KALYANI STEELS

CIN-L27104MH1973PLC016350

KSL:SEC: July 29, 2019

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 46th Annual General Meeting scheduled to be held on Tuesday, August 27, 2019 and Annual Report for the financial year ended March 31, 2019

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 46th Annual General Meeting scheduled to be held on Tuesday, August 27, 2019 at 11.00 a.m. at the Registered Office of the Company at Mundhwa, Pune – 411 036

2) Annual Report for the financial year ended March 31, 2019

Kindly take the aforesaid documents on record.

Thanking you,

Yours faithfully,
For KALYANI STEELS LIMITED

KALYANI STEELS LIMITED

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

Encl. : As above

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-SIXTH Annual General Meeting of the Members of Kalyani Steels Limited will be held on Tuesday, August 27, 2019, at 11.00 a.m. (I.S.T), at the Registered Office of the Company at Mundhwa, Pune - 411 036, 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, 2019 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, 2019 and the Report of the Auditors thereon.

2. To declare dividend on Equity Shares for the financial year 2018-19.

3. To appoint a Director in place of Mrs.Sunita B. Kalyani (DIN 00089496), who retires by rotation and being eligible, offers herself for re-appointment.

4. To appoint a Director in place of Mr.Amit B. Kalyani (DIN 00089430), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. Re-Appointment of Mr.Arun Pawar as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special 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.Arun Pawar (DIN 03628719), 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 re-appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from September 5, 2019 to September 4, 2024."

6. Re-Appointment of Mr.M.U. Takale as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special 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.M.U. Takale (DIN 01291287), 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 re-appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from September 5, 2019 to September 4, 2024."

7. Approval for Related Party Transactions with Kalyani Technoforge 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 with Kalyani Technoforge Limited upto an estimated transaction value of not exceeding ₹ 5,000 Million (Rupees Five 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, 2019.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to negotiate and finalise the terms and conditions of the 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 ₹ 500,000/- (Rupees Five Hundred 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, 2020."

By Order of the Board of Directors
For Kalyani Steels Limited

Pune — Mrs.Deepti R. Puranik
May 18, 2019 — Company Secretary

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a Poll instead of himself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. In case, a Proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such Proxy shall not act as a Proxy for any other person or member.

The Instrument appointing proxy should, however, be deposited at the Registered Office of the Company duly completed and signed not less than forty-eight (48) hours before the commencement of the meeting.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business under Item Nos.5 to 8 of the Notice to be transacted at the Annual General Meeting is annexed hereto.

3. Corporate members are requested to send board resolution duly certified, authorising their representative to attend and vote on their behalf at the Annual General Meeting.

4. The Share Transfer Books and the Register of Members of the Company will remain closed from Tuesday, August 20, 2019 to Tuesday, August 27, 2019 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.

5. If the dividend on Equity Shares as recommended by the Board of Directors is declared at the Annual General Meeting, the payment of such dividend will be made on and from Friday, September 6, 2019 as under to those members :

a) whose names appear as beneficial owners holding shares in electronic form, as per the beneficial ownership data as may be made available to the Company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as of the end of the day on Monday, August 19, 2019.

b) whose names appear in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company or with the Registrar and Transfer Agents of the Company, before the close of business hours on Monday, August 19, 2019.

6. Members holding shares in dematerialised form are requested to intimate any change in their address, 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.

7. 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.

8. 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.

9. Equity Shares of the Company are under compulsory demat trading by all investors. Those shareholders, who have not dematerialised their shareholding, are advised to dematerialise the same to avoid any inconvenience in future.

10. 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.

11. 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 dematerialised 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.

12. The Ministry of Corporate Affairs (MCA), Government of India, had taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and had issued circulars stating that service of notice / documents including Annual Report can be done by e-mail to its members.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialised holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill-up the Email 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.

The Notice of the Annual General Meeting along with the Annual Report 2018-19 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company / Depositories, unless any member has requested for the physical copy of the same.

13. Voting through Electronic Means :

i) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members, holding shares as on August 20, 2019 being the Cut-off date, facility to exercise their right to vote at the Forty-Sixth Annual General Meeting (AGM) by electronic means and the business shall be transacted through e-Voting Services. The facility of casting the votes by members using the electronic voting system from a place other than venue of the AGM ("remote e-Voting") will be provided by National Securities Depository Limited (NSDL).

The facility for voting through Ballot Paper shall be made available at the AGM and the members attending the meeting who have not cast their votes by remote e-Voting shall be able to exercise their right at the meeting through Ballot Paper.

The members who have cast their vote by remote e-Voting prior to meeting may also attend the meeting but shall not be entitled to cast their vote again.

The e-Voting commences on Saturday, August 24, 2019 (9.00 a.m.) and ends on Monday, August 26, 2019 (5.00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialised form, as on cut-off date of August 20, 2019, may cast their vote electronically. The 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 process and manner for remote e-Voting are as under :

Step 1 : Login to NSDL e-Voting system at https://www.evoting.nsdl.com/

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

Step 1 :

i) Visit e-Voting website of NSDL. Open web browser by typing URL : https://www.evoting.nsdl.com/

ii) Once the home page of e-Voting system is launched, 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, password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can login at https://eservices.nsdl.com with your existing IDEAS login. Once you login to NSDL e-services after using your login 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 :
For 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 email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open .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 'initial password'.

2. If your email ID is not registered, your 'initial password' is communicated to you on your registered postal address.

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.nsdl.com

b) "Physical User Reset Password?" (if you are holding Shares in physical mode) option available on www.evoting.nsdl.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.

Step 2 :

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 clicking 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 :

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 authorised signatory(ies) who are authorised to vote, to the Scrutiniser by email to evoting@kalyanisteels.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 keep utmost care to keep your password confidential. Login to e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such event, you will need to go through "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 (FAQ's) 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 at evoting@nsdl.co.in

xviii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).

xix) The voting rights of members shall be in proportion to shares held by them as on the Cut-off date of August 20, 2019.

xx) A person whose name is recorded in the Register of members or in the Register of Beneficial Owners maintained by the depository as on the Cut-off Date only shall be entitled to avail the facility of remote e-Voting as well as voting at the AGM through Ballot Paper. Mr.S.V. Deulkar and / or Mr.Sridhar Mudliar, Partners of SVD & Associates, Company Secretaries has been appointed as the Scrutinisers to scrutinise the e-Voting process in a fair and transparent manner.

xxi)The Scrutiniser shall immediately after conclusion of voting at AGM, first count, the votes cast at the meeting and thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and shall prepare not later than three days of conclusion of the meeting, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same. The Chairman or by the person authorised by him in writing, shall declare the result of the voting forthwith.

14. The results of voting along with the Scrutiniser'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 authorised 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 May 18, 2019

ITEM NOS. 5 & 6

The members at their Forty-First Annual General Meeting held on September 5, 2014, had appointed Mr.Arun Pawar and Mr.M.U. Takale, as an Independent Directors of the Company for the period of 5 (Five) years with effect from September 5, 2014 to September 4, 2019.

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) and based on recommendation of the Nomination and Remuneration Committee, it is proposed to re-appoint these Directors as an Independent Directors of the Company for the further term of 5 (Five) consecutive years from September 5, 2019 to September 4, 2024.

The Company has received a declaration in writing from the aforesaid Directors that they meet 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.

The Company has received notice in writing from members as per Section 160 of the Companies Act, 2013 proposing the candidature of Mr.Arun Pawar and Mr.M.U. Takale, as an Independent Directors of the Company.

In view of the same, pursuant to Section 149 (10) of the Companies Act, 2013, the fresh approval of the members is sought by way of Special Resolution for the re-appointment of Mr.Arun Pawar and Mr.M.U. Takale as an Independent Directors of the Company for the period of 5 (Five) consecutive years with effect from September 5, 2019 to September 4, 2024.

In the opinion of the Board, Mr.Arun Pawar and Mr.M.U. Takale fulfill 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 their re-appointment as an Independent Directors of the Company.

The Board is of the opinion that their association would be of immense benefit to the Company and it is desirable to avail their services as an Independent Directors on the Board of the Company.

Accordingly, the Board recommends the Special Resolutions set out at Item Nos.5 and 6 of the Notice, for the approval of the members of the Company.

Brief Profiles of Mr.Arun Pawar and Mr.M.U. Takale are provided in the report on Corporate Governance forming part of the Annual Report.

Except Mr.Arun Pawar and Mr.M.U. Takale, being appointees, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the resolutions set out at Item Nos.5 and 6 of the Notice.

ITEM NO.7

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 by Kalyani Steels Limited (KSL) to / from Kalyani Technoforge Limited (KTFL). KTFL is emerging as the fastest growing leader in world-class forgings and machine components, sub-assemblies and assemblies. It is a manufacturing partner for renowned brands in the auto and non-auto sector.

Every customer of KTFL lays down technical specifications for the steel to be used for supplying forgings / components to them and gives list of approved steel plants from which KTFL can source the steel. This approval process involves visit to steel plants, process audit, testing of steel samples, validation on field trials etc. and depending on criticality of the use, the approval process is both time consuming as well as expensive. These customers negotiate the price with the steel plants and in turn inform their vendors / component manufacturers to procure steel from the approved steel plants.

The Company being old source of supply of steel to KTFL, has approval from many of the customers of KTFL and hence has been supplying to KTFL significant part of its annual sales quantity.

These transactions 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 shareholders for their approval as an Ordinary Resolution.

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 : Kalyani Technoforge Limited
2. Name of the Director or Key Managerial Personnel who is related, if any : Mr.B.N. Kalyani, Chairman, Mrs.Sunita B. Kalyani and Mr.Amit B. Kalyani, Directors
3. Nature of Relationship : Companies are 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.B.N. Kalyani, Chairman, Mrs.Sunita B. Kalyani and Mr.Amit B. Kalyani, Directors of the Company, 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 May 18, 2019, 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, 2020, at remuneration of ₹ 500,000/- (Rupees Five Hundred 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
May 18, 2019

Mrs.Deepti R. Puranik
Company Secretary

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

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)	:	
Registered Address	:	
E-mail Id	:	
Folio No. / DP ID & Client ID	:	

I/We, being the member (s) of .... shares of the above named Company, hereby appoint :

(1) Name .... Address...

E-mail ID.. Signature .... or failing him / her

(2) Name .... Address...

