 Million).

E) Risk Exposure

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below :

Asset Volatility : All plan assets for gratuity and superannuation are maintained in a trust managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Asset volatility risk for provident fund : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income fund, manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans bond holdings.

Life expectancy : This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Future salary increase and inflation risk : Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Asset-Liability mismatch risk : Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralise valuation swings caused by interest rate movements. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 37 : Related party transactions

A) Name of the related parties and nature of relationship

(i) Where control exists :

Subsidiary	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
Lord Ganesha Minerals Private Limited	77.50%	77.50%

The principal place of business of the subsidiary is India and the Company has accounted for its investment in subsidiary at cost.

Associate	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
Kalyani Mukand Limited	50.00%	50.00%

The principal place of business of the associate is India and the Company has accounted for its investment in associate at cost.

Joint operation	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
Hospet Steels Limited	41.38%	41.38%

The principal place of business of the joint operation is India. The voting rights in the joint operation are 49.99% (March 31, 2019 : 49.99%). The principal business is to act as a management company for strategic alliance arrangement between Kalyani Steels Limited and Mukand Limited.

Structured entities :

- i) Kalyani Steels Limited Non Bargainable Staff Provident Fund
- ii) Kalyani Steels Limited Officers Superannuation Scheme
- iii) Kalyani Steels Limited Employees Group Gratuity cum Life Assurance Scheme
- iv) Hospet Steels Employees Gratuity Trust
- v) Hospet Steels Limited Employees Superannuation Trust

B) Other related parties with whom transactions have taken place during the year :

Entities under common control :

- i) Bharat Forge Limited
- ii) Kalyani Technoforge Limited
- iii) Kalyani Transmission Technologies Private Limited
- iv) Saarloha Advanced Materials Private Limited
- v) Kalyani Investment Company Limited

C) Promoter / Promoter Group having 10% or more shareholding

- i) Sundaram Trading and Investment Private Limited
- ii) BF Investment Limited

Key Management Personnel :

- i) Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director
- ii) Mrs.Sunita B. Kalyani, Non-Executive Director
- iii) Mr.Amit B. Kalyani, Non-Executive Director
- iv) Mr.S.M. Kheny, Non-Executive Director
- v) Mr.B.B. Hattarki, Independent Director
- vi) Mr.M.U. Takale, Independent Director
- vii) Mr.Arun P. Pawar, Independent Director
- viii) Mr.Sachin Mandlik, Independent Director
- ix) Mr.S.K. Adivarekar, Independent Director
- x) Mrs.Shruti A. Shah, Additional Director, categorized as Independent (w.e.f. January 29, 2020)
- xi) Mr.R.K. Goyal, Managing Director, Executive Director

Entities in which KMPs have significant influence :

- i) Kalyani Technologies Limited



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

I	Key management personnel compensation	March 31, 2020	March 31, 2019
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	5.54	4.54
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	4.01	3.01
iii)	Mr.Amit B. Kalyani, Non-Executive Director	4.01	4.01
iv)	Mr.S.M. Kheny, Non-Executive Director	0.66	0.62
v)	Mr.B.B. Hattarki, Independent Director	0.96	0.88
vi)	Mr.M.U. Takale, Independent Director	0.73	0.62
vii)	Mr.Arun P. Pawar, Independent Director	0.51	0.41
viii)	Mr.Sachin Mandlik, Independent Director	0.76	0.66
x)	Mr.S.K. Adivarekar, Independent Director	0.77	0.51
x)	Mrs.Shruti A. Shah, Additional Director, categorized as Independent	—	—
xi)	Mr.R.K. Goyal, Managing Director, Executive Director	80.05	78.74
	Total	98.00	94.00

(₹ in Million)

II	Dividend Paid	March 31, 2020	March 31, 2019
i)	Sundaram Trading and Investment Private Limited	77.67	38.83
ii)	BF Investment Limited	170.52	85.26
iii)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	0.01	0.01
iv)	Mrs.Sunita B. Kalyani, Non-Executive Director	0.55	0.27
v)	Mr.Amit B. Kalyani, Non-Executive Director	0.32	0.16
vi)	Mr.S.M. Kheny, Non-Executive Director	—	—
vii)	Mr.M.U. Takale, Independent Director	0.03	0.01
	Total	249.10	124.54

(₹ in Million)

III	Transactions with related parties	March 31, 2020	March 31, 2019
A	Sale of goods		
i)	Bharat Forge Limited	4,109.69	5,773.69
ii)	Kalyani Technoforge Limited	2,243.09	2,730.29
iii)	Kalyani Transmission Technologies Private Limited	122.78	132.15
iv)	Saarloha Advanced Materials Private Limited	136.07	307.86
B	Purchase of goods		
i)	Bharat Forge Limited	10.46	15.42
ii)	Saarloha Advanced Materials Private Limited	563.94	129.84
C	Reimbursement of expenses received		
i)	Kalyani Investment Company Limited	11.35	10.35
ii)	Saarloha Advanced Materials Private Limited	9.28	9.49
D	Conversion charges paid		
i)	Saarloha Advanced Materials Private Limited	91.73	213.60
E	Reimbursement of expenses paid		
i)	Bharat Forge Limited	—	0.08
ii)	Saarloha Advanced Materials Private Limited	2.14	1.13
F	Branding Fees paid		
i)	Kalyani Technologies Limited	27.70	33.75
G	Computer hardware purchase		
i)	Kalyani Technologies Limited	10.68	0.16
H	Provision for diminution in value of investment		
i)	Lord Ganesha Minerals Private Limited	72.98	—
I	Employee benefit expense		
i)	Kalyani Steels Limited Non Bargainable Staff Provident Fund	24.74	2.86
ii)	Kalyani Steels Limited Officers Superannuation Scheme	2.96	2.95
iii)	Kalyani Steels Limited Employees Group Gratuity cum Life Assurance Scheme	9.88	6.49
iv)	Hospet Steels Employees Gratuity Trust	11.61	7.69
v)	Hospet Steels Limited Employees Superannuation Trust	6.46	6.57

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

IV	Outstanding balances as at the year end	March 31, 2020	March 31, 2019
A	Trade Payables		
i)	Bharat Forge Limited	1.93	2.46
ii)	Saarloha Advanced Materials Private Limited	34.51	2.76
iii)	Kalyani Technologies Limited	18.14	17.02
	Total trade payables from related parties (Note 20)	54.58	22.24
B	Trade Receivables		
i)	Bharat Forge Limited	414.48	1,097.50
ii)	Kalyani Technoforge Limited	763.17	606.60
iii)	Kalyani Transmission Technologies Private Limited	62.88	81.28
iv)	Saarloha Advanced Materials Private Limited	12.51	33.00
v)	Kalyani Investment Company Limited	2.09	1.08
	Total trade receivables from related parties (Note 11)	1,255.13	1,819.46
C	Key management personnel compensation		
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	5.50	4.50
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	4.00	3.00
iii)	Mr.Amit B. Kalyani, Non-Executive Director	4.00	4.00
iv)	Mr.S.M. Kheny, Non-Executive Director	0.65	0.60
v)	Mr.B.B. Hattarki, Independent Director	0.90	0.80
vi)	Mr.M.U. Takale, Independent Director	0.70	0.60
vii)	Mr.Arun P. Pawar, Independent Director	0.50	0.40
viii)	Mr.Sachin Mandlik, Independent Director	0.75	0.65
ix)	Mr.S.K. Adivarekar, Independent Director	0.75	0.50
x)	Mr.R.K. Goyal, Managing Director, Executive Director	22.93	28.02
	Total Key Management personnel compensation	40.68	43.07

There is no allowance for bad and doubtful debts recognised in respect of receivables due from related parties.

(₹ in Million)

V	Compensation to key management personnel	March 31, 2020	March 31, 2019
	Nature of transaction		
	Short-term employee benefits	77.77	76.61
	Post-employment benefits	2.28	2.13
	Other-long term benefits	—	—
	Termination benefits	—	—
	Share base payment	—	—

As the future liability for gratuity is provided on an actuarial basis for the Company as whole, the amount pertaining to individual is not ascertainable and therefore not included above.

VI Terms and conditions for outstanding balances

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. The sale and purchase transactions were on the normal commercial terms and at market rates. The outstanding balances as on year end are unsecured and will be settled in monetary terms.

Note 38 : Fair value measurements

Financial assets and liabilities at amortised cost

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Financial assets		
Loan to employees	0.19	0.68
Security deposits	70.15	68.69
Trade receivables	2,355.10	3,088.62
Cash and cash equivalents	146.98	208.56
Other Bank Balances	3,458.39	175.66
Income Receivable	149.61	97.58
Bank deposits with maturity more than twelve months	15.15	14.26
Total financial assets	6,195.57	3,654.05
Financial liabilities		
Borrowings	—	—
Trade payables	3,135.21	3,304.46
Other financial liabilities	378.94	366.53
Total financial liabilities	3,514.15	3,670.99



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Financial assets and liabilities classified as FVTPL

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Investment in Preference shares	16.28	87.78
Investments in Mutual Funds	224.02	2,035.72
Investments in Equity Shares	103.71	—

Financial assets and liabilities classified as FVTOCI

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Investment in Debentures	1,430.60	1,536.61

i) Fair value hierarchy :

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3
Investment in Preference shares			
March 31, 2020	—	—	16.28
March 31, 2019	—	—	87.78
Investments in Mutual Funds			
March 31, 2020	224.02	—	—
March 31, 2019	2,035.72	—	—
Investments in Equity Shares			
March 31, 2020	103.71	—	—
March 31, 2019	—	—	—
Investment in Debentures			
March 31, 2020	—	—	1,430.60
March 31, 2019	—	—	1,536.61

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include :

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value for preference shares is determined using discounted cash flow analysis (Baramati Speciality Steels Limited).
- The fair value for preference shares is determined using net asset value method (Lord Ganesha Minerals Private Limited).
- The fair value for compulsorily convertible debentures is determined using asset approach (replacement value method).

iii) Valuation process :

The finance department of the Company includes a team that performs the valuations of assets and liabilities required for financial reporting purposes. This team appoints external valuation experts whenever the need arises for Level 3 fair valuation. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every year, in line with the Company's annual reporting period.

iv) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of such financial assets and liabilities are a reasonable approximation of their fair values.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

v) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 items :

(₹ in Million)

Particulars	Preference shares	Debentures	Total
As at April 1, 2019	87.78	1,536.61	1,624.39
Gains / (losses) recognised in profit or loss	(71.50)	—	(71.50)
Gains / (losses) recognised in other comprehensive income	—	(106.01)	(106.01)
As at March 31, 2020	16.28	1,430.60	1,446.88

vi) Valuation inputs and relationships to fair value :

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value :

Particulars	Significant unobservable input	
	March 31, 2020	March 31, 2019
1) Preference shares		
i) Discount rate	10.00%	10.00%
2) Compulsory convertible debentures		
i) Discount rate	6.04%	7.39%
ii) Inflation rate	6.92%	7.34%

The change by 100 bps does not have any material impact on value of investments in preference shares and compulsory convertible debentures.

Note 39 : Financial risk management

The Company is exposed to risks such as changes in foreign currency exchange rates and interest rates. A variety of practices are employed to manage these risks, including use of derivative instruments.

Derivative instruments are used only for risk management purposes and not for speculation. All foreign currency derivative instruments are entered into with major financial institutions. The Company's credit exposure under these arrangements is limited to agreements with a positive fair value at the reporting date. Credit risk with respect to the counterparty is actively monitored.

Presented below is a description of the risks (market risk, credit risk and liquidity risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect management's view of changes which are reasonably possible to occur over a one-year period.

I) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of business to risks related to changes in foreign currency exchanges rates, commodity prices and interest rates.

A) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

i) Foreign currency risk exposure

The Company's exposure to foreign currency risk (in USD) at the end of reporting period in INR (Million), is as follows :
(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Financial assets		
Trade receivables	31.80	43.15
Net exposure to foreign currency risk (assets)	31.80	43.15
Financial liabilities		
Borrowings	—	178.81
Trade payables	1,838.60	2,167.82
Interest	35.86	32.83
Net exposure to foreign currency risk (liabilities)	1,874.46	2,379.46



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

The sensitivity of pre tax profit or loss and pre tax equity to changes in foreign exchange rates with respect to year end payable / receivable balances in INR (Million) is as follows :

Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2020	March 31, 2019
USD		
Increase by 1%*	(18.43)	(23.36)
Decrease by 1%*	18.43	23.36

*Holding all other variables constant

ii) Commodity Price risk :

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its steel products. Market forces generally determine prices for the steel products sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the cost of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sale of its steel products. The Company is also subject to fluctuations in prices for the purchase of iron ore, metallurgical coke, ferro alloys, scrap and other raw material inputs.

Commodity Price Sensitivity :

The Company has a back to back pass through arrangements for volatility in raw material prices for most of the customers. The selling prices of steel and the prices of input raw material moves in the same direction. However in few cases there may be a lag effect in case of such pass through arrangements and might have some effect on the Company's profit and equity.

B) Interest risk

The Company has borrowings at variable interest rate. Profit or loss and equity are sensitive to higher / lower interest expense from borrowings as a result of change in the interest rates. The following sensitivity analysis has been performed for non-current and current borrowings.

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Total borrowings at variable interest rate	—	178.81
Interest rate swaps	—	—
Net exposure to interest rate risk	—	178.81

Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2020	March 31, 2019
Increase by 0.5%*	—	(0.40)
Decrease by 0.5%*	—	0.40

*Holding all other variables constant

II Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these debt financing plans.

i) Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities :

(₹ in Million)

March 31, 2020	Less than 1 year	More than 1 year
Non-derivative		
Borrowings	—	—
Trade payables	3,135.21	—
Other financial liabilities	378.94	—

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

March 31, 2019	Less than 1 year	More than 1 year
Non-derivative		
Borrowings	—	—
Trade payables	3,304.46	—
Other financial liabilities	366.53	—

III Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The balances with banks, loans given to employees and associated company, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

A Trade receivables

Senior management is responsible for managing and analyzing the credit risk for each of their new clients before standard payment, delivery terms and conditions are offered. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilisation of credit limits is regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11.

i) Expected credit loss for trade receivables under simplified approach

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Gross carrying amount	2,396.43	3,120.06
Expected loss rate	1.72%	1.01%
Expected credit losses (loss allowance provision)	41.32	31.44
Carrying amount of trade receivables (net of impairment)	2,355.10	3,088.62

ii) Reconciliation of loss allowance provision - trade receivables

(₹ in Million)

Loss allowance as on March 31, 2018	45.17
Changes in loss allowance	(13.73)
Loss allowance as on March 31, 2019	31.44
Changes in loss allowance	9.88
Loss allowance as on March 31, 2020	41.32

Note 40 : Capital management

The Company's objective when managing capital is to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an optimal capital structure to reduce the cost of capital.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and short term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total debt includes all long and short-term debts as disclosed in Note 16 to the financial statements.

The capital structure of the Company is as follows :

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Borrowings	—	178.81
Less : Cash and cash equivalents	146.98	208.56
Net debt	(146.98)	(29.75)
Equity	9,639.31	8,905.68
Debt equity ratio	(0.02)	(0.00)



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Note 41 : Corporate social responsibility (CSR)

(₹ in Million)

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a)	Gross amount required to be spent by the Company during the year	40.43	39.21
	Total	40.43	39.21

b) Amount spent during the year

(₹ in Million)

Sr. No.	Particulars	2019-20	
		In cash	Yet to be paid in cash
1	Promotion of education Donation	40.15	—
2	PM CARES Fund (COVID 19)	50.00	—
3	On purposes other than above	0.27	—
	Total	90.42	—

(₹ in Million)

Sr. No.	Particulars	2018-19	
		In cash	Yet to be paid in cash
1	Promotion of education Donation	38.46	—
2	On purposes other than (1) above	0.75	—
	Total	39.21	—

Note 42 : Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has been identified as the chief operating decision maker.

The Company has organized its operating segments based on product groupings. These operating segments have been aggregated into one reportable business segment : 'Forging and Engineering quality carbon and alloy steels'.

Following are major customers, which contribute more than 10% to the Revenues of the Company. The details are as under :

(₹ in Million)

Name of Customer	2019-20	2018-19
Bharat Forge Limited	4,109.69	5,773.69
Kalyani Technoforge Limited and its subsidiary	2,365.87	2,862.44

Total revenues from sales to customers outside India for the year ended March 31, 2020 and March 31, 2019 was ₹ 336.33 Million and ₹ 606.42 Million respectively.

All assets are in India.

Note 43 : (Net debt) / Surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2020

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Cash and cash equivalents	146.98	208.56
Current borrowings	—	—
Non-current borrowings	—	(181.19)
(Net debt) / Surplus	146.98	27.37

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
(Net debt) / Surplus as on April 1, 2019	208.56	—	(181.19)	27.37
Cash flows	(61.58)	—	178.81	117.23
Interest paid	—	—	6.45	6.45
Interest expense	—	—	(4.07)	(4.07)
(Net debt) / Surplus as on March 31, 2020	146.98	—	—	146.98

Note 44 : Assets hypothecated as security

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
First charge		
Property, plant and equipment	—	4,203.12
Second charge		
Inventories	1,259.68	1,544.30
Trade receivables	2,355.10	3,088.62

Note 45 :

Exceptional item for previous year represents income of ₹ 119.21 Million as a compensation in respect of land acquisition of 4.16 acres for widening of National Highway 63 in Koppal District, Ginigera Village, Karnataka by National Highway Authority of India.

Note 46 :

The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organization and its employees are to contribute towards Provident Fund. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon'ble Supreme Court vide its ruling in February, 2019, in relation to the scope of compensation on which the organization and its employees are to contribute towards Provident Fund. The Company will evaluate its position and act as clarity emerges.

Note 47 :

COVID 19 : On account of outbreak of Pandemic COVID 19, Government of India declared nation wide lockdown vide Order No. 40-3/2020. Company temporarily suspended its operations commencing from March 25, 2020. With partial opening of lockdown, the partial operations resumed on May 2, 2020 for steel plant at Koppal in Karnataka after obtaining permissions from the appropriate Government authorities.

The Company has made detailed assessment of its liquidity position to continue operations for next year and recoverability and carrying value of its assets comprising Inventory and Trade Receivables. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets. The Company is in steel business. The management has made detailed study of the possible effect of the pro-longed lockdown on its business prospects, both in terms of sales and profitability and in its assessment, believes that the Company will have minimal adverse impact. The Company will continue to closely monitor any material changes arising of future economic conditions and its impact on the business.

Note 48 :

Previous year figures have been regrouped / reclassified wherever necessary to conform with current year's classification / disclosure.

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Kalyani Steels Limited

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kalyani Steels Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiaries together referred to as "the Group") (refer Note 1A to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2020 and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements") and which includes one Joint Operation Company consolidated on a proportionate basis with the Holding Company.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2020, of consolidated profit (including Other Comprehensive Income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
<p>Investment in convertible debentures</p> <p>As explained in Note 2.4 of the financial statements, the Group has invested in fully convertible debentures (FCDs) of DGM Realties Private Limited (DGM) of face value ₹ 1,319.60 Million.</p> <p>These FCDs shall be compulsorily converted into equity shares of DGM in various tranches starting with March 29, 2024. This gives rise to potential voting rights while assessing a control over DGM.</p> <p>However, the existing rights associated with these FCDs do not give the Group the current ability to direct control over relevant activities of DGM and therefore considered not substantive. Hence, these investments are considered as investment in equity instruments and classified as fair value through Other Comprehensive Income (OCI). Refer Note 5(b) for further disclosures.</p> <p>Due to level of judgement relating to assessment of control over DGM and its fair valuation through OCI, this is considered to be a key audit matter.</p>	<p>As part of our audit procedures we have assessed these potential voting rights as per the requirements of Ind AS 110.</p> <p>We have analysed the purpose and design of the instrument, as well as the purpose and design of any other involvement the Group has with the DGM. This includes an assessment of the various terms and conditions of the instrument as well as the Group's apparent expectations, motives and reasons for agreeing to those terms and conditions.</p> <p>Based on our assessment and analysis, we consider management's judgement is appropriate.</p> <p>For valuation of these FCDs the Group has appointed external valuation expert, we have obtained and read the valuation report from the said valuer. As a part of our audit procedures we have -</p> <ul style="list-style-type: none"> - examined the valuation methodologies used by management and their external valuation expert in the fair value determination of FCDs; - analyzed the significant assumptions used such as discount rate and inflation rate comparing to source data and market data.

Key Audit Matters	How our audit addressed the key audit matters
	Based on the work performed in testing the valuation of FCDs, we did not find any contradictory evidences suggesting valuation techniques used by management are not appropriate.
<p>Accounting of joint operation</p> <p>As explained in Note 2.3, the Group’s composite steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited (KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement. Thus, the strategic alliance is a joint arrangement in the nature of joint operation and accordingly, the Group has recognized its share of revenue and expenses and assets and liabilities from joint operation in its separate financial statements.</p> <p>Due to the nature and complexities involved in accounting of strategic alliance arrangement as joint operation, this is considered to be a key audit matter.</p>	<p>As part of our audit procedure –</p> <ul style="list-style-type: none"> - we have obtained the said strategic alliance arrangement and read the terms and conditions mentioned therein. - assessed the management’s judgement of concluding the arrangement as joint operation as per the principles laid down under Ind AS 111. - further we have tested the controls and procedures established by the management relating to accounting of joint venture. <p>The accounting for joint operation requires the Group to recognize only its share of expenses from the joint operation, therefore we have checked the amount charged to ML (joint venture partner) are as per the terms and conditions of strategic alliance arrangement and have been offset against the respective expense line items. Similarly, the expenses incurred by the ML (joint venture partner) and charged to the Group have been reclassified to the respective expense line items based on the nature of such expenses.</p> <p>In light of the work performed and the evidence obtained, we consider the joint operation accounting to be appropriate.</p>
<p>Valuation of finished goods inventory</p> <p>As on March 31, 2020, the Group is having finished goods inventory of ₹ 553.64 Million and disclosed in Note 10. The finished goods are valued at cost or net realizable value whichever is lower. Costs includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis. (refer Note 1(A) of Significant Accounting Policies).</p> <p>The Group’s composite steel manufacturing involves processes such as Mini Blast Furnace (MBF), Steel Melting Shop (SMS) and Rolling Mill Shop (RMS). The production is carried out continuously, by way of the simultaneous, standardized and sequential process. The output of a process is the input of another. The production from the last process is transferred to finished stock. Both direct and indirect costs are charged to the processes. The production results in joint and by-products. Losses like normal and abnormal loss occur at different stages of production which are also taken into consideration while calculating the unit cost.</p> <p>Considering the calculation of process cost at each stage, accounting of joint product and by-product, normal / abnormal losses and allocation of overheads, the valuation of finished goods is regarded as a key audit matter.</p>	<p>As a part of our audit procedures over valuation of finished goods we have performed the following procedures –</p> <ul style="list-style-type: none"> - assessed the design and performed tests of the design and operating effectiveness of the key controls over inventory valuation. - obtained understanding of production process at each stage. - obtained and tested on sample basis the process cost of each production process. - verified the calculations and accounting of joint and by-product and allocation basis of overhead as per costing principles. - tested the assumptions such as allocation percentages of fixed and variable overheads and yield rate at each production stages with source data. - further we have tested on sample basis, net realisable value of finished goods based on subsequent sale value. - we have also checked the aging report on sample basis for identification of non-moving / slow moving finished goods. <p>We did not identify any material differences from the Group’s valuations from performing this work.</p>

**Other Information**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Shareholder Information and Directors' Report, but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, the consolidated statement of changes in equity and consolidated cash flows of the Group including its one Joint Operation Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its Joint Operation Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group and of its Joint Operation Company are responsible for assessing the ability of the Group and of Joint Operation Company to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group and of Joint Operation Company are responsible for overseeing the financial reporting process of the Group and of its Joint Operation Company.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also :

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the ability of the Group and one Joint Operation Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Group and one Joint Operation Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its one Joint Operation Company to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements one subsidiary whose financial statements reflect total assets of ₹ 0.987 Million and net assets of ₹ (145.54) Million as at March 31, 2020, total revenue of ₹ 0.05 Million, net loss of ₹ 112.51 Million and net cash flows amounting to ₹ (0.89) Million for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS Financial Statements also include the financial statements of one joint operation reflect total assets of ₹ 195.74 Million and net assets of ₹ (5.24) Million as at March 31, 2020, total revenue of ₹ Nil, net loss of ₹ Nil and net cash flows amounting to ₹ 4.84 Million for the year ended on that date, as considered in the standalone Ind AS financial statements of the Holding Company as per Ind AS 111 "Joint Operations" on proportionate basis. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and Joint Operation Company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary and joint operation, is based solely on the reports of the other auditors.

The Group has one associate for which it has discontinued recognizing its share of further losses in accordance with the Ind AS and the same is not included in these Consolidated Ind AS Financial Statements.

Our opinion on the Consolidated Ind AS Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.



- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies and its one Joint Operation Company incorporated in India is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure "A".
- g) As required by Section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of Section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this Section.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
- (i) The Consolidated Ind AS Financial Statements disclose the impact, if any, of pending litigations as at March 31, 2020 on the consolidated financial position of the Group and its one Joint Operation Company - Refer Note 35 to the Consolidated Ind AS Financial Statements.
- (ii) The Group and its one Joint Operation has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Group did not have any derivative contracts as at March 31, 2020.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company and one Joint Operation Company incorporated in India during the year ended March 31, 2020.

For M/s. P. G. Bhagwat
Firm Registration No.101118W
Chartered Accountants

Pune
June 26, 2020

Sanjay Athavale
Partner
Membership No.83374
UDIN : 20083374AAAACA9501

Annexure 'A' to the Independent Auditor's Report

Referred to in paragraph 2 (f) of the Independent Auditor's Report of even date to the members of Kalyani Steels Limited on the Consolidated Ind AS Financial Statements for the year ended March 31, 2020

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Kalyani Steels Limited (hereinafter referred to as "the Holding Company") and its subsidiary company (the Holding Company and its subsidiary together referred to as "the Group") and which includes internal financial controls with reference to financial statements of its joint operation which is incorporated in India.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company and its joint operation company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants

of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal financial controls with reference to financial statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary company and its joint operation company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company and one joint operation, which are Companies incorporated in India, is based on the corresponding reports of the auditors of such Company incorporated in India. Our opinion is not qualified in respect of this matter.

For M/s. P. G. Bhagwat
Firm Registration No.101118W
Chartered Accountants

Pune
June 26, 2020

Sanjay Athavale
Partner
Membership No.83374
UDIN : 20083374AAAACA9501



Consolidated Financial Statements 2019-2020

KALYANI

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(₹ in Million)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	4,172.71	4,203.93
(b) Capital work-in-progress	3	52.19	74.18
(c) Intangible assets	4	12.20	21.64
(d) Investments accounted using Equity Method	5.a	—	—
(e) Financial assets			
(i) Investments	5.b	1,446.89	1,551.42
(ii) Loans	6.a	70.19	68.92
(iii) Other financial assets	7.a	15.15	14.26
(f) Income Tax assets (net)	8	9.31	2.65
(g) Other non-current assets	9.a	8.08	90.79
	Total	<u>5,786.72</u>	<u>6,027.79</u>
Current assets			
(a) Inventories	10	1,259.68	1,544.30
(b) Financial assets			
(i) Investments	5.c	327.73	2,035.72
(ii) Trade receivables	11	2,355.10	3,088.62
(iii) Cash and cash equivalents	12	147.03	209.49
(iv) Bank balances other than (iii) above	13	3,459.29	175.66
(v) Loans	6.b	0.19	0.49
(vi) Other financial assets	7.b	149.61	97.58
(c) Other current assets	9.b	159.73	139.45
	Total	<u>7,858.36</u>	<u>7,291.31</u>
		<u>13,645.08</u>	<u>13,319.10</u>
Total Assets			
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	218.64	218.64
(b) Other equity	15		
(i) Reserves and surplus		9,341.34	8,506.77
(ii) Other reserves		70.60	176.61
Equity attributable to owners of Parent		<u>9,630.58</u>	<u>8,902.02</u>
Non-controlling interest		(36.10)	(55.06)
		<u>9,594.48</u>	<u>8,846.96</u>
Total equity			
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	45.75	74.38
(b) Provisions	18.a	39.11	39.13
(c) Deferred tax liabilities (net)	19	305.43	472.24
	Total	<u>390.29</u>	<u>585.75</u>
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises		22.34	23.85
- total outstanding dues of creditors other than micro enterprises and small enterprises		3,112.91	3,280.65
(ii) Other financial liabilities	17	378.94	366.53
(b) Provisions	18.b	19.39	21.80
(c) Other current liabilities	21	122.82	162.80
(d) Current tax liabilities (net)	22	3.91	30.76
	Total	<u>3,660.31</u>	<u>3,886.39</u>
		<u>4,050.60</u>	<u>4,472.14</u>
		<u>13,645.08</u>	<u>13,319.10</u>
Total Equity and Liabilities			

Significant Accounting Policies

1

Significant accounting judgements, estimates and assumptions

2

The notes referred to above form an integral part of these consolidated financial statements

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Million)

		Year ended March 31, 2020	Year ended March 31, 2019
	Notes		
Revenue from operations	23	11,989.28	14,065.79
Other Income	24	232.68	132.47
Total Income		12,221.96	14,198.26
Expenses			
Cost of raw materials consumed	25	5,854.32	8,012.23
Purchase of traded goods	26	510.88	86.24
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(120.53)	(203.89)
Employee benefits expense	28	577.34	560.56
Finance costs	29	96.08	73.01
Depreciation and amortization expense	30	426.97	384.23
Other expenses	31	3,228.25	3,486.77
Total expenses		10,573.31	12,399.15
Profit before exceptional items and tax		1,648.65	1,799.11
Exceptional items	47	—	119.21
Profit before tax		1,648.65	1,918.32
Tax expense			
Current tax		477.50	635.50
Deferred tax		(165.04)	(30.97)
Taxation in respect of earlier years		(4.61)	—
Total tax expense	33	307.85	604.53
Profit for the year		1,340.80	1,313.79
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent period (net of tax)			
(a) Re-measurement of post employment benefit plans		(7.03)	(2.72)
Tax on above		1.77	0.95
		(5.26)	(1.77)
(b) Changes in fair value of equity instruments (compulsorily convertible debentures)		(106.01)	2.82
Total other comprehensive income for the year (net)		(111.27)	1.05
Total comprehensive income for the year		1,229.53	1,314.84
Profit attributable to :			
Equity holders of parent		1,366.11	1,317.17
Non-controlling interest		(25.31)	(3.38)
Other comprehensive income attributable to :			
Equity holders of parent		(111.27)	1.05
Non-controlling interest		—	—
Total comprehensive income attributable to :			
Equity holders of parent		1,254.84	1,318.22
Non-controlling interest		(25.31)	(3.38)
Earnings per share (of ₹ 5/- each)	34		
Basic and Diluted		31.29	30.17

Significant Accounting Policies

1

Significant accounting judgements, estimates and assumptions

2

The Notes referred to above form an integral part of these consolidated financial statements

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N.Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020



Consolidated Financial Statements 2019-2020

KALYANI

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity Share Capital

(₹ in Million)

Particulars	Notes	No. of shares	Amount
As at March 31, 2018		43,653,060	218.64
Changes in equity share capital	15	—	—
As at March 31, 2019		43,653,060	218.64
Changes in equity share capital	15	—	—
As at March 31, 2020		43,653,060	218.64

B. Other Equity

(₹ in Million)

Particulars	Notes	Reserves and Surplus		Other reserve FVTOCI Equity	Non Controlling Interest	Other Equity
		Retained Earnings	General Reserve			
As at April 1, 2018		7,035.24	419.27	173.79	(51.68)	7,576.62
Profit for the year		1,317.17	—	—	(3.38)	1,313.79
Other Comprehensive Income :						
Remeasurements of post-employment benefit plans (net of tax)		(1.77)	—	—	—	(1.77)
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	2.82	—	2.82
Total Comprehensive Income for the year		1,315.40	—	2.82	(3.38)	1,314.84
Final Dividend for the year ended March 31, 2018	16	(218.27)	—	—	—	(218.27)
Tax on final dividend for the year ended March 31, 2018	16	(44.87)	—	—	—	(44.87)
As at March 31, 2019		8,087.50	419.27	176.61	(55.06)	8,628.32
As at April 1, 2019		8,087.50	419.27	176.61	(55.06)	8,628.32
Profit for the year		1,366.11	—	—	(25.31)	1,340.80
Other Comprehensive Income :						
Remeasurements of post-employment benefit plans (net of tax)		(5.26)	—	—	—	(5.26)
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	(106.01)	—	(106.01)
Total Comprehensive Income for the year		1,360.85	—	(106.01)	(25.31)	1,229.53
Equity component of Compound Financial Instrument		—	—	—	44.25	44.25
Final Dividend for the year ended March 31, 2019	16	(218.27)	—	—	—	(218.27)
Tax on final dividend for the year ended March 31, 2019	16	(44.87)	—	—	—	(44.87)
Interim equity dividend of current year		(218.27)	—	—	—	(218.27)
Tax on interim equity dividend of current year		(44.87)	—	—	—	(44.87)
As at March 31, 2020		8,922.07	419.27	70.60	(36.12)	9,375.82

Significant accounting policies 1

Significant accounting judgements, estimates and assumptions 2

The Notes referred to above form an integral part of these consolidated financial statements

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

	Year ended March 31, 2020	(₹ in Million) Year ended March 31, 2019
A. Cash Flows from Operating Activities :		
Profit before income tax	1,648.65	1,918.32
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization	426.97	384.23
Unrealized foreign exchange loss / (gain) / MTM etc. (net)	83.52	(62.89)
Interest expense	96.08	73.01
Dividend income	(37.84)	(76.03)
Profit on sale of property, plant and equipment	(0.03)	(0.43)
Profit on sale of Investment	(22.49)	—
Interest from deposits and loans	(167.08)	(9.64)
Provision written back	(87.99)	(73.58)
Fair value loss on investments measured at FVTPL	9.94	(1.35)
Fair value gain / loss (net) on derivatives not designated as hedges	—	3.24
Receivables provided for / written off (net)	114.04	—
Adjustments for changes in working capital		
(Increase) / Decrease in inventories	284.62	(427.62)
(Increase) / Decrease in trade receivables	708.26	674.50
(Increase) / Decrease in other current assets / other financial assets	62.54	(15.73)
(Increase) / Decrease in loans	(0.97)	2.19
Increase / (Decrease) in provisions	(9.46)	2.67
Increase / (Decrease) in trade payables	(166.64)	1,589.97
Increase / (Decrease) in other financial liabilities	3.83	(14.27)
Increase / (Decrease) in other current liabilities	(39.98)	(501.61)
Cash generated from Operations	2,905.97	3,464.98
Income taxes paid (net of refunds)	(506.40)	(607.09)
Net Cash Flow from Operating Activities	2,399.57	2,857.89
B. Cash Flows from Investing Activities :		
Purchase of property, plant and equipment	(182.46)	(220.10)
(Purchase) / Sale of investments	(1,565.46)	(1,030.97)
Dividend received	37.84	76.03
Interest received	30.47	9.64
Sale of assets property, plant and equipment	0.09	0.49
Net Cash Flows from Investing Activities	(1,679.52)	(1,164.91)



KALYANI

Consolidated Financial Statements 2019-2020

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Million)

	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash Flows from Financing Activities		
Repayment of borrowings	(178.81)	(1,502.76)
Interest paid	(77.44)	(48.00)
Dividend paid	(526.26)	(263.13)
Net Cash Flows from Financing Activities	(782.51)	(1,813.89)
Net increase / (decrease) in cash and cash equivalents	(62.46)	(120.91)
Cash and cash equivalents at the beginning of the year (Note 12)	209.49	330.40
Cash and cash equivalents at the end of the year (Note 12)	147.03	209.49
Significant accounting policies	1	
Significant accounting judgements, estimates and assumptions	2	

The Notes referred to above form an integral part of these consolidated financial statements

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N.Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Million, except per share data and unless stated otherwise)

Background

Kalyani Steels Limited ("the Company") is a public limited company domiciled in India and incorporated in February, 1973 under the provisions of Companies Act, 1956. The Company and its subsidiary, associate and joint operation are together referred to as ('the Group'). The equity shares of the Company are listed on two recognized stock exchanges in India i.e. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company is primarily engaged in the business of manufacture and sale of Iron and Steel Products. The Company is an integrated manufacturer of diverse range of steel products with its manufacturing facility located at Hospet Works in Karnataka. The Registered Office of the Company is located at Mundhwa, Pune - 411 036. The CIN of the Company is L27104MH1973PLC016350.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 26, 2020.

1A. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation**(i) Compliance with Ind AS**

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. In addition, guidance notes / announcements issued by ICAI and guidelines issued by SEBI are also applied.

(ii) Principles of consolidation and equity accounting**(a) Subsidiary**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

(c) Joint arrangements**Joint operation**

The Group recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following :

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value
- Defined benefit plans - plan assets measured at fair value

(iv) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is treated as current when it is :

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(v) Amended standards adopted by the Group

The Group applied Ind AS 116 Leases for the first time with effect from April 1, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective / notified.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the full retrospective method of adoption, with the date of initial application on April 1, 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains, a lease at April 1, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases) and lease contracts for which the underlying asset is of low value (low-value assets). Accordingly, the Group has tested the lease contracts and has found all the lease contracts fall under the exemptions mentioned above.