E-mail ID .... Signature.. or failing him / her

(3) Name .... Address ....

E-mail ID .... Signature...

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Forty-Sixth Annual General Meeting of the Company, to be held on Tuesday, August 27, 2019 at 11.00 a.m. at the Registered Office of the Company at Mundhwa, Pune - 411 036 and at any adjournment thereof in respect of such resolutions as are indicated below :

Item No.	Resolution (For details, refer Notice of Forty-Sixth Annual General Meeting dated May 18, 2019)	Vote *(Optional See Note 4)	
		For	Against
ORDINARY BUSINESS :			
1.	To consider and adopt : a) the Audited Standalone Financial Statements for the financial year ended March 31, 2019 and the Reports of the Board of Directors and Auditors thereon. b) the Audited Consolidated Financial Statements for the financial year ended March 31, 2019 and the Report of the Auditors thereon.		
2.	To declare dividend on Equity Shares for the financial year 2018-19.		
3.	Re-appointment of Mrs.Sunita B. Kalyani (DIN 00089496) as a Director, who retires by rotation and being eligible, offers herself for re-appointment.		
4.	Re-appointment of Mr.Amit B. Kalyani (DIN 00089430) as a Director, who retires by rotation and being eligible, offers himself for re-appointment.		
SPECIAL BUSINESS :			
5.	Re-appointment of Mr.Arun Pawar (DIN 03628719) as an Independent Director.		
6.	Re-appointment of Mr.M.U. Takale (DIN 01291287) as an Independent Director.		
7.	Approval for Related Party Transactions with Kalyani Technoforge Limited.		
8.	To approve the Remuneration of the Cost Auditors		

Signed this.................. day of................................2019

Signature of member :

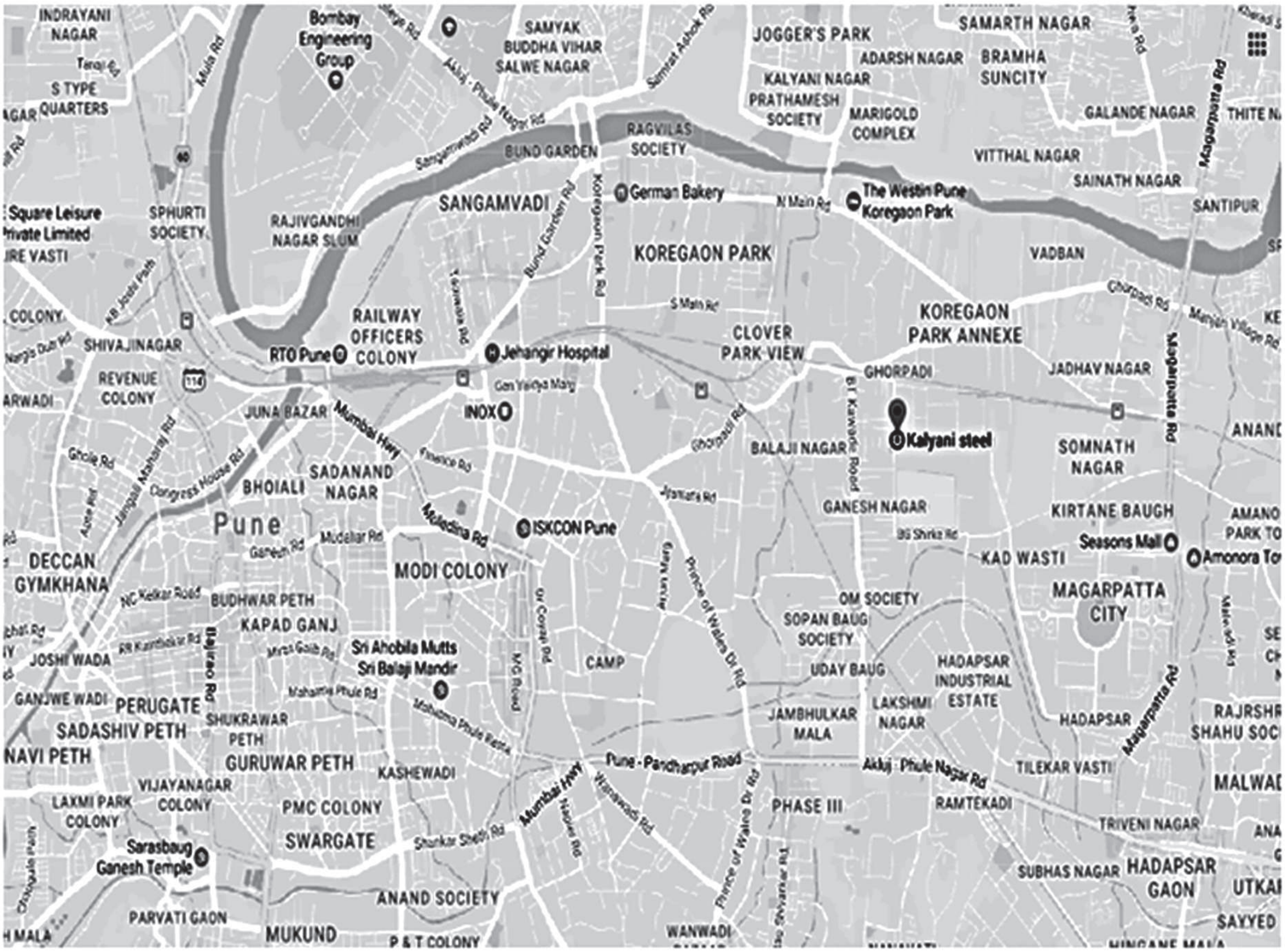
Please affix Revenue Stamp

Signature of Proxy holder(s) :

Notes :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. * It is optional to indicate your preference by placing Tick (✓) at the appropriate box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

Roadmap for Forty-Sixth Annual General Meeting venue



KALYANI STEELS LIMITED

KALYANI

DRIVING INNOVATION

46TH ANNUAL REPORT
2018-2019

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

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

46TH ANNUAL GENERAL MEETING

Day	:	Tuesday
Date	:	August 27, 2019
Time	:	11.00 a.m. (I.S.T.)
Place	:	Registered Office, Kalyani Steels Limited, Mundhwa, Pune - 411 036

MANAGEMENT DISCUSSION AND ANALYSIS

The Board takes pleasure in presenting your Company's Forty-Sixth Annual Report for the year 2018-19 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 3.6% in 2018 as compared to 3.8% in 2017. In the next two years, World GDP is expected to grow at 3.3% and 3.6% in 2019 and 2020 respectively.

Real GDP Growth (%)

Calendar Year	2017	2018	2019 (p)	2020 (p)
World	3.8	3.6	3.3	3.6
Advanced Economies	2.4	2.2	1.8	1.7
Emerging Markets	4.8	4.5	4.4	4.8

All numbers are in percentages
(p) Refers to projections
Source : IMF, World Economic Outlook, April, 2019

Advanced Economies

Advanced Economies growth decelerated to 2.2% in 2018 as compared to 2.4% in 2017. The Advanced Economies growth deceleration is expected to continue in next two years as they are expected to grow by 1.8% in 2019 and 1.7% in 2020.

The projected slowdown in Advanced Economies is due to multiple factors in various countries such as (a) waning of temporary boost to the US economy from tariffs changes and fiscal stimulus; (b) weak auto and industrial production in Germany following the introduction of revised auto emission standards and subdued foreign demand; (c) weak domestic demand in Italy and France; (d) uncertainty over Brexit; and (e) ageing population in Japan.

Emerging Markets

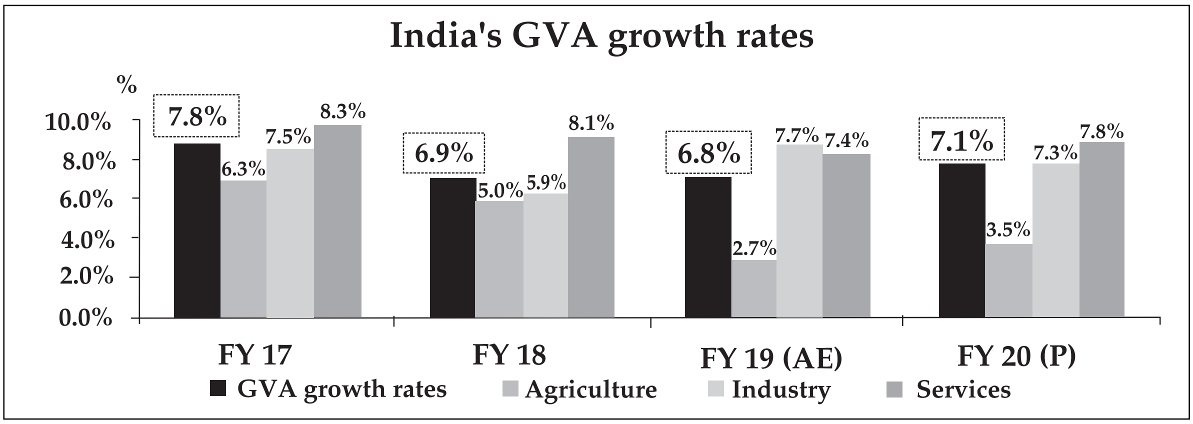
Emerging Market Economies are expected to see marginal drop in growth at 4.4% in 2019 as compared to 4.5% in 2018. However, they are expected to grow at 4.8% in 2020.

Within Emerging Markets, China's GDP growth is expected to decelerate from 6.4% in 2018 to 6.3% in both 2019 and 2020. Further, Turkey and Iran are expected to see contraction in their economies in 2019, whereas Venezuela is under deep recession with GDP expected to contract by 25% and 10% in 2019 and 2020 respectively. Such developments are expected to generate sizeable drag on the projected growth of their respective regions.

India's economic growth is expected to accelerate in next few years as the country sees continued recovery of investment and continued robust consumption.

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 6.8% in FY 2018-19 as compared to previous year.



AE : Advance Estimates from MoSPI

P : Projections from RBI

Source :

1. MoSPI, Govt. of India, Press Note dated February 28, 2019
2. RBI's Survey of Professional Forecasters dated April 4, 2019

As shown in the chart, India's overall GVA growth decreased marginally to 6.8% in FY 2019 from 6.9% in FY 2018 mainly due to slower Agriculture Sector growth.