(b) Estimation of uncertainties relating to the global health pandemic from COVID 19

The Group has considered the possible effects that may result from the pandemic relating to COVID 19 on the carrying amounts of receivables, inventory, Investments, prices of principal inputs and outputs and possible supply chain disruptions. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Group expects the carrying amount of these assets will be recovered. The impact of COVID 19 on the Group's financial statements may differ from the estimated as at the date of approval of these financial statements.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions for the Group. Refer Note 43 for segment information presented.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Kalyani Steels Limited's functional and presentation currency.

Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of transaction.

Conversion

Monetary items, designated in foreign currencies are revalued at the rate prevailing on the date of Balance Sheet.

Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognized as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. On transition to Ind AS, the Group has elected to continue the accounting policy adopted in its previous GAAP with respect to foreign exchange differences arising on long-term foreign currency monetary items related to a depreciable asset, existing as on March 31, 2017. Such exchange differences are adjusted to the cost of depreciable asset and depreciated over the balance life of the asset.

(e) Revenue recognition

Sale of goods

The Group manufactures and sells a range of steel and iron product in the market. Sales are recognized when control of the products has transferred at a point of time, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Export Incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Interest Income

Interest income from debt instruments is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(f) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(g) Taxes

Current Income Tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. The management periodically evaluates positions taken in returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Current income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income and not in statement of Profit and Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except :

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except :

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of indirect taxes paid, except :

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

(h) Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Group uses the practical expedient to apply the requirements of Ind AS 116 to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Group considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Group applies both recognition exemptions.

Right of use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Group also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the Group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Group as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :**

Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. However, if there is no reasonable certainty that the Group will obtain possession of the asset upon end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Effective April 1, 2019, The Group adopted Ind AS 116 "Leases" for the first time, using the modified retrospective transition method, applied to lease contracts that are ongoing as at April 1, 2019.

(i) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Group's cash management.

(j) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

(k) Inventories

Cost of inventories include all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares are valued at cost or net realizable value whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at cost or net realizable value whichever is lower. Costs includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of balance sheet.

Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(l) Fair value measurement

The Group measures financial instruments at fair value on initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level inputs that is significant to the fair value measurement as a whole :

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is un-observable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(m) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(n) Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories :

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortized cost :

A financial asset is measured at amortized cost if both following conditions are met :

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following criteria are met :

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognized or reclassified, are subsequently measured at fair value and recognized in other comprehensive income except for interest income, gain / loss on impairment, gain / loss on foreign exchange which is recognized in the statement of profit and loss.

Financial assets at fair value through profit or loss :

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

In addition, the Group may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any financial asset as at fair value through profit or loss.

After initial measurement, such financial assets are subsequently measured at fair value in the statement of profit and loss.

Equity Instrument

Investment in equity instrument issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

De-recognition of financial assets

A financial asset is de-recognized when :

- The contractual rights to receive cash flows from the financial asset have expired or
- The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either :
 - (a) the Group has transferred substantially all the risks and rewards of the asset or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure :

- Financial assets that are debt instruments and are measured at amortized cost e.g. loans, debt-securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on life time ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider :

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss. This amount is reflected under the head "Other Expenses" in the statement of profit and loss.

The Balance sheet presentation for various financial instruments is described below :

- Financial assets measured as at amortized cost.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :**

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-offs criteria, the Group does not de-recognize impairment allowance from the gross carrying amount.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets i.e. financial assets which are credit impaired on purchase / origination.

Financial Liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below :

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Consolidated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is de-recognized from its balance sheet when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

(o) Loans and Borrowings at amortised Cost

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains / (losses).

(p) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

(q) Derivatives

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income / other expenses.

(r) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(s) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property, plant and equipment are capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowings costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection / relining is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit and loss during the reporting period in which they are incurred.

Subsequent costs are included in the asset's carrying amount as recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for a separate asset is derecognized when replaced.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation on additions is provided from the beginning of the month in which the asset is put to use.

Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.

The useful lives has been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Depreciation is charged on the basis of useful life of assets on straight line method.

Useful life of following asset category is considered as per prescribed under Schedule II of Companies Act, 2013 except MBF Relining.

For MBF Relining, useful life is considered based on past history of usage, supported by Technical Evaluation.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Asset Category	Life In Years
Factory Buildings	30
Office Building	60
Plant and Equipment – continuous process	20
Plant and Equipment – other than continuous process	13
MBF Relining	4
Electrical Installations	10
Computers	3
Servers	6
Furniture and Fixtures	10
Office Equipment	5
Vehicles	8

Freehold land is carried at historical cost.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets of computer software is amortized over the useful economic life of six years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

(t) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories are recognized in the statement of profit and loss.

Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount. Such reversal is recognized in statement of profit and loss.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Group after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(v) Provisions and contingent liabilities

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(w) Employee Benefits**(i) Short-term Employee Benefits**

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognized in the period in which the employee renders the related service.

(ii) Post-Employment benefits**1. Defined Contribution plan**

The Group makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid / payable under the schemes is recognized in the statement of profit and loss during the period in which the employee renders the related service. The Group has no further obligations under these schemes beyond its periodic contributions.

2. Defined Benefit plan

The employees' gratuity fund scheme is Group's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on a net basis.

(iii) Long term Employment benefits

The employee's long term compensated absences are Group's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognize the obligation on a net basis.

In regard to other long term employment benefits, the Group recognizes the net total of service costs, net interest on the net defined benefit liability (asset) and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

Gratuity

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Provident Fund

The Group operates two plans for its employees to provide employee benefits in the nature of provident fund.

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to insurance Company for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary, restricted to ₹ 150,000/- per annum. The Group recognizes expense toward the contribution paid / payable to the defined contribution plan as and when an employee renders the relevant service. The Group has no obligation, other than the contribution payable to the superannuation fund.

iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates : (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(x) Paid up equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Group are segregated.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
(z) Dividends

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the Group when distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(aa) Earnings per share
(i) Basic Earnings per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted Earnings per Share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(bb) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Million as per the requirement of Schedule III, unless otherwise stated.

1B. Standards issued but not effective

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India :

1. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
2. Ind AS 40, "Investment Property"
3. Ind AS 103, "Business Combinations"
4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments : Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from April 1, 2020 as at the date of approval of these financial statements.

2. Significant accounting judgements, estimates and assumptions :

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. This note provides an overview of the areas that involve a higher degree of judgements or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these judgements, estimates and assumptions is mentioned below.

Judgements, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements :

1. Legal Contingencies

The Group has received various orders and notices from tax authorities in respect of direct and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and makes judgements for providing provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

2. Segment Reporting

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgements with respect to aggregation of certain operating segments into one or more reportable segment.

The Group has determined that the Chief Operating Decision Maker (CODM) is the Board of Directors (BoD), based on its internal reporting structure and functions of the BoD. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources.

3. Joint operation

The Group's composite Steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited (KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement. Thus, the strategic alliance is a joint arrangement in the nature of joint operation.

4. Investment in convertible debentures

The Group has invested in fully convertible debentures (FCDs) of DGM Realities Private Limited of face value ₹ 1319.60 Million. These FCDs shall be compulsorily converted into equity shares of DGM Realities in various tranches starting from March 29, 2024. The existing rights associated with these FCDs do not give the Group the current ability to direct control over relevant activities of DGM Realities. Hence, these investments are considered as investment in equity instruments and classified as fair value through OCI. Refer Note 5 (b) for further disclosures.

5. Control over subsidiary

The management has assessed that the Group had control over the subsidiary - Lord Ganesha Minerals Private Limited based on the facts and circumstances existing on its date of incorporation. The Group had control over its subsidiary through majority shareholding.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :****Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

1. Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and benefit increases are based on expected future inflation rates. Further details about employee benefit obligations are given in Note 36.

2. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 39 for further disclosures.

3. Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and estimates the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Deferred Tax

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax asset could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 3 : Property, plant and equipment

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total	Capital work in progress
Gross block as at March 31, 2018	984.19	1,004.32	6,701.40	97.25	31.32	48.86	8,867.34	70.40
Additions	15.20	7.73	211.76	0.35	0.23	0.01	235.28	37.95
Disposals / Adjustments	(0.02)	—	(83.95)	(0.56)	(0.81)	(10.03)	(95.37)	(34.17)
Gross block as at March 31, 2019	999.37	1,012.05	6,829.21	97.04	30.74	38.84	9,007.25	74.18
Additions	36.06	30.33	314.22	2.31	0.24	3.20	386.36	52.19
Disposals / Adjustments	—	—	(177.72)	(0.42)	—	(0.77)	(178.91)	(74.18)
Gross block as at March 31, 2020	1,035.43	1,042.38	6,965.71	98.93	30.98	41.27	9,214.70	52.19

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Accumulated Depreciation :							
As at March 31, 2018	—	296.85	4,107.73	74.29	15.70	29.26	4,523.83
For the year	—	33.49	324.54	10.05	2.35	4.36	374.79
Disposals / Adjustments	—	—	(83.95)	(0.51)	(0.81)	(10.03)	(95.30)
As at March 31, 2019	—	330.34	4,348.32	83.83	17.24	23.59	4,803.32
For the year	—	35.53	368.01	7.62	2.34	4.03	417.53
Disposals / Adjustments	—	—	(177.72)	(0.42)	—	(0.72)	(178.86)
As at March 31, 2020	—	365.87	4,538.61	91.03	19.58	26.90	5,041.99

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Net Block							
As at March 31, 2019	999.37	681.71	2,480.89	13.21	13.50	15.25	4,203.93
As at March 31, 2020	1,035.43	676.51	2,427.10	7.90	11.40	14.37	4,172.71

- i) For Depreciation and amortisation refer accounting policy (refer Note 1A)
- ii) The Group had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.
- iii) Contractual obligations - Refer Note 35-B for disclosure of contractual commitments for the acquisition of Property, plant and equipment.
- iv) Capital work-in-progress as on March 31, 2020 mainly comprises converting existing SAP oracle database to SAP Hana database.



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 4 : Intangible assets

(₹ in Million)

Particulars	Computer software
Gross block as at March 31, 2018	56.65
Additions	—
Disposals / Adjustments	—
Gross block as at March 31, 2019	56.65
Additions	—
Disposals / Adjustments	—
Gross block as at March 31, 2020	56.65

(₹ in Million)

Particulars	Computer software
Accumulated Amortisation :	
As at March 31, 2018	25.57
For the year	9.44
Disposals / Adjustments	—
As at March 31, 2019	35.01
For the year	9.44
Disposals / Adjustments	—
As at March 31, 2020	44.45

(₹ in Million)

Particulars	Computer software
Net Block	
As at March 31, 2019	21.64
As at March 31, 2020	12.20

- Intangible Assets are amortised on Straight Line method.
- For Depreciation and amortisation refer accounting policy (Note 1A)
- The remaining amortisation period is 2-4 years.
- The Group had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.

Note 5 (a) : Investments accounted using Equity Method

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Equity Shares in Associate (Unquoted)					
Kalyani Mukand Limited	10	1,000,000	1,000,000	—	—
Total				—	—

The Group has applied equity accounting for its investment in associate - Kalyani Mukand Limited. The share of losses are restricted to the amount of investment in the associate.