In FY 2020, India's economy is expected to witness 7.1% growth wherein Agriculture, Industry and Services Sectors are expected to grow at 3.5%, 7.3% and 7.8% respectively.

Overall, with robust private consumption, continued efforts to resolve insolvency cases, strengthening investment climate and introduction of wide-ranging policies and structural initiatives, the economy appears to be on a strong footing to ensure long lasting and sustainable economic growth.

World Steel Industry

In 2018, World Crude Steel production increased by 4.6% to 1,808.6 Million MTs as shown below :

	CY 2017	CY 2018	Y o Y%
World Crude Steel	1729.1	1808.6	4.6%
China	870.9	928.3	6.6%
EU (28)	168.5	168.07	-0.3%
India	101.5	106.5	4.9%
Japan	104.6	104.3	-0.3%
USA	81.6	86.7	6.2%

All numbers are in Million Tonnes except percentages.

Source : World Steel Association (WSA), January, 2019

In 2018, China, the leading producer of steel, contributed 51% of the global output at 928.3 Million MTs, showing 6.6% growth over previous year.

The European Union (EU) recorded marginal decrease of 0.3% in 2018 over 2017, producing 168.07 Million MTs of crude steel.

Japan's crude steel production continued its decrease and was down by 0.3% in 2018 to 104.3 Million MTs.

USA's crude steel production increased by 6.2% at 86.7 Million MTs in 2018 as compared to that in 2017.

India produced 106.5 Million MTs in 2018 with 4.9% growth over that in 2017.

Indian Steel Industry

As per World Steel Association, crude steel production in India increased by 4.9% in 2018 as compared to 2017 :

Crude Steel Production	CY 2017	CY 2018	YoY %
Production (Mil T)	101.5	106.5	4.9%

Source : World Steel Association

It is interesting to note that in 2018, India overtook Japan to become the 2nd largest steel producer in the world.

On the steel consumption side, India's finished steel consumption increased by 8.2% as shown below :

Finished Steel Consumption	CY 2017	CY 2018	YoY %
Production (Mil T)	88.7	96.0	8.2%

Source : World Steel Association

Going forward, India's finished steel consumption is expected to grow to 102.8 Million Tonnes in 2019 and 110.2 Million Tonnes in 2020 showing 7.1% and 7.2% growth in 2019 and 2020 respectively. However, even stronger steel demand growth may be seen when private investment cycle kicks accelerates.

Industry Profitability Outlook

For Indian steel industry, FY 2018-19 suffered from slow down in demand from auto sector (particularly in second half), continued steel imports and highly leveraged balance sheets.

Going forward, the industry profitability is expected to witness more challenges and risks as follows :

- **High and volatile Coke prices :** Prices of Metallurgical Coke* remained consistently high (>USD 320/T) and quite volatile ranging from USD 324/ T to USD 408/T during the financial year 2018-19.

  Further, in November, 2016, the Department of Commerce had imposed an anti-dumping duty on Low Ash Metallurgical Coke at 25.2 USD/T and 16.29 USD/T for imports from China and Australia respectively.

  Such anti-dumping duty coupled with rising global Coke & Coking coal prices has severely affected Indian steel Industry.

  *Reference :

  Coke : Low Ash Metallurgical Coke CFR India prices from Platts report

- **Chinese overcapacity :** As China shifts towards a consumption led economy, Chinese steel industry is being forced to export more and more steel to maintain its capacity utilisation.

  It is pertinent to note that even though there were various talks of China reducing its steel capacity, in reality, the Chinese crude steel production has increased by 6.6% in CY 2018.

  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 maintain 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, our efforts to improve service levels and close coordination with all stakeholders allowed us to consolidate our position as the preferred supplier to our 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 – ₹ 14,065 Million
- Profit before Taxation – ₹ 1,925 Million

Revenue from Operations includes Manufacturing Revenue of ₹ 13,725 Million, Trading Revenue of ₹ 112 Million and other Operating Revenue of ₹ 228 Million.

Manufacturing Revenue consists of sale of Rolled Products and As Cast Blooms. The Company sold 225,288 tonnes of Rolled Products aggregating ₹ 13,295 Million and 8,072 tonnes of As Cast Blooms aggregating ₹ 430 Million.

Key Financial Ratios

The Key Financial Ratios for FY 2018-19 and FY 2017-18, along with explanation for significant changes (change of 25% or more) are as follows :

Particulars	2018-19	2017-18	Change (%)
Debtors Turnover	3.95	3.69	7.17
Inventory Turnover	9.11	12.43	*(26.72)
Interest Coverage Ratio	30.06	21.21	**41.69
Current Ratio	1.78	1.56	13.89
Debt Equity Ratio	(0.02)	0.17	**(112.77)
Operating Profit Margin (%)	10.48	9.28	13.04
Net Profit Margin (%)	9.40	8.30	13.42
Net Worth (₹ in Million)	8,905.68	7,847.29	13.49
Return on Net Worth	0.15	0.15	—

* Increase in value and quantity of inventories.

** Reduction in Debts.

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 recognises the importance of human resources in realising its growth ambitions and believes in nurturing talent within the organisation to take up leadership positions. The Company believes in investing in people development and process improvements, aligned with Company's vision and values.

As on March 31, 2019 the Company has 59 employees. 1,037 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 statues, litigations, labour relations and interest costs.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Kalyani Steels has been practicing the principles of good Corporate Governance over the years and lays strong emphasis on transparency and proper disclosures. The Company believes that good Corporate Governance is critical for enhancing and retaining investor trust and always seeks to ensure that its performance goals are met accordingly. The Company has established systems and procedures to ensure that its Board of Directors are well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic directions needed to create and enhance a long-term shareholders value and commitment of high standard of business ethics.

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 2018-19.

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, 2019, the Board of Directors of Kalyani Steels comprised of Ten Directors. The Board consists of the Chairman, who is a Promoter Non-Executive Director, one Executive Director and eight Non-Executive Directors, of which five are Independent. Details are given in Table 1.

NUMBER OF BOARD MEETINGS

During the year 2018-19, the Board of the Company met four times on May 18, 2018, July 24, 2018, October 22, 2018 and February 8, 2019. 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 2018-19 and at the last Annual General Meeting held on August 21, 2018 :

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	3	Yes
Mrs.Sunita B. Kalyani	Non-Executive	4	4	Yes
Mr.Amit B. Kalyani	Non-Executive	4	3	No
Mr.S.M. Kheny	Non-Executive	4	3	No
Mr.B.B. Hattarki	Independent	4	4	Yes
Mr.M.U. Takale	Independent	4	3	Yes
Mr.Arun P. Pawar	Independent	4	4	Yes
Mr.Sachin K. Mandlik	Independent	4	4	No
Mr.S.K. Adivarekar*	Independent	4	4	Yes
Mr.R.K. Goyal, Managing Director	Executive	4	4	Yes

*Appointed with effect from May 18, 2018

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, 2019 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	8	3	—	Bharat Forge Limited Automotive Axles Limited Hikal Limited BF Utilities Limited	Promoter, Executive Non-Executive Non-Executive Non-Executive
Mrs.Sunita B. Kalyani	2	—	—	—	—
Mr.Amit B. Kalyani	8	1	—	Bharat Forge Limited Hikal Limited BF Utilities Limited Kalyani Investment Company Limited BF Investment Limited	Executive Non-Executive Non-Executive Non-Executive Non-Executive
Mr.S.M. Kheny	5	1	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	Alternate
Mr.Sachin K. Mandlik	1	—	—	—	—
Mr.S.K. Adivarekar	4	2	2	Kalyani Investment Company Limited BF Utilities Limited	Independent Independent
Mr.R.K. Goyal Managing Director	3	3	—	Kalyani Investment Company Limited	Independent

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

Certificate from M/s SVD & Associates, 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) and Ministry of Corporate Affairs, 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. http://www.kalyanisteels.com/profile/code-of-conduct/terms-of-the-appointment-of-independent-directors-of-kalyani-steels-limited/

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 judgement 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, Auditor's 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/code-of-conduct/)

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 enclosed to this Report.

DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

There has been no materially relevant pecuniary transactions or relationship between the Company and its non-executive and / or independent Directors during the year 2018-19.

COMMITTEES OF THE BOARD

As on March 31, 2019, the Company has Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility 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. During the year, there were no instances, were the Board has not accepted the recommendations of the Committees. The Company Secretary acts as the Secretary of all Committees.

AUDIT COMMITTEE

As on March 31, 2019, 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 Board of Directors at their meeting held on May 18, 2018, had reconstituted the Audit Committee to consist of Mr.S.K. Adivarekar, as Chairman and Mr.B.N. Kalyani, Mr.B.B. Hattarki and Mr.M.U. Takale, as other members of the Committee. The reconstitution of the Committee was done as Mr.S.S. Vaidya, Chairman of the Audit Committee resigned with effect from May 18, 2018.

The Annual General Meeting of the Company held on August 21, 2018 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 2018-19, Audit Committee met on May 18, 2018, July 24, 2018, October 22, 2018 and February 8, 2019.

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	3	3
Mr.S.S. Vaidya**	Independent	1	1
Mr.B.N. Kalyani	Promoter Non-Executive	4	3
Mr.B.B. Hattarki	Independent	4	4
Mr.M.U. Takale	Independent	4	3

*Appointed with effect from May 18, 2018.
**Resigned with effect from May 18, 2018.

The Role 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 utilised for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- 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.
- 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 utilisation of loans and / or advances from / investment by the Company in the subsidiary exceeding ₹ 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, 2019, Stakeholders Relationship Committee comprised of three Directors viz. Mr.S.M. Kheny, Chairman, Mr.R.K. Goyal, Managing Director and Mr.B.B. Hattarki, Independent Director as other members of the Committee. During the year 2018-19, the Stakeholders Relationship Committee met on May 18, 2018, July 24, 2018, October 22, 2018 and February 8, 2019.

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	4

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.Deepti 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 2018-19 are as follows :

Nature of Complaint	No. of Complaints received	No. of Complaints redressed	No. of Complaints pending as on March 31, 2019	No. of Complaints not solved to the satisfaction of shareholders
Non-receipt of Shares lodged for transfer / transmission / in exchange of old certificates	3	3	—	—
Non-receipt of Dividend	—	—	—	—
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, 2019, Nomination and Remuneration Committee comprised of three Directors viz. Mr.M.U. Takale, Chairman, Mr.Amit B. Kalyani and Mr.B.B. Hattarki as other members of the Committee. During the year 2018-19, the Nomination and Remuneration Committee met on May 18, 2018, October 22, 2018 and February 8, 2019.

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	3

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/code-of-conduct/board-diversity-remuneration-policy/). 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 :

Areas of Skills / Expertise / Competencies Required	Description
Industry Knowledge / experience	Knowledge and experience of the functioning, operations, business environment, changing trends in the steel, metal, mining, manufacturing and engineering industries, Knowledge of Government policies applicable to industry.
Technology and Innovations	Knowledge of emerging trends in technology and innovations that may have impact on Company's business, Ability to adopt the technology changes and drive process and product innovations to make the business more competitive and sustainable, extend / create new business model.
Strategy & Planning	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the objectives of the Company, relevant policies and priorities.
Board Diversity	Representation of Gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of customers, partners, employees, governments and other stakeholders worldwide.
Sales and Marketing	Experience in developing strategies to increase sales and market share, build brand awareness and enhance Company reputation.
Financial Skills	Expertise in Financial management, understanding of capital allocation, funding and financial reporting requirements, controls and analysis.
Legal and Regulatory knowledge	Understanding of Legal and Regulatory frameworks within which the Company operates.
Corporate Governance and Risk Management	Experience in the application of Corporate Governance principles. Ability to maintain management accountability and formulate policies to safeguard interest of the Company and shareholders. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliances.

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 of 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.

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 2018-19, 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	—	4.50	4.54	1,118
Mrs.Sunita B. Kalyani	**	0.01	—	3.00	3.01	54,150
Mr.Amit B. Kalyani	***	0.01	—	4.00	4.01	31,694
Mr.S.M. Kheny	****	0.02	—	0.60	0.62	14
Mr.B.B. Hattarki	None	0.08	—	0.80	0.88	—
Mr.M.U. Takale	None	0.02	—	0.60	0.62	2,500
Mr.Arun Pawar	None	0.01	—	0.40	0.41	—
Mr.Sachin K. Mandlik	None	0.01	—	0.65	0.66	—
Mr.S.K. Adivarekar$	None	0.01	—	0.50	0.51	—
Mr.R.K. Goyal	None	N.A.	53.74	25.00	78.74	—

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 with effect from May 18, 2018

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 as other members of the Committee. During the year 2018-19, the Corporate Social Responsibility Committee met on May 18, 2018 and July 24, 2018.

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/code-of-conduct/corporate-social-responsibility-csr/)

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	1
Mr.R.K. Goyal	Executive	2	2

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 8, 2019, 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 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/code-of-conduct/related-party-transactions-policy/).

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 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/code-of-conduct/whistle-blower/)

INDEPENDENT DIRECTORS' TRAINING AND INDUCTION

The Independent Directors are provided with necessary documents / brochures and reports to enable them to familiarise with the Company's business, procedures and practices. Along with role, function, duties and responsibilities expected from Director, the Director is also explained in detail, the compliances required from him under the Companies Act, 2013, 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 familiarise 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 familiarisation programme are available on the website of the Company. (Web-link : http://www.kalyanisteels.com/profile/code-of-conduct/familiarisation-programme-for-independent-directors/)

POLICY ON DETERMINING MATERIAL SUBSIDIARY

The Board has approved Policy on Material Subsidiary and the same is available on the Company's website. (Web-link : http ://www.kalyanisteels.com/profile/code-of-conduct/policy-on-material-subsidiary/) The Policy is intended to identify Material Subsidiaries and to establish a governance framework for such subsidiaries. The Company does not have any material subsidiary company.

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. During the year under review, no complaint was filed pursuant to the said Act.

3. SHAREHOLDERS

DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

Mrs.Sunita B. Kalyani and Mr.Amit B. Kalyani, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr.Arun Pawar and Mr.M.U. Takale, Independent Directors on the Board of the Company are seeking re-appointment for the Second Term of 5 (Five) consecutive years with effect from September 5, 2019 to September 4, 2024.

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

- Mrs.Sunita B. Kalyani born on April 18, 1951, was the Chairperson of Kalyani Thermal Systems Limited (now named as Kalyani Technoforge Limited), a Kalyani Group Company, engaged in the manufacture of thermal system equipments and automotive components. She is also actively involved in all the CSR Activities and Charitable Foundations of the Kalyani Group. Mrs.Kalyani holds 54,150 Equity Shares of ₹ 5/- each of the Company as on March 31, 2019.

  The details of Directorships and Committee Memberships held in other Indian Public Limited Companies are as follows :

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. India International Infrastructure Engineers Limited	Not Applicable

- Mr.Amit B. Kalyani, born on July 26, 1975, after having his initial education in Pune, graduated in Mechanical Engineering from Bucknell University, Pennsylvania, U.S.A. He initially worked with Kalyani Steels Limited, followed by other companies within the group. He then joined Bharat Forge Limited in 1999 as Vice President and Chief Technology Officer. He was also instrumental in strategizing and execution of the several acquisitions that the group had in Germany.

  Mr.Amit B. Kalyani is currently an Executive Director of Bharat Forge Limited. He also takes care of the overall group strategy and is responsible for the expansion of steel business and driving the infrastructure foray of the group. He holds 31,694 Equity Shares of ₹ 5/- each of the Company as on March 31, 2019.

  The details of Directorships and Committee Memberships held in other Indian Public Limited Companies are as follows :

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Bharat Forge Limited 2. Hikal Limited 3. BF Utilities Limited 4. Kalyani Investment Company Limited 5. BF Investment Limited 6. BF-NTPC Energy Systems Limited 7. BF Elbit Advanced Systems Private Limited (Subsidiary of a public company)	1. BF Utilities Limited Audit Committee – Member

- Mr.Arun Pawar, Independent Director on the Board of the Company is seeking re-appointment for the Second Term of 5 (Five) consecutive years with effect from September 5, 2019 to September 4, 2024, pursuant to notice received from the member of the Company, signifying his intention to propose Mr.Pawar, as candidate for the office of Independent Director. Mr.Pawar, being eligible, offers himself for re-appointment. In the opinion of the Board, Mr.Pawar fulfills the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his re-appointment as an Independent Director of the Company.

  Mr.Pawar born on September 17, 1950, holds a Bachelor's Degree in Science and he has worked in the Indian Revenue Service (IRS:75), in the Income Tax Dept., for 36 years, having varied experience in Income Tax Assessment and Investigation along with General Administration. As Chief CIT & Commissioner, he had worked in Maharashtra (Thane & Mumbai) and in other states like Karnataka, Tamilnadu & Andhra Pradesh. Mr.Pawar do not hold any shares of the Company as on March 31, 2019.

  The details of Directorships and Committee Memberships held in other Indian Public Limited Companies are as follows :

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Phoenix Township Limited	Not Applicable

- Mr.M.U. Takale, Independent Director on the Board of the Company is seeking re-appointment for the Second Term of 5 (Five) consecutive years with effect from September 5, 2019 to September 4, 2024, pursuant to notice received from the member of the Company, signifying his intention to propose Mr.Takale, as candidate for the office of Independent Director. Mr.Takale, being eligible, offers himself for re-appointment. In the opinion of the Board, Mr.Takale fulfills the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his re-appointment as an Independent Director of the Company.

  Mr.Takale, born on August 18, 1960, is a Mechanical Engineer having more than 30 years experience in forging and automotive related industries. Mr.Takale, after having his initial graduation in Pune, completed his MS in Industrial and Systems Engineering from Columbia University, New York, U.S.A. and MBA from Western Carolina University, NC, U.S.A. He was in U.S.A. for six years and besides obtaining degree in Engineering and Management, has had considerable exposure to technological advancements in automotive field. He also has work experience in Automotive Industry in U.S.A. He holds 2,500 Equity Shares of ₹ 5/- each of the Company as on March 31, 2019.

  The details of Directorships and Committee Memberships held in other Indian Public Limited Companies are as follows :

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. BF Investment Limited 2. Kalyani Technologies Limited 3. Kalyani Infotech Solutions Limited	1. BF Investment Limited Audit Committee - Member Stakeholders Relationship Committee - Chairman

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.

SHARE TRANSFER

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 rematerialisation 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.

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 ₹ 5.14 Million to M/s P.G. Bhagwat, Chartered Accountants, Pune (Firm Registration No.101118W) during the year 2018-19.

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 11, 2016	11.00 a.m.	Registered Office of the Company at Mundhwa, Pune - 411 036	Adoption of new set of Articles of Association of the Company
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

POSTAL BALLOT

No resolution was put through postal ballot during the year 2018-19.

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. It has not adopted any discretionary requirements.

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 : Tuesday, August 27, 2019 at 11.00 a.m.

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

FINANCIAL CALENDAR

April 1 to March 31

BOOK CLOSURE

The books will be closed from Tuesday, August 20, 2019 to Tuesday, August 27, 2019 (both days inclusive).

DIVIDEND PAYMENT DATE

Dividend of ₹ 5/- per Equity Share of ₹ 5/- each (i.e.100%) would be payable on and from Friday, September 6, 2019.