Note 5 (b) : Non-current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares / debentures / Certificates		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Investments in Preference shares (Unquoted) :					
Investments at fair value through profit or loss					
10% Non-cumulative Redeemable in Baramati Speciality Steels Limited	10	5,926,000	5,926,000	16.28	14.80
10% Non-cumulative Redeemable in Kalyani Natural Resources Private Limited	100	132,000	132,000	—	—
8% Non-cumulative Redeemable in Kalyani Mining Ventures Private Limited	10	1,310,000	1,310,000	—	—
Total				16.28	14.80
Investment in Debentures (Unquoted) (fully paid up) :					
Investment at fair value through other comprehensive income					
0% Fully Convertible Debentures in DGM Realities Private Limited	100	13,196,000	13,196,000	1,430.60	1,536.61
Total				1,430.60	1,536.61
Investment in National Savings Certificate (at amortised cost)	5,000	1	1	0.01	0.01
Total Non-current investments				1,446.89	1,551.42
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				1,446.89	1,551.42
Aggregate amount of impairment in the value of investments				—	—

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 5 (c) : Current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of units		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
I. Investments in Mutual Funds (Quoted) :					
Investments at fair value through profit and loss					
Baroda Pioneer Liquid Fund - Plan A Daily Dividend Plan	1,000	—	17,995	—	18.02
ICICI Prudential Liquid Regular Plan - Daily Dividend	100	—	1,668,660	—	167.11
HDFC Liquid Fund - Daily Dividend	1,000	—	417,865	—	426.15
HDFC Liquid Fund - Growth	1,000	39,311	—	152.67	—
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	1,000	—	102,779	—	157.12
UTI Liquid Cash Plan	1,000	—	155,198	—	158.22
Axis Liquid Fund Daily Dividend	1,000	—	130,007	—	130.19
Birla Sun Life Cash Plus - Daily Dividend Regular Plan	1,000	—	1,339,279	—	134.19
HSBC Cash Fund - Liquid	1,000	—	98,775	—	98.84
Kotak Liquid Scheme Plan - Daily Dividend Regular Plan	1,000	—	145,015	—	177.33
LIC Mutual Fund - Liquid Fund - Daily Dividend	1,000	—	61,583	—	67.62
DSP Saving Fund	1,000	3,358,856	—	71.35	—
Franklin India Liquid Fund - Super Institutional Plan - Daily Dividend	1,000	—	500,577	—	500.93
Total-I				224.02	2,035.72
Aggregate amount of quoted investments				224.02	2,035.72
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares		Amount	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
II. Investments in Equity Shares (Quoted) :					
Investments at fair value through profit and loss					
ACC Limited	10	2,300	—	2.23	—
Axis Bank Limited	2	14,500	—	5.50	—
Bajaj Auto Limited	10	1,500	—	3.04	—
Bajaj Finance Limited	2	7,200	—	15.96	—
Container Corporation of India Limited	5	3,300	—	1.09	—
Crisil Limited	1	1,400	—	1.76	—
DLF Limited	2	5,000	—	0.69	—
Finolex Industries Limited	10	4,000	—	1.56	—
Godrej Industries Limited	5	1,000	—	0.60	—
HDFC Bank Limited	1	27,000	—	23.27	—
ICICI Bank Limited	2	17,500	—	5.68	—
Kajaria Ceramics Limited	1	1,000	—	0.38	—
Kotak Mahindra Bank Limited	5	21,900	—	28.39	—
Maruti Suzuki India Limited	5	1,900	—	8.15	—
State Bank of India	1	27,500	—	5.41	—
Total - II				103.71	—
Aggregate amount of quoted investments				103.71	—
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—

Total Current Investments	Total - I+II			327.73	2,035.72
Aggregate amount of quoted investments				327.73	2,035.72
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—

Note 6 : Loans

a. Non-current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Loans to employees		
Unsecured, considered good	—	0.19
Security deposits		
Unsecured, considered good	70.19	68.73
Unsecured, considered doubtful	2.09	2.09
Less : Allowance for credit losses	(2.09)	(2.09)
Total	70.19	68.92
Loans which have significant increase in credit risk	—	—
Loans - credit impaired	—	—

b. Current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Unsecured, considered good		
Loans to employees	0.19	0.49
Total	0.19	0.49
Loans which have significant increase in credit risk	—	—
Loans - credit impaired	—	—



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 7 : Other financial assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Bank deposits with maturity more than twelve months under lien against Bank Guarantee	15.15	14.26
Total	15.15	14.26

b. Current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Income Receivable	149.61	97.58
Total	149.61	97.58

Note 8 : Current tax assets (net)

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Tax paid in advance (net of provisions)	9.31	2.65
Total	9.31	2.65

Note 9 : Other assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Capital advances		
Unsecured, considered good	4.73	25.60
Unsecured, considered doubtful	20.29	20.29
Less : Allowance for credit losses	(20.29)	(20.29)
Balances with government authorities		
Unsecured, considered good	1.69	5.11
Unsecured, considered doubtful	10.60	13.30
Less : Allowance for credit losses	(10.60)	(13.30)
Supplier advances	—	59.36
Prepaid expenses	1.66	0.72
Total	8.08	90.79

b. Current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Prepaid expenses	16.55	15.40
Unsecured, considered good :		
Supplier advances	111.68	100.90
Others	31.50	23.15
Total	159.73	139.45

Note 10 : Inventories

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
(at lower of cost or net realisable value)		
Raw materials	408.93	815.10
Raw materials (in transit)	—	—
	408.93	815.10
Work-in-progress	158.33	127.17
Finished goods	500.56	308.45
Finished goods (in transit)	53.08	188.17
	553.64	496.62
Finished goods - Traded	36.04	3.73
Scrap at estimated realisable value	1.25	1.21
Stores, spares etc.	101.49	100.47
Total	1,259.68	1,544.30

- The value of inventories above is stated after amount recognised of ₹ 31.56 Million (March 31, 2019 : ₹ 13.10 Million) for write-downs to net realisable value and provision for slow moving and obsolete items.
- Inventories hypothecated as security, refer Note 45.

a) Details of raw material inventory

(₹ in Million)

As at March 31, 2020	MTs	Amount
Coke / Coal / Coke Fines	11,363	233.83
Iron Ore / Iron Ore Fines / Mill Scale	16,802	68.15
Ferro Alloys		51.67
Others		55.28
Total		408.93

(₹ in Million)

As at March 31, 2019	MTs	Amount
Coke / Coal / Coke Fines	22,277	553.66
Iron Ore / Iron Ore Fines / Mill Scale	25,287	99.75
Ferro Alloys		115.41
Others		46.28
Total		815.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

b) Details of work in progress

(₹ in Million)		
As at March 31, 2020	MTs	Amount
Blooms & Rounds	4,130	140.67
Others		17.66
Total		158.33
(₹ in Million)		
As at March 31, 2019	MTs	Amount
Blooms & Rounds	2,859	120.24
Others		6.93
Total		127.17

c) Details of finished goods

(₹ in Million)		
As at March 31, 2020	MTs	Amount
Rolled Products	13,626	553.64
Traded Goods	635	36.04
Others		1.25
Total		590.93
(₹ in Million)		
As at March 31, 2019	MTs	Amount
Rolled Products	10,580	496.62
Traded Goods	56	3.73
Others		1.21
Total		501.56

Note 11 : Trade receivables

(₹ in Million)		
Particulars	March 31, 2020	March 31, 2019
Trade Receivable	1,141.29	1,300.60
Receivables from related parties (refer Note 38)	1,255.13	1,819.46
Less : Allowance for doubtful debts	(41.32)	(31.44)
	2,355.10	3,088.62
Break up of security details		
Secured, considered good	—	—
Unsecured, considered good	2,355.10	3,088.62
Doubtful	41.32	31.44
Total	2,396.42	3,120.06
Allowance for doubtful debts	(41.32)	(31.44)
Total	2,355.10	3,088.62
Trade receivables which have significant increase in credit risk	—	—
Trade receivables - credit impaired	—	—

1. Trade receivables are measured at amortised cost.
2. Trade receivable are non-interest bearing and are generally on terms of 30-90 days upon delivery.
3. For details of debts due from companies in which any director is a partner, a director or a member, refer Note 38 of related party transactions.
4. Trade Receivable hypothecated as security, refer Note 45.
5. Movement of impairment Allowance (allowance for bad and doubtful debts)

(₹ in Million)	
Particulars	
As at April 1, 2018	45.17
Allowance made / (reversed) during the year	(13.73)
Provision for Doubtful Debts	—
As at April 1, 2019	31.44
Allowance made / (reversed) during the year	(17.24)
Provision for Doubtful Debts	27.12
As at March 31, 2020	41.32

Note 12 : Cash and cash equivalents

(₹ in Million)		
Particulars	March 31, 2020	March 31, 2019
Cash on hand	0.51	0.01
Cheques on hand	—	121.54
Balances with Banks		
In current accounts	146.52	87.94
Total	147.03	209.49



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 13 : Bank balances other than cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Earmarked balances (on unclaimed dividend accounts)	9.49	5.66
Deposits with original maturity of more than three months but less than twelve months	3,449.80	170.00
Total	3459.29	175.66

Note 14 : Share capital

(a) Authorised share capital

Particulars	Equity shares	Cumulative redeemable preference shares	Unclassified shares
As at March 31, 2018 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00
As at March 31, 2019 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00
As at March 31, 2020 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00

(b) Terms / rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Issued and subscribed equity share capital

(₹ in Million)

Particulars	Number of shares	Amount
As at March 31, 2018	43,759,380	218.80
Changes in equity share capital	—	—
As at March 31, 2019	43,759,380	218.80
Changes in equity share capital	—	—
As at March 31, 2020	43,759,380	218.80

(d) Subscribed and fully paid up equity share capital

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Equity Shares of ₹ 5/- each fully paid	218.27	218.27	218.27
Add : Forfeited Equity Shares (amount paid up)	0.37	0.37	0.37
Subscribed and paid up equity share capital	218.64	218.64	218.64
Number of equity shares of ₹ 5/- each fully paid	43,653,060	43,653,060	43,653,060
Add : Forfeited Equity Shares	106,320	106,320	106,320
Number of shares	43,759,380	43,759,380	43,759,380

(e) Details of shareholders holding more than 5% shares in the Company

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited	BF Investment Limited
As at March 31, 2018			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421
As at March 31, 2019			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421
As at March 31, 2020			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 15 : Other equity

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
A) Reserves and Surplus		
i) Retained earnings		
Balance at the beginning of the year	8,087.50	7,035.24
Add : Profit for the year	1,366.11	1,317.17
Add : Other Comprehensive Income being remeasurements of post-employment benefit plans (net of tax)	(5.26)	(1.77)
	1,360.85	1,315.40
Less : Final equity dividend of previous year	(218.27)	(218.27)
Tax on final equity dividend of previous year	(44.87)	(44.87)
Interim equity dividend of current year	(218.27)	—
Tax on interim equity dividend of current year	(44.87)	—
	(526.28)	(263.14)
Balance at the end of the year	8,922.07	8,087.50
ii) General reserve		
Balance at the beginning and end of the year	419.27	419.27
B) Other reserve :		
FVTOCI Equity investment reserve		
Balance at the beginning of the year	176.61	173.79
Fair value changes for the year	(106.01)	2.82
Balance at the end of the year	70.60	176.61
Total	9,411.94	8,683.38

Nature and purpose of reserves :

- i General reserve
Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.
- ii FVTOCI Equity investment reserve
The Group has elected to recognise changes in the fair value of investment in compulsorily convertible debentures in other comprehensive income. These changes are accumulated within the FVTOCI investment reserve within equity. The Group will transfer amounts from the said reserve to retained earnings when the relevant debentures are de-recognized.
- iii Dividend distribution made and proposed

(₹ in Million)

Particulars	2019-20	2018-19
Cash Dividend on Equity shares declared and paid		
Final Dividend :		
For the year ended March 31, 2019 : ₹ 5/- per equity share (March 31, 2018 : ₹ 5/- per equity share)	218.27	218.27
Dividend distribution tax on final dividend	44.87	44.87
Interim Dividend :		
For the year ended March 31, 2020 : ₹ 5/- per equity share (March 31, 2019 : ₹ Nil per equity share)	218.27	—
Dividend distribution tax on final dividend	44.87	—
Proposed dividends on Equity Shares		
Final Dividend : For the year ended March 31, 2020 : ₹ Nil per equity share (March 31, 2019 : ₹ 5/- per equity share)	—	218.27
Dividend distribution tax on proposed dividend	—	44.87



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 16 : Non- current borrowings

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Secured :		
Foreign currency term loans from banks :		
Bank of Baroda (refer Note (i) below)	—	181.19
Unsecured :		
1% Non-cumulative convertible preference shares (refer Note (ii) below)	45.75	74.38
Total non-current borrowings	45.75	255.57
Less : Amount disclosed as current maturities of non-current borrowings (refer Note 17)		
Bank of Baroda	—	178.81
Total current maturities of non-current borrowings	—	178.81
Less : Interest accrued	—	2.38
Total non-current borrowings	45.75	74.38

Foreign currency term loans :

i) From Bank of Baroda, London

External Commercial Borrowing (ECB) Term Loan has been fully paid and cleared on December 20, 2019. Satisfaction of charge was filed with Ministry of Corporate Affairs.

Details of security

Above Foreign currency term loans were secured by first pari-passu charge on the immovable and movable fixed assets of the Company i.e. mortgage of Company's immovable properties consisting of land together with all buildings and structures thereon and all plant and machinery, attached to the earth or permanently fastened to anything attached to the earth, both present and future and hypothecation of whole of the movable property, plant and equipment of the Company, both present and future, ranking pari-passu with charges created and / or to be created in favour of Banks / Financial Institutions for their term / foreign currency loans. The foreign currency term loans are also secured by second pari-passu charge on the current assets of the Company consisting of stock of raw materials, stock in process, semi-finished and finished goods, bills receivables and book debts.

ii) 1% Non-cumulative convertible preference shares (NCCPS)

The Group has NCCPS having at par value of ₹ 10/- per share. These Shares entitled to fixed preferential dividend of 1% p.a. out of profits of the Group. If such dividend is not declared by the Board, the right to receive dividend shall lapse. Each holder of NCCPS is entitled to one vote per share only on resolutions placed before the Group directly affecting the rights attached to NCCPS. The holders of these NCCPS have option to convert the entire amount outstanding on NCCPS into Equity Shares of the Group at par by giving one month's notice to the Group. The NCCPS which are not converted shall be redeemed on the expiry of 10 years from the date of allotment i.e. redeemable on March 31, 2030. In the event of liquidation of the Group before conversion / redemption of NCCPS, the holders of NCCPS will have priority over Equity Shares in payment of dividend and repayment of capital.