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

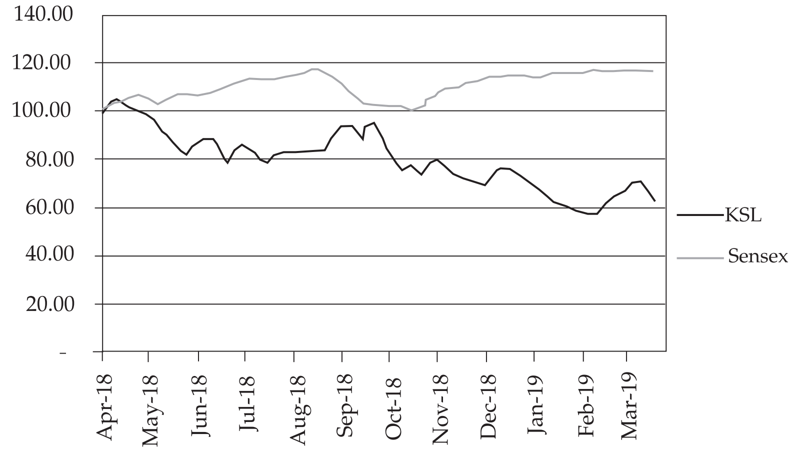
Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year 2018-19 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2018	339.95	300.20	1,944,625	339.20	300.00	408,614
May, 2018	324.95	268.00	1,134,816	324.95	267.00	237,991
June, 2018	283.90	247.55	948,528	283.50	249.05	314,286
July, 2018	278.45	230.45	1,055,389	278.00	231.20	223,944
August, 2018	299.80	254.70	1,927,589	300.75	255.10	394,051
September, 2018	305.00	229.20	2,050,832	304.95	229.40	385,881
October, 2018	247.70	215.25	950,195	255.00	216.00	316,139
November, 2018	252.00	221.00	556,851	251.75	220.95	200,823
December, 2018	235.90	207.50	584,756	235.95	207.00	209,277
January, 2019	227.75	196.45	580,853	226.20	196.50	128,407
February, 2019	206.00	175.60	725,122	205.00	175.20	189,098
March, 2019	234.00	193.10	1,056,391	234.00	195.25	337,380

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 2018-19 i.e. April 1, 2018

REGISTRAR AND TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

M/s. Link Intime India Private Limited, Block No.202, Akshay Complex, 2nd Floor, Off Dhole Patil Road, Near Ganesh Mandir, Pune – 411 001 are the Registrar and Transfer Agents of the Company and carry out the share transfer work on behalf of the Company. 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, 2019

Category of the Shareholder	No. of Equity Shares held	Shareholding %
Promoters	28,248,323	64.71
Mutual Funds	970,269	2.22
Financial Institutions / Banks	70,054	0.16
Foreign Portfolio Investors	799,833	1.83
Bodies Corporate	1,454,341	3.33
NRIs	415,929	0.95
Indian Public	11,694,311	26.80
TOTAL	43,653,060	100.00

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON MARCH 31, 2019

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5,000	48,281	6,303,931	14.44
5,001 to 10,000	993	1,489,060	3.41
10,001 to 20,000	382	1,088,790	2.49
20,001 to 30,000	127	627,552	1.44
30,001 to 40,000	35	239,875	0.55
40,001 to 50,000	43	403,926	0.93
50,001 to 100,000	45	646,923	1.48
100,001 and above	59	32,853,003	75.26
TOTAL	49,965	43,653,060	100.00

DEMATERIALISATION

The Company's Equity Shares are under compulsory Demat Trading. As on March 31, 2019, dematerialised shares accounted for 99.16% of the total Equity.

PLANT 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, 2019, compliance with the Code of Conduct of the Company laid down for them.

Place : Pune
Date : May 18, 2019

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 – 411036

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kalyani Steels Limited having CIN : L27104MH1973PLC016350 and having registered office at Mundhwa, Pune–411036 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-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 ending on March 31, 2019, 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

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
FCS No : 1321
CP No : 965

Date : May 18, 2019
Place : Pune

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Kalyani Steels Limited

We have examined the compliance of conditions of Corporate Governance by Kalyani Steels Limited for the year ended March 31, 2019, as stipulated in a SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the year April 1, 2018 to March 31, 2019.

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

Pritam Prajapati
Partner
Membership No.135734
UDIN : 19135734AAAAAY1305

Pune
May 18, 2019

DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting the Forty-Sixth Annual Report on the business and operations of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2019.

1. **Financial Highlights (on stand-alone basis)**

(₹ in Million)

		2018-19	2017-18
Total Income	:	**14,197.84**	14,051.17
Total Expenditure	:	**11,941.82**	11,846.63
Finance Cost	:	**66.25**	86.37
Depreciation & amortisation expenses	:	**383.97**	372.22
Profit before Exceptional Item and Tax	:	**1,805.80**	1,745.95
Exceptional Item	:	**119.21**	—
Profit before Tax	:	**1,925.01**	1,745.95
Tax Expenses :			
- Current Tax	:	**635.50**	610.63
- Deferred Tax	:	**(30.97)**	(13.50)
Profit after Tax	:	**1,320.48**	1,148.82

2. **Dividend & Reserves**

The Directors are pleased to recommend a dividend of ₹ 5/- per Equity Share of ₹ 5/- each (i.e.100%) for the financial year ended March 31, 2019, for approval of the members. The dividend on Equity Shares, if approved by the members would involve a cash outflow of ₹ 218.27 Million plus a dividend tax of ₹ 44.87 Million.

During the year under review, no transfer is made to the General Reserve. An amount of ₹ 8,091.16 Million is retained as surplus in the Statement of Profit and Loss.

3. **Performance of the Company**

During the Financial Year ended March 31, 2019, the Company achieved Revenue from Operation of ₹ 14,065 Million against ₹ 13,879 Million in the previous year. The Profits before Tax is ₹ 1,925 Million, against ₹ 1,746 Million in the previous year.

Increase in revenue as compared to previous year is mainly due to prime focus on the sale of value added products, which also helped the Company to achieve better price realisations. The change in the product mix supported by improvement in operational efficiencies and benefits derived from cost reduction enabled the Company to achieve better results. The Company is taking consistent efforts to improve the product mix.

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 Auditors of the Company viz. M/s.P.G. Bhagwat, Chartered Accountants, 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, Mrs.Sunita B. Kalyani and Mr.Amit B. Kalyani, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr.Arun Pawar and Mr.M.U. Takale, Independent Directors of the Company are seeking re-appointment for a second term of 5 (Five) consecutive years with effect from September 5, 2019 to September 4, 2024.

These re-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/code-of-conduct/board-diversity-remuneration-policy/).

7.3 Meetings of the Board

During the Financial Year 2018-19, 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, 2019, 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, 2019 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, 2019, 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/code-of-conduct/corporate-social-responsibility-csr/)

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 39 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/code-of-conduct/related-party-transactions-policy/)

12. Risk Management

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner. The Company 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, 2019, 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 2018-19.

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 Auditors' 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, as amended, 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 2019-20.

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 2018-19. The Secretarial Audit Report for the Financial Year ended March 31, 2019, 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/code-of-conduct/whistle-blower/)

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, 2019, 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. Familiarisation 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 familiarise with the Company's procedures and practices.

The details of programmes for familiarisation of Independent Directors with the Company are put up on website of the Company. (Web-link : http://www.kalyanisteels.com/profile/code-of-conduct/terms-of-the-appointment-of-independent-directors-of-kalyani-steels-limited/)

25. Subsidiaries, Joint Ventures or Associate Companies

As on March 31, 2019, 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/code-of-conduct/policy-on-material-subsidiary/)

26. 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.

27. 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 7 (seven) 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 7 (seven) 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.

28. 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), 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.

29. 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.

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for and on behalf of the Board of Directors

Place : Pune	B.N. Kalyani
Date : May 18, 2019	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) VVVF drive for RMS-2's Hot saw machine for power saving & improving equipment reliability.

b) Dedusting system modification in Sinter plants with installation of auto-valves to stop suction when not required.

c) Installation of energy efficient Centrifugal Air Compressor in place of Screw Compressor.

d) Installation of LED Lights in place of Mercury / Sodium Vapour Lamps in various places in the plant.

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

Initiated use of wind power (sourced from external party) to partially replace KPTCL grid power.

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

B. TECHNOLOGY ABSORPTION :

I. The efforts made towards technology absorption :

a) Initiated use of Strand Electro-Magnetic Stirrer (EMS) in connecting rod grades to improve internal quality.

b) Reduction of peeling requirement for cold forging application.

c) Initiated use of Four-port Sub-Entry Nozzle (SEN) in 160x160 Billet caster to minimise sub surface defects.

d) Condition Based Monitoring (CBM) system is introduced for preventive maintenance in which various analyses are conducted for critical equipment such as : Vibration analysis, Oil analysis, Wear particle analysis (i.e. non-intrusive examination of oil-wetted parts of a machine by analysing wear particles in lubricant) and Electrical Panels' Thermography.

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

The Company has developed various new products such as :

(1) Development of Micro alloyed steel with High Vanadium (V).

(2) Elimination of Troostite structure in Bearing application.

(3) Development of special grade for connecting rod application for export market.

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.

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 : (₹ in Million)
Used : ₹ 4,023.80 Earned : ₹ 602.70

for and on behalf of the Board of Directors

Place : Pune
Date : May 18, 2019

B.N. Kalyani
Chairman

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/code-of-conduct/corporate-social-responsibility-csr/)

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 : ₹ 1,960.06 Million
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 39.21 Million
5. Details of CSR spent during the Financial Year :

   a) Total amount to be spent for the financial year : ₹ 39.21 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)	36.01	36.01	36.01	Through implementing agency
2	Pratham Pune Educational Foundation	Education	Pune (Maharashtra)	2.37	2.37	2.37	Through implementing agency
3	Digital Education	Education	Koppal (Karnataka)	0.08	0.08	0.08	Directly
4	Drinking Water and Sanitation	Healthcare	Koppal (Karnataka)	0.75	0.75	0.75	Directly
			Total	39.21	39.21	39.21	

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 : May 18, 2019

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 :			
	a)	Name(s) of the related party and nature of relationship	:	Not Applicable
	b)	Nature of contracts / arrangements / transactions	:	Not Applicable
	c)	Duration of contracts / arrangements / transactions	:	Not Applicable
	d)	Salient terms of the contracts / arrangements / transactions including the value, if any	:	Not Applicable
	e)	Justification for entering into such contracts / arrangements / transactions	:	Not Applicable
	f)	Date(s) of approval by the Board	:	Not Applicable
	g)	Amount paid as advance, if any	:	Not Applicable
	h)	Date on which the resolution was passed in general meeting as required under first proviso to Section 188	:	Not Applicable
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
	b)	Nature of contracts / arrangements / transactions	:	Sale / supply of goods or materials - Steel, Purchase of scrap, Job Work
	c)	Duration of contracts / arrangements / transactions	:	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.
	e)	Date(s) of approval by the Board	:	February 5, 2018
	f)	Amount paid as advance, if any	:	₹ 470 Million (Advance received from Bharat Forge Limited)

On behalf of the Board of Directors

Place : Pune	Mrs.D.R. Puranik	B.M. Maheshwari	R.K. Goyal	B.N. Kalyani
Date : May 18, 2019	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 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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 authorised 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, 2019 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, 2019 according to the provisions of :

(i) The Companies Act, 2013 and The Companies Amendments Act, 2017 (the Act), the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(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 borrowing;

(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) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009 (as applicable till November 8, 2018) and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 effective from November 9, 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 (not applicable to the Company during the Audit Period);

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 amendment Regulation 2016 (not applicable to the Company during the Audit Period); and

   (h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (as applicable till September 10, 2018) and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 effective from September 11, 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) The Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with Stock Exchanges pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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 generally sent 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

Place : Pune
Date : May 18, 2019

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. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. 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

Place : Pune
Date : May 18, 2019

ANNEXURE - E TO DIRECTORS' REPORT

[Information pursuant to of 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	3.33
2	Mrs.Sunita B. Kalyani	2.21
3	Mr.Amit B. Kalyani	2.94
4	Mr.S.M. Kheny	0.45
5	Mr.B.B. Hattarki	0.64
6	Mr.M.U. Takale	0.45
7	Mr.Arun Pawar	0.30
8	Mr.Sachin K. Mandlik	0.48
9	Mr.S.K. Adivarekar	0.38
10	Mr.R.K. Goyal	57.75

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 Director	Remuneration		% increase / (decrease)
		2018-19 (₹)	2017-18 (₹)	
1	Mr.B.N. Kalyani	4.54	4.05	11.90
2	Mrs.Sunita B. Kalyani	3.01	2.51	19.94
3	Mr.Amit B. Kalyani	4.01	3.51	14.25
4	Mr.S.M. Kheny	0.62	0.52	18.60
5	Mr.B.B. Hattarki	0.88	0.84	4.52
6	Mr.M.U. Takale	0.62	0.52	18.32
7	Mr.Arun Pawar	0.41	0.25	60.63
8	Mr.Sachin K. Mandlik	0.66	0.50	31.08
9	Mr.S.K. Adivarekar	0.51	N.A.	N.A.
10	Mr.R.K. Goyal	78.74	75.85	3.81

Percentage increase in remuneration of Mr.B.M. Maheshwari, Chief Financial Officer is 11.57% and of Mrs.D.R. Puranik, Company Secretary is 11.54%.

c) The percentage increase in the median remuneration of employee(s) in the financial year : 11.30%

d) The number of permanent employees on the role of the Company : 59 Employees as on March 31, 2019

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-Managerial Personnel is 8%.

Percentage increment at 50th Percentile for Salaries of Managerial Personnel is 10%.

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	78.74	Permanent Employee	B.E. (HONS) MBA	37	17-01-2011	61	JSL Stainless Limited	—	N.A.
2	Mr.P.S. Ghosh, President and Chief (Project)	12.49	Permanent Employee	M.Tech (Mechanical) MDP	41	02-04-2014	67	Welspun Maxsteels Limited	—	N.A.
3	Mr.B.M. Maheshwari, Chief Financial Officer	8.74	Permanent Employee	B.Com ACA	25	16-05-2013	49	Essar Steel India Limited	—	N.A.
4	Mrs.D.R. Puranik Company Secretary	5.83	Permanent Employee	B.Com LL.B. ACS	30	16-05-2001	53	Kalyani Ferrous Industries Limited	—	N.A.
5	Mr.Ajit R. Yadav Vice President (Marketing)	4.51	Permanent Employee	B. Sc. M.B.A. (Marketing)	23	01-08-2012	46	Kalyani Carpenter Special Steels Private Limited	—	N.A.
6	Mr.Dushyant Dattatray Asst. General Manager (Purchase)	4.51	Permanent Employee	B. Tech. (Computer Science & Engineering) PGDM	9	01-08-2015	34	Nilon's Enterprises Private Limited	—	N.A.
7	Mr.Amit Jawade Manager	4.49	Permanent Employee	B. Tech. (Electronic & Communication) PGDCM	7	23-09-2013	31	The Boston Consulting Group	—	N.A.
8	Mr.Anand Shirsat Deputy General Manager (Legal & HR)	4.12	Permanent Employee	B.Com. LLB DLL&LW	24	24-07-1997	53	Kalyani Ferrous Industries Limited	—	N.A.
9	Mr.Arvind Sangamnerkar Vice President (Marketing)	4.04	Permanent Employee	B. Tech (Industrial Engineering)	22	16-08-2012	45	Remi Metals Gujrat Ltd.	—	N.A.
10	Mr.Viveck Panchwagh Vice President (Technology Development)	3.63	Permanent Employee	B. Sc. (Honors) DMM FMM	39	01-04-2018	60	Kalyani Carpenter Special Steels Private Limited	—	N.A.

for and on behalf of the Board of Directors

Place : Pune
Date : May 18, 2019

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, 2019
[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 (01-04-2018)				No. of Shares held at the end of the year (31-03-2019)				% 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	94,762	—	94,762	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	28,248,323	—	28,248,323	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	28,248,323	—	28,248,323	64.71	—
B.	**Public Shareholding**									
1.	Institutions									
a)	Mutual Funds	896,175	—	896,175	2.05	970,269	—	970,269	2.22	0.17
b)	Banks / FI	59,779	500	60,279	0.14	69,554	500	70,054	0.16	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	1,100,704	—	1,100,704	2.52	799,833	—	799,833	1.83	(0.69)
	ii) Alternate Investment Fund	93,000	—	93,000	0.22	93,000	—	93,000	0.22	—
	Sub-total (B)(1)	2,149,658	500	2,150,158	4.93	1,932,656	500	1,933,156	4.43	(0.50)
2.	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	1,686,157	7,363	1,693,520	3.88	1,452,678	1,663	1,454,341	3.33	(0.55)
ii)	Overseas	—	—	—	—	—	—	—	—	—
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto Rs.1 lakh	9,678,629	415,479	10,094,108	23.12	10,083,011	351,978	10,434,989	23.91	0.79
ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	838,681	—	838,681	1.92	896,453	—	896,453	2.05	0.13
c)	Others									
	i) NRI's	271,695	11,285	282,980	0.65	404,644	11,285	415,929	0.95	0.30
	ii) Clearing Member	216,826	—	216,826	0.50	130,869	—	130,869	0.30	(0.20)
	iii) IEPF	128,464	—	128,464	0.29	139,000	—	139,000	0.32	0.03
	Sub-total (B)(2)	12,820,452	434,127	13,254,579	30.36	13,106,655	364,926	13,471,581	30.86	0.50
	Total Public Shareholding (B) = (B)(1) + (B)(2)	14,970,110	434,627	15,404,737	35.29	15,039,311	365,426	15,404,737	35.29	—
C.	**Shares held by Custodian for GDRs & ADRs**	—	—	—	—	—	—	—	—	—
	Grand Total (A+B+C)	43,218,433	434,627	43,653,060	100.00	43,287,634	365,426	43,653,060	100.00	—

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2018) No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	Shareholding at the end of the year (31-03-2019) No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	% change in shareholding during the year
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	54,150	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	28,248,323	64.71	Nil	Nil

iii) Change in Promoter's Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (01-04-2018) No. of Shares	% of total shares of the Company	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019) 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
	Date wise Increase / Decrease during the year	—	—	—	—
	At the end of the Year	Nil	Nil	28,248,323	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 (01-04-2018)		Increase - Market Purchase / (Decrease - Market Sale) in Shareholding		Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		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	861,960	1.97	01-03-2019	18,649	880,609	2.02
				08-03-2019	15,099	895,708	2.05
				15-03-2019	17,203	912,911	2.09
				22-03-2019	26,625	939,536	2.15
2	VLS Finance Ltd	541,383	1.24	13-04-2018	(9,834)	531,549	1.22
				20-04-2018	(24,600)	506,949	1.16
				27-04-2018	3,102	510,051	1.17
				18-05-2018	2,970	513,021	1.18
				25-05-2018	4,000	517,021	1.18
				01-06-2018	9,400	526,421	1.21
				17-08-2018	(1,500)	524,921	1.20
				25-01-2019	(8,512)	516,409	1.18
				01-02-2019	(2,000)	514,409	1.18
				22-02-2019	(4,409)	510,000	1.17
				01-03-2019	(7,087)	502,913	1.15
				08-03-2019	(3,000)	499,913	1.15
				22-03-2019	(2,000)	497,913	1.14
3	Bhavana Govindbhai Desai	310,000	0.71	22-03-2019	(10,000)	300,000	0.69
				29-03-2019	10,000	310,000	0.71
4	Acadian Emerging Markets Small Cap Equity Fund LLC	270,652	0.62	25-05-2018	(8,288)	262,364	0.60
				21-09-2018	(13,916)	248,448	0.57
5	Emerging markets core equity portfolio (the portfolio) of DFA investment dimensions group INC. (DFAIDG)	175,633	0.40	15-06-2018	2,581	178,214	0.41
6	Bharat Forge Co. Ltd,General Welfare Trust No II	140,000	0.32	—	—	140,000	0.32
7	Bharat Forge Co. Ltd,General Welfare Trust No III	140,000	0.32	—	—	140,000	0.32
8	Bharat Forge Co. Ltd,General Welfare Trust No IV	140,000	0.32	—	—	140,000	0.32
9	BFC officers Welfare Trust No XV	140,000	0.32			140,000	0.32
10	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	128,464	0.29	23-11-2018	10,536	139,000	0.32

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Directors	Shareholding at the beginning of the year (01-04-2018)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		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	—	—	54,150	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	592.62	1,095.73	—	1,688.35
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	3.66	4.16	—	7.82
Total (i + ii + iii)	596.28	1,099.89		1,696.17
Change in Indebtedness during the financial year				
i) Addition	—	—	—	—
ii) Reduction	413.81	1,095.73	—	1,509.54
Net Change	(413.81)	(1,095.73)	—	(1,509.54)
Indebtedness at the end 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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

A. Remuneration to Managing Director, Wholetime 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	53.59	53.59
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	25.00	25.00
	- Others, specify	—	—
5.	Others, please specify	—	—
	Total (A)	78.74	78.74
	Ceiling as per the Act		86.53

B. Remuneration to other Directors

(₹ in Million)