Note 17 : Other current financial liabilities

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Current maturities of non-current borrowings (refer Note 16)	—	178.81
Interest accrued but not due	21.14	18.12
Interest accrued and due	14.71	14.71
Unclaimed dividend payable	9.49	5.66
Creditors for capital goods	333.60	149.23
Total	378.94	366.53

Note 18 : Provisions

a. Non-current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Provision for employee benefits (refer Note 36)		
Provision for compensated absences	39.11	37.34
Provision for provident fund	—	1.79
Total	39.11	39.13

b. Current

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Provision for employee benefits (refer Note 36)		
Provision for gratuity	11.74	14.80
Provision for compensated absences	7.65	7.00
Total	19.39	21.80

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 19 : Deferred tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Deferred tax liabilities		
Depreciation and amortisation	337.01	508.61
Fair valuation of derivatives	—	—
Total deferred tax liabilities	337.01	508.61
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	9.73	15.48
Provision for doubtful debts	5.44	5.35
Other Comprehensive Income	2.72	0.95
Fair valuation of investment	13.69	14.59
Total deferred tax assets	31.58	36.37
Total	305.43	472.24

Changes in Deferred Tax Assets / (Liabilities) in Profit and Loss [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Deferred tax liabilities		
Depreciation and amortisation	(171.60)	(33.57)
Fair valuation of derivatives	—	(1.13)
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	5.75	(0.12)
Provision for doubtful debts	(0.09)	3.55
Fair valuation of investment	0.90	0.30
Total	(165.04)	(30.97)

Changes in Deferred Tax Assets / (Liabilities) in Other Comprehensive income [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Remeasurements of post-employment benefit plans	(1.77)	(0.95)
Total	(1.77)	(0.95)

Note 20 : Trade payables

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	22.34	23.85
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Acceptances (see Note (i) below)	1,820.68	1,709.45
ii) Related Parties (refer Note 38)	54.58	22.24
iii) Others	1,237.65	1,548.96
Total	3,135.25	3,304.50

- i Acceptances include credit availed by the Company from banks for payment to suppliers for raw materials purchased by the Company. The arrangements are interest-bearing and are payable within one year.
- ii Other Trade payables are non interest bearing and generally settled within 90 days.
- iii The Company has compiled this information based on the current information in its possession as at March 31, 2020.

Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows :

(₹ in Million)

Dues to Micro, Small and Medium Enterprises (MSMEs)	March 31, 2020	March 31, 2019
Total amount dues to MSMEs as on Balance Sheet date		
- Principal amount due to MSMEs	22.34	23.85
- Interest on principal amount due to MSMEs	0.11	0.06
Total delayed payments to MSMEs during the year		
- Principal amount	1.24	0.98
- Interest on Principal amount	0.11	0.06
Total amount of interest paid to MSMEs during the year	—	—
Total interest accrued and remaining unpaid at the end of the year under MSMED Act	0.11	0.06
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	0.11	0.06



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 21 : Other current liabilities

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Statutory dues payable	52.80	85.68
Advances from customers	13.84	3.88
Employee benefits payable	56.18	73.24
Total	122.82	162.80

Note 22 : Current tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Provision for income tax (net of advance tax)	3.91	30.76
Total	3.91	30.76

Note 23 : Revenue from operations

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers		
Sale of Products		
Finished Goods	11,169.85	13,725.21
Traded Goods	584.65	112.39
Other Operating Revenue		
Scrap Sales	133.76	126.92
Export incentives received	12.60	25.96
Processing charges for job work	0.43	1.73
Provisions written back	87.99	73.58
Total	11,989.28	14,065.79

a) Details of finished goods sold

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Pig Iron	1,938	48.31
Blooms and Rounds	14,334	658.39
Rolled Products	184,106	10,463.15
Total		11,169.85

(₹ in Million)

Year ended March 31, 2019	Quantity in MTs	Amount
Blooms and Rounds	8,072	430.60
Rolled Products	225,288	13,294.61
Total		13,725.21

b) Details of traded goods sold

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Rolled Products	10,510	584.65
Total		584.65

(₹ in Million)

Year ended March 31, 2019	Quantity in MTs	Amount
Rolled Products	1,768	112.39
Total		112.39

Note 24 : Other income

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Dividend income from investment in mutual funds - measured at FVTPL	37.84	76.03
Interest from deposits and loans, being financial assets carried at amortised cost	167.08	9.64
Gain on foreign exchange, net	—	40.19
Profit on sale of Investments	22.49	—
Miscellaneous receipts	2.87	8.07
Gain on sale of property, plant and equipment	0.03	0.43
Net gain / (loss) on investments measured at FVTPL	2.37	1.35
Fair value gain / loss (net) on derivatives not designated as hedges	—	(3.24)
Total	232.68	132.47

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 25 : Cost of raw materials consumed

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Raw material at the beginning of the year	815.10	659.83
Add : Purchases	5,448.15	8,171.61
Less : Sale of Raw Material	—	4.11
Less : Raw material at the end of the year	408.93	815.10
Total	5,854.32	8,012.23

a) Details of raw materials consumed

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Coke / Coal / Coke Fines	135,510	3,122.78
Iron Ore / Iron Ore Fines / Mill Scale	324,881	1,302.29
Ferro Alloys		1,064.31
Others		364.94
Total		5,854.32

(₹ in Million)

Year ended March 31, 2019	Quantity in MTs	Amount
Coke / Coal / Coke Fines	156,713	4,413.22
Iron Ore / Iron Ore Fines / Mill Scale	375,293	1,635.94
Ferro Alloys		1,676.61
Others		286.46
Total		8,012.23

Note 26 : Purchases of traded goods

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rolled Products	510.88	86.24
Total	510.88	86.24

Note 27 : Changes in inventories of finished goods (including stock-in-trade) and work-in-progress

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the end of the year		
Work in Progress	158.33	127.17
Finished Goods	553.64	496.62
Finished Goods - Traded	36.04	3.73
Scrap at estimated realisable value	1.25	1.21
	749.26	628.73
Inventories at the beginning of the year		
Work in Progress	127.17	129.55
Finished Goods	496.62	292.67
Finished Goods - Traded	3.73	1.07
Scrap at estimated realisable value	1.21	1.55
	628.73	424.84
Total	(120.53)	(203.89)

Note 28 : Employee benefits expense

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	480.00	489.76
Gratuity (refer Note 36)	10.99	11.27
Contribution to provident fund and other funds	62.11	34.31
Workmen and staff welfare expenses	24.24	25.22
Total	577.34	560.56



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 29 : Finance costs

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest expenses	4.08	26.96
Other borrowing costs	92.00	46.05
Total	96.08	73.01

Note 30 : Depreciation and amortisation expense

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on tangible assets (refer Note 3)	417.53	374.79
Amortisation of intangible assets (refer Note 4)	9.44	9.44
Total	426.97	384.23

Note 31 : Other expenses

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Manufacturing expenses :		
Stores and spares consumed	945.99	1,250.06
Job work and manufacturing charges	486.43	676.97
Power and fuel	753.95	799.92
Building and road repairs	16.13	20.75
Machinery repairs	60.79	63.42
Facility charges under strategic alliance	58.79	45.50
Other expenses :		
Rent	1.16	1.22
Rates and taxes	0.65	0.91
Insurance	14.34	11.59
Legal and Professional charges	28.84	28.80
CSR expenditure (refer Note 42)	90.42	39.21
Donations	10.00	—
Freight outward	328.64	383.34
Brokerage and commission	1.92	5.61
Payment to auditor (refer Note 32)	5.46	5.14
Directors' fees and travelling expenses	1.04	1.24
Directors' commission	17.75	15.05
Loss on Foreign Exchange Fluctuation	146.90	—
Receivables provided for / written off (net)	114.04	—
Fair value loss arising from financial instruments designated as FVTPL	12.31	—
Miscellaneous expenses*	132.70	138.04
Total	3,228.25	3,486.77

* Miscellaneous expenses includes travelling expenses, printing, stationery, postage, telephone etc.

Note 32 : Payment to auditors

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
As statutory auditors	3.68	3.68
In other capacity :		
Tax audit fees	0.73	0.73
Limited review	0.45	0.45
Certification	0.59	0.19
Out of pocket expenses reimbursed	0.01	0.09
Total	5.46	5.14

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 33 : Income tax expense

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense	477.50	635.50
Deferred tax expense	(165.04)	(30.97)
Taxation in respect of earlier years	(4.61)	—
Total	307.85	604.53

Reconciliation of tax expense and accounting profit multiplied by statutory tax rate

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	1,648.65	1,918.32
Applicable tax rate	25.168%	34.944%
Computed tax expense	414.93	670.34
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
CSR Expenses	10.17	13.70
Investment written off	18.37	—
Impact of Income Tax rate decrease on Deferred Tax	(133.31)	—
Dividend received	(9.52)	(26.57)
Donation	(5.05)	(6.80)
Exempt Income - refer Note 47	—	(41.65)
Others	16.87	(4.49)
Taxation in respect of earlier years	(4.61)	—
Income Tax expense	307.85	604.53

Note 34 : Earnings per Share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax (₹ in Million)	1,366.11	1,317.17
Weighted average number of equity shares	43,653,060	43,653,060
Basic and diluted earning per share of nominal value of ₹ 5/- each	31.29	30.17

Note 35 : Contingencies and commitments

A Contingent liabilities

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
i Claims against the Company not acknowledged as debts	1.98	1.98
ii Customs duty, excise duty and service tax - matter under appeal	32.57	109.97
iii Income tax matters under appeal	9.50	11.84
iv Iron ore supplier - rate difference claim - disputed	255.20	255.20
v Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	33.49	33.49
vi Forest Development Fees	255.54	163.76
vii Bank Guarantee	5.65	5.65
viii Others	1.53	1.53
Total	595.46	583.42

B Capital and other commitments

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
1 Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	1.97	152.75
2 Other Commitments on account of :		
a) Purchase of Raw Material through E-Auction	—	26.88
b) Supply of Gases - Minimum Take over Price	435.57	493.64
Total	437.54	673.27

Note 36 : Provision for Employee benefits

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Compensated absences (refer Note A)		
Non-current	39.11	37.34
Current	7.65	7.00
Gratuity (refer Note B)		
Current	11.74	14.80
Provident fund (refer Note C)		
Non-current	—	1.79



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

A) Compensated absences

The compensated absences cover the Group's liability for privilege leave.

I Significant assumptions

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.50%	7.30%
Salary escalation rate	7.00%	10.00%
Retirement age	VP and above - 60 years Wholetime Director - 65 years Others - 55 years	VP and above - 60 years Wholetime Director - 65 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	7.00%	7.00%

Hospet Steels Limited (Joint Operation)

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.90%	7.80%
Salary escalation rate	7.00%	8.00%
Retirement age	Staff - 58 years Workers - 60 years	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	1.00-3.00%	1.00-3.00%

B) Gratuity

The Company has formed "Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme" to manage the gratuity obligations. The joint operation at Hospet Steels Limited has formed "Hospet Steels Employees Gratuity Trust" to manage its gratuity obligations. The money contributed by the Group to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company - Life Insurance Corporation of India. Every permanent employee is entitled to a benefit equivalent to 15/30 days (as applicable) of the last drawn salary for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Group or retirement, whichever is earlier. The benefits vest after five years of continuous service. There is no compulsion on the part of the Group to fully pre-fund the liability of the Plan. The Group's philosophy is to fund the benefits based on its own liquidity as well as level of under funding of the plan.