No.	Particulars of Remuneration	Name of Directors					Total Amount
	Independent Directors	Mr.B.B. Hattarki	Mr.M.U. Takale	Mr.Arun Pawar	Mr.Sachin K. Mandlik	Mr.S.K. Adivarekar	
a)	Fee for attending Board / Committee meetings	0.08	0.02	0.01	0.01	0.01	0.13
b)	Commission	0.80	0.60	0.40	0.65	0.50	2.95
c)	Others, please specify	—	—	—	—	—	—
	Total (1)	0.88	0.62	0.41	0.66	0.51	3.08
	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	0.02		0.08
b)	Commission	4.50	3.00	4.00	0.60		12.10
c)	Others, please specify	—	—	—	—		—
	Total (2)	4.54	3.01	4.01	0.62		12.18
	Total (B) = (1 + 2)						15.26
	Total Managerial Remuneration						94.00
	Overall Ceiling as per the Act						103.83

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	8.74	5.68	14.42
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	8.74	5.83	14.57

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 : May 18, 2019

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, 2018 to March 31, 2019
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	:	₹ (97.27)
Total Assets	:	₹ 88.71
Total Liabilities	:	₹ 165.99
Investments	:	₹ 0.01
Turnover	:	Nil
Profit before Taxation	:	₹ (15.01)
Provision for taxation		Nil
Profit after Taxation	:	₹ (15.01)
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	31-03-2019
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	Mrs.D.R. Puranik	B.M. Maheshwari	R.K. Goyal	B.N. Kalyani
Date : May 18, 2019	Company Secretary	Chief Financial Officer	Managing Director	Chairman

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, 2019 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, 2019, 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
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 Realties Private Limited (DGM) of face value ₹ 1,319.60 Million. These FCDs shall be compulsorily converted into equity shares of DGM Realties in various tranches starting from December 31, 2019; 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 assessment of control over DGM and its fair valuation through OCI, this is considered to be a key audit matter.	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 - - 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. 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.

Key Audit Matters	How our audit addressed the key audit matters
Accounting of joint operation 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 recognised its share of revenue and expenses and assets and liabilities from joint operation in its separate financial statements. 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.	As part of our audit procedure – - 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. The accounting for joint operation requires the Company to recognise only its share of expenses from the joint operation, therefore we have checked the amount recharged to the 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 recharged to the Company have been reclassified to the respective expense line items based on the nature of such expenses. In light of the work performed and the evidence obtained, we consider the joint operation accounting to be appropriate.
Valuation of finished goods inventory As on March 31, 2019, the Company is having finished goods inventory of ₹ 496.62 Million and disclosed in Note 11. The finished goods are valued at cost or net realisable 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 (j) of Significant Accounting Policies). 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, standardised 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 product 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. 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.	As a part of our audit procedures over valuation of finished goods we have performed the following procedures – - 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. We did not identify any material differences from the Company's valuations from performing this work.

Key Audit Matters	How our audit addressed the key audit matters
Provisions and contingent liabilities As on March 31, 2019, the Company has disclosed significant open legal cases and other contingent liability in Note 37A. The assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payment and analysis of a reliable estimate, requires management's judgement to ensure appropriate accounting or disclosures. Due to the level of judgement relating to recognition, valuation and presentation of provisions and contingent liabilities, this is considered to be a key audit matter.	As part of our audit procedure we have assessed management's process to identify new possible obligations and changes in the existing obligations for compliance with Company policy and Ind AS 37 requirements. We have analysed significant changes from prior year and obtained a detailed understanding of these items and assumptions applied. We have obtained independent solicitors' confirmation letter on the main outstanding legal cases. As part of audit procedures we have checked minutes of board meetings. We have assessed the appropriateness of presentation of the most significant contingent liabilities in the financial statements.

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 ₹ 263.65 Million and net assets of ₹ (5.24) Million as at March 31 2019, total revenue of ₹ Nil, net loss of ₹ 0.29 Million and net cash flows amounting to ₹ (40.98) 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 the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2019 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, 2019 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) 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 37A to the financial statements;

   (ii) The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2019.

   (iii) 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

Pritam Prajapati
Partner
Membership No.135734

Pune
May 18, 2019

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, 2019

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 generally regular in depositing undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance and 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. The particulars of dues of duty of excise as at March 31, 2019 which have not been deposited on account of a dispute, are as follows :

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)

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

Pritam Prajapati
Partner
Membership No.135734

Pune
May 18, 2019

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, 2019

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, 2019 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.

Auditor's 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, 2019, 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

Pritam Prajapati
Partner
Membership No.135734

Pune
May 18, 2019

BALANCE SHEET AS AT MARCH 31, 2019

(₹ in Million)

	Notes		As at March 31, 2019	As at March 31, 2018
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3		4,203.12	4,342.44
(b) Capital work-in-progress	3		50.88	47.12
(c) Intangible assets	4		21.64	31.08
(d) Investment in subsidiary and associate	5.a		—	—
(e) Financial assets				
(i) Investments	5.b		1,624.39	1,620.22
(ii) Loans	6.a		68.88	70.99
(iii) Other financial assets	7.a		14.26	13.32
(f) Deferred tax assets	8		—	0.12
(g) Current tax assets (net)	9		2.65	14.55
(h) Other non-current assets	10.a		31.43	32.16
		Total	**6,017.25**	**6,172.00**
Current assets				
(a) Inventories	11		1,544.30	1,116.68
(b) Financial assets				
(i) Investments	5.c		2,035.72	1,176.24
(ii) Trade receivables	12		3,558.62	3,763.12
(iii) Cash and cash equivalents	13		378.56	330.17
(iv) Bank balances other than (iii) above	14		5.66	5.10
(v) Loans	6.b		0.49	0.57
(vi) Other financial assets	7.b		97.58	33.45
(c) Other current assets	10.b		135.22	185.60
		Total	**7,756.15**	**6,610.93**
Total Assets			**13,773.40**	**12,782.93**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15		218.64	218.64
(b) Other equity	16			
(i) Reserves and surplus			8,510.43	7,454.86
(ii) Other reserves			176.61	173.79
Total equity			**8,905.68**	**7,847.29**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17		—	168.14
(b) Provisions	19.a		39.13	34.50
(c) Deferred tax liabilities (net)	20		472.24	504.16
		Total	**511.37**	**706.80**
		Carried Over	511.37	706.80
		Carried Over	8,905.68	7,847.29

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BALANCE SHEET AS AT MARCH 31, 2019

(₹ in Million)

	Notes		As at March 31, 2019	As at March 31, 2018
		Carried Over	8,905.68	7,847.29
		Carried Over	511.37	706.80
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	21		—	1,095.73
(ii) Trade payables	22			
- total outstanding dues of micro enterprises and small enterprises			23.85	0.12
- total outstanding dues of creditors other than micro enterprises and small enterprises			3,280.61	1,850.54
(iii) Other financial liabilities	18		366.53	582.00
(b) Provisions	19.b		21.80	21.02
(c) Other current liabilities	23		632.80	664.41
(d) Current tax liabilities (net)	24		30.76	15.02
		Total	**4,356.35**	**4,228.84**
Total liabilities			**4,867.72**	**4,935.64**
Total Equity and Liabilities			**13,773.40**	**12,782.93**

Significant Accounting Policies	1
Significant accounting judgements, estimates and assumptions	2

The notes referred to above form an integral part of these separate 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

Pritam Prajapati
Partner
Membership No.135734

Mrs.D.R.Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K.Goyal
Managing Director

B.N.Kalyani
Chairman

Pune
Date : May 18, 2019

Pune
Date : May 18, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Million)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	25	14,065.79	13,879.19
Other Income	26	132.05	171.98
Total Income		**14,197.84**	**14,051.17**
Expenses			
Cost of raw materials consumed	27	8,002.76	6,799.38
Purchase of traded goods	28	86.24	654.55
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(203.89)	203.44
Excise duty		—	428.57
Employee benefits expense	30	535.52	506.82
Finance costs	31	66.25	86.37
Depreciation and amortisation expense	32	383.97	372.22
Other expenses	33	3,521.19	3,253.87
Total expenses		**12,392.04**	**12,305.22**
Profit before exceptional items and tax		**1,805.80**	**1,745.95**
Exceptional items	47	119.21	—
Profit before tax		**1,925.01**	**1,745.95**
Tax expense			
Current tax		635.50	610.63
Deferred tax		(30.97)	(13.50)
Total tax expense	35	604.53	597.13
Profit for the year		**1,320.48**	**1,148.82**
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		(2.72)	(0.38)
Tax on above		0.95	0.13
		(1.77)	(0.25)
(b) Changes in fair value of equity instruments (compulsorily convertible debentures)		2.82	(56.36)
Total other comprehensive income for the year (net)		**1.05**	**(56.61)**
Total comprehensive income for the year		**1,321.53**	**1,092.21**
Earnings per share (of ₹ 5/- each)	36		
Basic and Diluted		30.25	26.32
Significant Accounting Policies	1		
Significant accounting judgements, estimates and assumptions	2		

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

As per our attached Report of even date

For M/s. P. G. BHAGWAT
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Pune
Date : May 18, 2019

Pune
Date : May 18, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

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**

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	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		**8,091.16**	**419.27**	**176.61**	**8,687.04**

Significant accounting policies 1
Significant accounting judgements, estimates and assumptions 2

The notes referred to above form an integral part of these separate 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

Pritam Prajapati
Partner
Membership No.135734

Mrs.D.R. Puranik
Company
Secretary

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Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2019

Pune
Date : May 18, 2019

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Million)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash Flows from Operating Activities :		
Profit before income tax	**1,925.01**	**1,745.95**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	383.97	372.22
Unrealised foreign exchange loss / (gain) / MTM etc., net	(62.89)	13.01
Interest expense	66.25	86.37
Dividend income	(76.03)	(71.24)
Profit on sale of property, plant and equipment	(0.40)	(0.08)
Interest from deposits and loans	(9.25)	(14.67)
Provision written back	(73.58)	(66.13)
Fair value loss on investments measured at FVTPL	(1.35)	0.60
Kalyani Mukand Limited write off (net)	—	(45.81)
Fair value gain / loss (net) on derivatives not designated as hedges	3.24	0.84
Receivables provided for / written off (net)	—	22.15
Adjustments for changes in working capital		
(Increase) / Decrease in inventories	(427.62)	231.13
(Increase) / Decrease in trade receivables	204.50	865.61
(Increase) / Decrease in other current assets	(15.72)	206.45
(Increase) / Decrease in loans	2.19	4.28
Increase / (Decrease) in provisions	2.67	3.87
Increase / (Decrease) in trade payables	1,590.27	(546.96)
Increase / (Decrease) in other financial liabilities	(14.27)	1.52
Increase / (Decrease) in other current liabilities	(31.61)	(271.10)
Cash generated from Operations	**3,465.38**	**2,538.01**
Income taxes paid (net of refunds)	(607.73)	(624.87)
Net Cash Flow from Operating Activities	**2,857.65**	**1,913.14**
B. Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(220.13)	(328.20)
(Purchase) / Sale of investments	(860.97)	(525.78)
Dividend received	76.03	71.24
Interest received	9.25	14.67
Sale of assets property, plant and equipment	0.46	0.94
Net Cash Flows from Investing Activities	**(995.36)**	**(767.13)**