I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows :

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018	93.15	(78.39)	14.76
Current service cost	10.63	—	10.63
Interest expense / (income)	7.10	(6.46)	0.64
Total amount recognised in Profit or Loss	17.73	(6.46)	11.27
Experience gain / loss	1.77	(0.15)	1.62
(Gain) / loss from change in demographic assumptions	0.02	—	0.02
(Gain) / loss from change in financial assumptions	1.24	(0.16)	1.08
Total amount recognised in Other Comprehensive Income	3.03	(0.31)	2.72
Benefits paid	(2.91)	2.68	(0.23)
Contribution	—	(14.18)	(14.18)
Mortality	—	0.46	0.46
March 31, 2019	111.00	(96.20)	14.80

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	111.00	(96.20)	14.80
Current service cost	10.67	—	10.67
Interest expense / (income)	7.95	(7.63)	0.32
Total amount recognised in Profit or Loss	18.62	(7.63)	10.99
Experience gain / loss	11.64	(0.03)	11.61
(Gain) / loss from change in demographic assumptions	—	—	—
(Gain) / loss from change in financial assumptions	(4.77)	0.19	(4.58)
Total amount recognised in Other Comprehensive Income	6.87	0.16	7.03
Benefits paid	(10.23)	9.98	(0.25)
Contribution	—	(21.36)	(21.36)
Mortality	—	0.53	0.53
March 31, 2020	126.26	(114.52)	11.74

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

II) The net liability disclosed above relates to funded plans are as follows :

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Present value of funded obligation	126.26	111.00
Fair value of plan assets	(114.52)	(96.20)
Deficit of funded plan	11.74	14.80

III) Significant estimates :

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.50%	7.30%
Salary growth rate	7.00%	10.00%
Attrition rate	7.00%	7.00%
Retirement age	M1 category - 60 years	M1 category - 60 years
	Wholetime Director - 65 years	Wholetime Director - 65 years
	Others - 55 years	Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Hospet Steels Limited (Joint operation)

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.90%	7.80%
Salary growth rate	7.00%	8.00%
Attrition rate	1 - 3%	1 - 3%
Retirement age	Staff - 58 years	Staff - 58 years
	Workers - 60 years	Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

IV) Sensitivity analysis :

The sensitivity of defined obligation to changes in the weighted principal assumptions is :

(₹ in Million)

Assumption	Impact on defined benefit obligation	
	March 31, 2020	March 31, 2019
Discount rate		
1% decrease	10.17	9.08
1% increase	(8.87)	(7.96)
Future salary increase		
1% decrease	(7.85)	(7.03)
1% increase	8.80	7.84
Attrition rate		
1% decrease	0.78	0.68
1% increase	(0.71)	(0.64)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following payments are expected future benefit payments :

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Less than a year	11.65	12.27
Between 1 - 2 years	7.73	5.05
Between 2 - 5 years	63.31	51.02
Over 5 years	77.05	91.58
Total	159.74	159.92

The weighted duration of the defined obligation is 7.55 years (March 31, 2019 - 8.91 years)

V) The major categories of plan assets are as follows :

Particulars	March 31, 2020	March 31, 2019
Unquoted - Insurer managed funds*	100.00%	100.00%

*The Group maintains gratuity fund, which is being administered by LIC. Fund value confirmed by LIC as at March 31, 2020 is considered to be the fair value

VI) The Group expects to contribute ₹ 11.74 Million to the gratuity fund in the next year.



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

C) Provident Fund

Provident fund for management employees was managed by the Group through the “Kalyani Steels Limited Non Bargainable Staff Provident Fund”, in line with the provisions of Provident Fund and Miscellaneous Provisions Act, 1952 as well as the relevant provisions of the Income Tax Act. During the year, all corpus lying in “Kalyani Steels Limited Non Bargainable Staff Provident Fund” has been transferred to “Employee’s Provident Fund Organization (EPFO)” administered by government. In connection with this transfer, an additional amount ₹ 24.74 Million has been transferred to “Kalyani Steels Limited Non Bargainable Staff Provident Fund”.

Defined contribution : The Group also has certain defined contribution plans. Contributions are made to provident fund in India for workers at the 12% of basic and dearness allowance as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 19.05 Million (March 31, 2019 : ₹ 11.64 Million).

D) Superannuation plan

The Group has formed “Kalyani Steels Limited Officers’ Superannuation Scheme” and “Hospet Steels Limited Employees Superannuation Trust” to manage its superannuation scheme through Life Insurance Corporation of India. Contributions are made at 15% of basic salary for employees covered under the superannuation scheme. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 9.43 Million (March 31, 2019 : ₹ 9.52 Million).

E) Risk Exposure

Through its defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below :

Asset Volatility : All plan assets for gratuity and superannuation are maintained in a trust managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Asset volatility risk for provident fund : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Group intends to maintain the above investment mix in the continuing years.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans bond holdings.

Life expectancy : This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Future salary increase and inflation risk : Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management’s discretion may lead to uncertainties in estimating this increasing risk.

Asset-Liability mismatch risk : Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements. The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

Note 37 : Interest in other entities

A) Subsidiary

Particulars	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
Lord Ganesha Minerals Private Limited	77.50%	77.50%

The principal place of business of the subsidiary is India. The principal business is mining. The ownership interest held by non-controlling interest is to the extent of 22.5% for all periods.

B) Associate

Particulars	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
Kalyani Mukand Limited	50%	50%

The principal place of business of the associate is India. Currently, the Company does not carry any business.

C) Joint operation

Particulars	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
Hospet Steels Limited	41.38%	41.38%

The principal place of business of the joint operation is India. The voting rights in the joint operation are 49.99% (March 31, 2019 : 49.99%). The principal business is to act as a management company for strategic alliance arrangement between Kalyani Steels Limited and Mukand Limited.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

D) Structured Entities :

	Particulars	Place of business	Principal activities
i)	Kalyani Steels Limited Non Bargainable Staff Provident Fund	India	Employee benefit trust
ii)	Kalyani Steels Limited Officers' Superannuation Scheme	India	Employee benefit trust
iii)	Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme	India	Employee benefit trust
iv)	Hospet Steels Employees Gratuity Trust	India	Employee benefit trust
v)	Hospet Steels Limited Employees Superannuation Trust	India	Employee benefit trust

E) Individually Immaterial Associate

The group has interest in Kalyani Mukand Limited (individually immaterial associate) that is accounted using equity method.

Particulars	March 31, 2020	March 31, 2019
Aggregate carrying amount of individually immaterial associate	—	—
Aggregate amount of group's share* of :		
Loss of associate	—	—
Other comprehensive income of associate	—	—

*Loss restricted to the extent of amount of investment in associate.

Note 38 : Related Party Transactions

A) Name of the related parties and nature of relationship

(i) Where control exists :

Refer Note 37 for interest in subsidiary, associate, joint operation and structured entities.

B) Other related parties with whom transactions have taken place during the year :

Entities under common control :

- i) Bharat Forge Limited
- ii) Kalyani Technoforge Limited
- iii) Kalyani Transmission Technologies Private Limited
- iv) Saarloha Advanced Materials Private Limited
- v) Kalyani Investment Company Limited

C) Promoter / Promoter Group having 10% or more shareholding

- i) Sundaram Trading & Investment Private Limited
- ii) BF Investment Limited

Key Management Personnel

- i) Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director
- ii) Mrs.Sunita B. Kalyani, Non-Executive Director
- iii) Mr.Amit B. Kalyani, Non-Executive Director
- iv) Mr.S.M. Kheny, Non-Executive Director
- v) Mr.B.B. Hattarki, Independent Director
- vi) Mr.M.U. Takale, Independent Director
- vii) Mr.Arun P. Pawar, Independent Director
- viii) Mr.Sachin Mandlik, Independent Director
- ix) Mr.S.K. Adivarekar, Independent Director
- x) Mrs.Shruti A. Shah, Additional Director, categorized as Independent (w.e.f. January 29, 2020)
- xi) Mr.R.K. Goyal, Managing Director, Executive Director

Entities in which KMPs have significant influence

- i) Kalyani Technologies Limited



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

I	Key management personnel compensation	March 31, 2020	March 31, 2019
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	5.54	4.54
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	4.01	3.01
iii)	Mr.Amit B. Kalyani, Non-Executive Director	4.01	4.01
iv)	Mr.S.M. Kheny, Non-Executive Director	0.66	0.62
v)	Mr.B.B. Hattarki, Independent Director	0.96	0.88
vi)	Mr.M.U. Takale, Independent Director	0.73	0.62
vii)	Mr.Arun P. Pawar, Independent Director	0.51	0.41
viii)	Mr.Sachin Mandlik, Independent Director	0.76	0.66
ix)	Mr.S.K. Adivarekar, Independent Director	0.77	0.51
x)	Mrs.Shruti A. Shah, Additional Director, categorized as Independent (w.e.f. January 29, 2020)	—	—
xi)	Mr.R.K. Goyal, Managing Director, Executive Director	80.05	78.74
	Total	98.00	94.00

(₹ in Million)

II	Dividend Paid	March 31, 2020	March 31, 2019
i)	Sundaram Trading & Investment Private Limited	77.67	38.83
ii)	BF Investment Limited	170.52	85.26
iii)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	0.01	0.01
iv)	Mrs.Sunita B. Kalyani, Non-Executive Director	0.55	0.27
v)	Mr.Amit B. Kalyani, Non-Executive Director	0.32	0.16
vi)	Mr.S.M. Kheny, Non-Executive Director	—	—
vii)	Mr.M.U. Takale, Independent Director	0.03	0.01
	Total	249.10	124.54

(₹ in Million)

III	Transactions with related parties	March 31, 2020	March 31, 2019
A	Sale of goods		
i)	Bharat Forge Limited	4,109.69	5,773.69
ii)	Kalyani Technoforge Limited	2,243.09	2,730.29
iii)	Kalyani Transmission Technologies Private Limited	122.78	132.15
iv)	Saarloha Advanced Materials Private Limited	136.07	307.86
B	Purchase of goods		
i)	Bharat Forge Limited	10.46	15.42
ii)	Saarloha Advanced Materials Private Limited	563.94	129.84
C	Reimbursement of expenses received		
i)	Kalyani Investment Company Limited	11.35	10.35
ii)	Saarloha Advanced Materials Private Limited	9.28	9.49
D	Conversion charges paid		
	Saarloha Advanced Materials Private Limited	91.73	213.60
E	Reimbursement of expenses paid		
i)	Bharat Forge Limited	—	0.08
ii)	Saarloha Advanced Materials Private Limited	2.14	1.13
F	Branding Fees paid		
i)	Kalyani Technologies Limited	27.70	33.75
G	Computer hardware purchase		
i)	Kalyani Technologies Limited	10.68	0.16
H	Employee benefit expense		
i)	Kalyani Steels Limited Non Bargainable Staff Provident Fund	24.74	2.86
ii)	Kalyani Steels Limited Officers' Superannuation Scheme	2.96	2.95
iii)	Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme	9.88	6.49
iv)	Hospet Steels Employees Gratuity Trust	11.61	7.69
v)	Hospet Steels Limited Employees Superannuation Trust	6.46	6.57

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

IV	Outstanding balances as at the year end	March 31, 2020	March 31, 2019
A	Trade Payables		
i)	Bharat Forge Limited	1.93	2.46
ii)	Saarloha Advanced Materials Private Limited	34.51	2.76
iii)	Kalyani Technologies Limited	18.14	17.02
	Total trade payables from related parties (refer Note 20)	54.58	22.24
B	Trade Receivables		
i)	Bharat Forge Limited	414.48	1,097.50
ii)	Kalyani Technoforge Limited	763.17	606.60
iii)	Kalyani Transmission Technologies Private Limited	62.88	81.28
iv)	Saarloha Advanced Materials Private Limited	12.51	33.00
v)	Kalyani Investment Company Limited	2.09	1.08
	Total trade receivables from related parties (refer Note 11)	1,255.13	1,819.46
C	Key management personnel compensation		
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	5.50	4.50
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	4.00	3.00
iii)	Mr.Amit B. Kalyani, Non-Executive Director	4.00	4.00
iv)	Mr.S.M. Kheny, Non-Executive Director	0.65	0.60
v)	Mr.B.B. Hattarki, Independent Director	0.90	0.80
vi)	Mr.M.U. Takale, Independent Director	0.70	0.60
vii)	Mr.Arun P. Pawar, Independent Director	0.50	0.40
viii)	Mr.Sachin Mandlik, Independent Director	0.75	0.65
ix)	Mr.S.K. Adivarekar, Independent Director	0.75	0.50
xi)	Mr.R.K. Goyal, Managing Director, Executive Director	22.93	28.02
	Total key management personnel compensation	40.68	43.07

There is no allowance for bad and doubtful debts recognised in respect of receivables due from related parties.

(₹ in Million)

V	Compensation to key management personnel	March 31, 2020	March 31, 2019
	Nature of transaction		
	Short-term employee benefits	77.77	76.61
	Post-employment benefits	2.28	2.13
	Other-long term benefits	—	—
	Termination benefits	—	—
	Share base payment	—	—

As the future liability for gratuity is provided on an actuarial basis for the Company as whole, the amount pertaining to individual is not ascertainable and therefore not included above.

VI Terms and conditions for outstanding balances

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. The sale and purchase transactions were on the normal commercial terms and at market rates. The outstanding balances as on year end are unsecured and will be settled in monetary terms.

Note 39 : Fair value measurements

Financial assets and liabilities at amortised cost

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Financial assets		
Loan to employees	0.19	0.69
Security deposits	70.19	68.73
Trade receivables	2,355.10	3,088.62
Cash and cash equivalents	147.03	209.49
Other Bank Balances	3,459.29	175.66
Income Receivable	149.61	97.58
Bank deposits with maturity more than twelve months	15.15	14.26
Total financial assets	6,196.56	3,655.03
Financial liabilities		
Borrowings	45.75	74.38
Trade payables	3,135.25	3,304.50
Other financial liabilities	378.94	366.53
Total financial liabilities	3,559.94	3,745.41

Financial assets and liabilities classified as FVTPL

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Investment in Preference shares	16.28	14.80
Investments in Mutual Funds	224.02	2,035.72
Investments in Equity Shares	103.71	—

Financial assets and liabilities classified as FVTOCI

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Investment in Debentures	1,430.60	1,536.61



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3
Investment in Preference shares			
March 31, 2020	—	—	16.28
March 31, 2019	—	—	14.80
Investments in Mutual Funds			
March 31, 2020	224.02	—	—
March 31, 2019	2,035.72	—	—
Investments in Equity Shares			
March 31, 2020	103.71	—	—
March 31, 2019	—	—	—
Investment in Debentures			
March 31, 2020	—	—	1,430.60
March 31, 2019	—	—	1,536.61

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include :

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value for preference shares is determined using discounted cash flow analysis (Baramati Speciality Steels Limited).
- The fair value for compulsorily convertible debentures is determined using asset approach (replacement value method).

iii) Valuation process

The finance department of the Company includes a team that performs the valuations of assets and liabilities required for financial reporting purposes. This team appoints external valuation experts whenever the need arises for Level 3 fair valuation. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every year, in line with the Group's annual reporting period.

iv) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of such financial assets and liabilities are a reasonable approximation of their fair values.

v) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 items :

(₹ in Million)

Particulars	Preference shares	Debentures	Total
As at April 1, 2019	14.80	1,536.61	1,551.41
Gains / (losses) recognised in profit or loss	1.48	—	1.48
Gains / (losses) recognised in other comprehensive income	—	(106.01)	(106.01)
As at March 31, 2020	16.28	1,430.60	1,446.88

vi) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value :

Particulars	Significant unobservable inputs	
	March 31, 2020	March 31, 2019
1) Preference shares		
i) Discount rate	10.00%	10.00%
2) Compulsory convertible debentures		
i) Discount rate	6.04%	7.39%
ii) Inflation rate	6.92%	7.34%

The change by 100 bps does not have any material impact on value of investments in preference shares and compulsorily convertible debentures.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 40 : Financial risk management

The Group is exposed to risks such as changes in foreign currency exchange rates and interest rates. A variety of practices are employed to manage these risks, including use of derivative instruments.

Derivative instruments are used only for risk management purposes and not for speculation. All foreign currency derivative instruments are entered into with major financial institutions. The Group's credit exposure under these arrangements is limited to agreements with a positive fair value at the reporting date. Credit risk with respect to the counterparty is actively monitored.

Presented below is a description of the risks (market risk, credit risk and liquidity risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect management's view of changes which are reasonably possible to occur over a one-year period.

I Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Group is exposed in the ordinary course of business to risks related to changes in foreign currency exchange rates, commodity prices and interest rates.

A) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

i) Foreign currency risk exposure

The Group's exposure to foreign currency risk (in USD) at the end of reporting period in INR (Million), are as follows :

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Financial assets		
Trade receivables	31.80	43.15
Net exposure to foreign currency risk (assets)	31.80	43.15
Financial liabilities		
Borrowings	—	178.81
Trade payables	1,838.60	2,167.82
Interest	35.86	32.83
Net exposure to foreign currency risk (liabilities)	1,874.46	2,379.46

The sensitivity of pre-tax profit or loss and pre tax equity to changes in foreign exchange rates with respect to year end payable / receivable balances in INR (Million) is as follows :

Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2020	March 31, 2019
USD		
Increase by 1%*	(18.43)	(23.36)
Decrease by 1%*	18.43	23.36

*Holding all other variables constant

ii) Commodity Price risk :

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its steel products. Market forces generally determine prices for the steel products sold by the Group. These prices may be influenced by factors such as supply and demand, production costs (including the cost of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Group earns from the sale of its steel products.

The Group is also subject to fluctuations in prices for the purchase of iron ore, metallurgical coke, Ferro alloys, scrap and other raw material inputs.

Commodity Price Sensitivity :

The Group has a back to back pass through arrangements for volatility in raw material prices for most of the customers. The selling prices of steel and the prices of input raw material moves in the same direction. However in few cases there may be a lag effect in case of such pass through arrangements and might have some effect on the Group's profit and equity.



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

B) Interest risk

The Group has borrowings at variable interest rate. Profit or loss and equity are sensitive to higher / lower interest expense from borrowings as a result of change in the interest rates. The following sensitivity analysis has been performed for non-current and current borrowings.

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Total borrowings at variable interest rate	—	253.19
Interest rate swaps	—	—
Net exposure to interest rate risk	—	253.19

Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2020	March 31, 2019
Increase by 0.5%*	—	(0.40)
Decrease by 0.5%*	—	0.40

*Holding all other variables constant

II Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these debt financing plans.

i) Maturities of financial liabilities

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on their contractual maturities :

(₹ in Million)

March 31, 2020	Less than 1 year	More than 1 year
Non - derivative Borrowings	—	45.75
Trade payables	3,135.25	—
Other financial liabilities	378.94	—

(₹ in Million)

March 31, 2019	Less than 1 year	More than 1 year
Non - derivative Borrowings	—	74.38
Trade payables	3,304.50	—
Other financial liabilities	366.53	—

III Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The balances with banks, loans given to employees and associated company, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

A) Trade receivables

Senior management is responsible for managing and analyzing the credit risk for each of their new clients before standard payment, delivery terms and conditions are offered. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilisation of credit limits is regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11.

i) Expected credit loss for trade receivables under simplified approach :

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Gross carrying amount	2,396.43	3,120.06
Expected loss rate	1.72%	1.01%
Expected credit losses (loss allowance provision)	41.32	31.44
Carrying amount of trade receivables (net of impairment)	2,355.10	3,088.62

ii) Reconciliation of loss allowance provision - trade receivables

(₹ in Million)

Loss allowance as on March 31, 2018	45.17
Changes in loss allowance	(13.73)
Loss allowance as on March 31, 2019	31.44
Changes in loss allowance	9.88
Loss allowance as on March 31, 2020	41.32

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 41 : Capital management

The Group's objectives when managing capital is to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an optimal capital structure to reduce the cost of capital.

The Group determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and short term borrowings. The Group's policy is aimed at combination of short-term and long-term borrowings. The Group monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total debt includes all long and short-term debts as disclosed in Note 16 to the financial statements.

The capital structure of the Group is as follows :

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Borrowings	45.75	253.19
Less : Cash and cash equivalents	147.03	209.49
Net debt	(101.28)	43.70
Equity attributable to owners	9,630.58	8,902.02
Debt equity ratio	(0.01)	0.00

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Note 42 : Corporate social responsibility (CSR)

(₹ in Million)

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a)	Gross amount required to be spent by the Company during the year	40.43	39.21
	Total	40.43	39.21

b) Amount spent during the year

(₹ in Million)

Sr. No.	Particulars	2019-20	
		In cash	Yet to be paid in cash
1	Promotion of Education Donation	40.15	—
2	PM CARES Fund - (COVID 19)	50.00	—
3	On purposes other than above	0.27	—
	Total	90.42	—

(₹ in Million)

Sr. No.	Particulars	2018-19	
		In cash	Yet to be paid in cash
1	Promotion of Education Donation	38.46	—
2	On purposes other than (1) above	0.75	—
	Total	39.21	—

Note 43 : Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has been identified as the chief operating decision maker.

The Group has organized its operating segments based on product groupings. These operating segments have been aggregated into one reportable business segment : 'Forging and Engineering quality carbon and alloy steels'

Following are major customers, which contribute more than 10% to the Revenues of the Group. The details are as under :

(₹ in Million)

Name of Customer	2019-20	2018-19
Bharat Forge Limited	4,109.69	5,773.69
Kalyani Technoforge Limited and its subsidiary	2,365.87	2,862.44

Total revenues from sales to customers outside India for the year ended March 31, 2020 and March 31, 2019 was ₹ 336.33 Million and ₹ 606.42 Million respectively.

All assets are in India.



Consolidated Financial Statements 2019-2020

KALYANI

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 44 : (Net debt) / Surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2020

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Cash and cash equivalents	147.03	209.49
Current borrowings	—	—
Non-current borrowings	(45.75)	(255.57)
(Net Debt) / Surplus	101.28	(46.08)

(₹ in Million)

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
(Net debt) / Surplus as on April 1, 2019	209.49	—	(255.57)	(46.08)
Cash flows	(62.46)	(4.16)	214.45	147.83
Interest paid	—	5.55	32.71	38.26
Interest expense	—	(1.39)	(37.34)	(38.73)
(Net debt) / Surplus as on March 31, 2020	147.03	—	(45.75)	101.28

Note 45 : Assets hypothecated as security

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
First charge		
Property, plant and equipment	—	4,203.93
Second charge		
Inventories	1,259.68	1,544.30
Trade receivables	2,355.10	3,088.62

Note 46 : Disclosure in terms of Schedule III of the Companies Act, 2013

(₹ in Million)

Particulars	Net Assets (i.e Total Assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in Total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit / (loss)	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
FY 2019-20								
1. Parent								
Kalyani Steels Limited	100.10%	9,639.31	100.38%	1,371.18	100.00%	(111.27)	100.40%	1,259.91
2. Subsidiary (Domestic)								
Lord Ganesha Minerals Private Limited	(1.89%)	(181.61)	(7.64%)	(104.33)	—	—	(8.31%)	(104.33)
Add / (Less) : Minority Interest	0.37%	36.10	1.85%	25.31	—	—	2.02%	25.31
Add / (Less) : Inter Company eliminations	1.42%	136.78	5.41%	73.95	—	—	5.89%	73.95
Total	100.00%	9,630.58	100.00%	1,366.11	100.00%	(111.27)	100.00%	1,254.84

(₹ in Million)

Particulars	Net Assets (i.e Total Assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in Total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit / (loss)	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
FY 2018-19								
1. Parent								
Kalyani Steels Limited	100.04%	8,905.68	100.25%	1,320.48	100.00%	1.05	100.25%	1,321.53
2. Subsidiary (Domestic)								
Lord Ganesha Minerals Private Limited	(0.87%)	(77.28)	(1.14%)	(15.01)	—	—	(1.14%)	(15.01)
Add / (Less) : Minority Interest	0.62%	55.06	0.26%	3.38	—	—	0.26%	3.38
Add / (Less) : Inter Company eliminations	0.21%	18.56	0.63%	8.32	—	—	0.63%	8.32
Total	100.00%	8,902.02	100.00%	1,317.17	100.00%	1.05	100.00%	1,318.22

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 47 : Exceptional item for previous year represents income of ₹ 119.21 Million as a compensation in respect of land acquisition of 4.16 acres for widening of National Highway 63 in Koppal District, Ginigera Village, Karnataka by National Highway Authority of India.

Note 48 : The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organization and its employees are to contribute towards Provident Fund. The Group believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon'ble Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organization and its employees are to contribute towards Provident Fund. The Group will evaluate its position and act as clarity emerges.

Note 49 : COVID 19 : On account of outbreak of Pandemic COVID 19 , Government of India declared nation wide lockdown vide Order No. 40-3/2020. Group temporarily suspended its operations commencing from March 25, 2020. With partial opening of lockdown, the partial operations resumed on May 2, 2020 for steel plant at Koppal in Karnataka after obtaining permissions from the appropriate Government authorities.

The Group has made detailed assessment of its liquidity position to continue operations for next year and recoverability and carrying value of its assets comprising Inventory and Trade Receivables. Based on the current indicators of future economic conditions, the Group expects to recover the carrying amounts of these assets. The Group is in steel business. The management has made detailed study of the possible effect of the pro-longed lockdown on its business prospects, both in terms of sales and profitability and in its assessment, believes that the Group will have minimal adverse impact. The Group will continue to closely monitor any material changes arising of future economic conditions and its impact on the business.

Note 50 : Previous year figures have been regrouped / reclassified wherever necessary to conform with current year's classification / disclosure.

As per our attached Report of even date

For M/s. P. G. BHAGWAT
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : June 26, 2020

Pune
Date : June 26, 2020



KALYANI

DRIVING INNOVATION

KALYANI STEELS LIMITED

MUNDHWA, PUNE - 411 036
MAHARASHTRA, INDIA.