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Million)

	Year ended March 31, 2019	Year ended March 31, 2018
C) Cash Flows from Financing Activities		
Repayment of borrowings	(1,509.53)	(700.25)
Interest paid	(41.24)	(87.98)
Dividend paid	(263.13)	(262.70)
Net Cash Flows from Financing Activities	**(1,813.90)**	**(1,050.93)**
Net increase / (decrease) in cash and cash equivalents	**48.39**	**95.08**
Cash and cash equivalents at the beginning of the year (refer Note 13)	**330.17**	**235.09**
Cash and cash equivalents at the end of the year (refer Note 13)	**378.56**	**330.17**

Significant accounting policies 1
Significant accounting judgements, estimates and assumptions 2

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

As per our attached Report of even date

For M/s. P. G. BHAGWAT
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On behalf of the Board of Directors

Pritam Prajapati
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Pune
Date : May 18, 2019

Pune
Date : May 18, 2019

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

(All amounts are in Rupees Millions, 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 recognised 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, in Karnataka. The Registered Office of the Company is located at Mundhwa, Pune - 411036.The CIN of the Company is L27104MH1973PLC016350.

These separate financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 18, 2019.

1A. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these separate 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 separate 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.

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 separate financial statements, the Company being a joint operator has recognised 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 separate 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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

(iv) Amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019.

- Ind AS 115, Revenue from Contracts with customers
- Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Transactions and advance consideration to Ind AS 21, the effects of changes in Foreign Exchange rates
- Amendment to Ind AS 12, Income taxes
- Amendment to Ind AS 40, Investment Property
- Amendment to Ind AS 28, Investments in associate and joint ventures and Ind AS 112, Disclosure of interests in other entities

Standard and amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) 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 44 for segment information presented.

(c) Foreign currency translation

Functional and presentation currency

Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The separate 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 recognised 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.

(d) Revenue recognition

Sale of goods

The Company manufactures and sells a range of steel and iron product in the market. Sales are recognised when control of the products has transferred, 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 recognised 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.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

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 recognised 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 recognised 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.

(e) Government grants

Grants from the government are recognised 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 recognised 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.

(f) Taxes

Current 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.

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 recognised 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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 recognised 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 utilised.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised 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 recognised in the statement of profit and loss, except to the extent that it relates to items recognised 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 recognised 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 recognised 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.

(g) Leases

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a financial lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the same is in line with inflation.

(h) 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.

(i) Trade receivables

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

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

(j) 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 realisable 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 realisable 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.

Scrap is valued at net realisable value.

Net realisable 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.

(k) Investment in subsidiary and associate

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

(l) 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorised 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 recognised in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation 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 Company's external valuers, which valuation techniques and inputs to use for each case.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

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.

(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 recognised 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 amortised 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 amortised 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised 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-recognised or reclassified, are subsequently measured at fair value and recognised in other comprehensive income except for interest income, gain/loss on impairment, gain/ loss on foreign exchange which is recognised 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 amortised cost or at fair value through other comprehensive income.

In addition, the Company may elect to classify a financial asset, which otherwise meets amortised 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.

De-recognition of financial assets

A financial asset is de-recognised 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.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

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 amortised 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 recognises 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 recognising 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) recognised during the period is recognised 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 amortised 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-recognise 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.

(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 recognised 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

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated 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 recognised in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is de-recognised 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 an new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(p) Loans and Borrowings at amortised Cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised 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 recognised 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 capitalised 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 capitalisation. 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 recognised amounts and there is an intention to settle on a net basis or realise 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 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 capitalised. 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 recognised 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 recognised in statement of profit and loss during the reporting period in which they are incurred.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Subsequent costs are included in the asset's carrying amount as recognised as a separate 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 separate asset is de-recognised 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.

Freehold land is carried at historical cost.

An item of property, plant and equipment and any significant part initially recognised is de-recognised 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 separate statement of profit and loss when the asset is de-recognised.

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 Company has elected to continue with the carrying value of all of its property, plant and equipment recognised 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 amortisation. Internally generated intangibles, excluding capitalised development costs, are not capitalised 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 amortised 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 amortisation period and the amortisation 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 recognised in the statement of profit and loss when the asset is de-recognised.

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 recognised 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 recognised in the statement of profit and loss.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Previously recognised 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 recognised. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount. Such reversal is recognised 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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(w) Provisions and contingent liabilities

Provisions are recognised 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 recognised 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 Company or a present obligation that is not recognised 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 can not be recognised because it can not be measured reliably. The Company does not recognise 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 recognised 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 recognised 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 recognise the obligation on a net basis.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

(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 recognise the obligation on a net basis.

In regard to other long term employment benefits, the Company recognises 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 recognised 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 recognised 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 recognised 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 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 recognised 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. The Company contributes a part of the contributions to the "Kalyani Steels Limited Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The cost of providing benefits under above mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet as an asset / liability with a corresponding debit or credit to retained earnings through profit and loss in the period in which they occur.

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

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

employee's basic salary. The Company recognises 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 recognises 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 recognises 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) Contributed equity

Equity shares are classified as 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) Dividends

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

(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 these separate financial statements and notes have been rounded off to the nearest Millions as per the requirement of Schedule III, unless otherwise stated.

1. B Standards issued but not effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019. The Rules shall be effective from reporting period beginning on or after April 1, 2019 and cannot be early adopted.

1. Ind AS 116 - Leases

Ind AS 116 was notified by the Ministry of Corporate Affairs on March 30, 2019 and it is applicable for annual reporting periods beginning on or after April 1, 2019.

Ind AS 116 will affect primarily the accounting by leases and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a 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.

The Company is in the process of evaluating the impact of the above amendment on financial statements in terms of recognition of leases.

2. **Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income Taxes'**

The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses :

- How to determine the appropriate unit of account and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- That the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- That the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- That the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- That the judgments and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgments.

The application of this guidance is not expected to have an impact on the separate financial statements.

3. **Prepayment Features with Negative Compensation – Amendments to Ind AS 109, 'Financial Instruments'**

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

These amendments are not expected to have any impact on the separate financial statements.

4. **Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits'**

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments or settlements of the Company on or after April 1, 2019.

5. **Ind AS 12, 'Income Taxes'**

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity and the scope of the existing guidance was ambiguous.

These amendments are not expected to have any material impact on the separate financial statements.

6. **Ind AS 23, 'Borrowing Costs'**

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is in the process of evaluating the impact of the above amendment on financial statements.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

2. Significant accounting judgements, estimates and assumptions

The preparation of the Company's separate 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 judgments, which have the most significant effect on the amounts recognised in the separate 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 analyses current information about these matters and provides 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 (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 Realties Private Limited of face value Rs.1319.60 Million. These FCDs shall be compulsorily converted into equity shares of DGM Realties in various tranches starting from December 31, 2019. The existing rights associated with these FCDs do not give the Company the current ability to direct control over relevant activities of DGM Realties. 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

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

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 (2006-08) 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 38.

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 judgment is required in establishing fair values. Judgments 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 40 for further disclosures.

3. Impairment of Financial Assets

The impairment provisions for financial assets disclosed under Note 41(III) are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting 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 realisation of future tax benefits is sufficiently probable to recognise 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 SEPARATE 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**	**6,698.68**	**97.20**	**30.77**	**48.35**	**8,863.51**	**47.12**
Additions	15.20	7.73	211.76	0.35	0.23	0.01	235.28	37.93
Disposals / Adjustments	(0.02)	—	(83.95)	(0.56)	(0.81)	(9.52)	(94.86)	(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**	**50.88**

(₹ 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**	**4,106.05**	**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**

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Net Block							
As at March 31, 2018	**984.19**	**707.47**	**2,592.63**	**22.97**	**15.58**	**19.60**	**4,342.44**
As at March 31, 2019	**999.37**	**681.71**	**2,480.08**	**13.22**	**13.49**	**15.25**	**4,203.12**

i) The information relating to Gross block, accumulated Depreciation and Impairment if any, has been disclosed as an additional information since the Company has adopted deemed cost exemption under Ind AS 101.

ii) Capital work-in-progress as on March 31, 2019 mainly comprises of Construction of Boundary wall.

iii) Contractual obligations : Refer Note 37 B for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

iv) Property, plant and equipment pledged as security, refer Note 46.

NOTES FORMING PART OF SEPARATE 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**

(₹ 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**

(₹ in Million)

Net Block	**Computer software**
As at March 31, 2018	**31.08**
As at March 31, 2019	**21.64**

i) The information relating to Gross block, accumulated amortisation and Impairment if any, has been disclosed as an additional information since the Company has adopted deemed cost exemption under Ind AS 101.

Note 5 (a) : Investments in Subsidiary and Associate

(₹ in Million)

Particulars	**Face value**	**Number of shares March 31, 2019**	**Number of shares March 31, 2018**	**Amount March 31, 2019**	**Amount March 31, 2018**
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 (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				(10.15)	(10.05)
Total				**—**	**—**
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				10.15	10.05

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 5 (b) : Non-current investments

(₹ in Million)

Particulars	Face value	Number of shares/debentures		Amount	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
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	14.80	13.45
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	—	—
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
Total				**87.78**	**86.43**
Investment in Debentures (Unquoted) (fully paid up) :					
Investment at fair value through other comprehensive income					
0% Fully Convertible Debentures in DGM Realties Private Limited	₹ 100	13,196,000	13,196,000	1,536.61	1,533.79
Total Investment in Debentures				**1,536.61**	**1,533.79**
Total Non-current investments				**1,624.39**	**1,620.22**
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				1,624.39	1,620.22
Aggregate amount of impairment in the value of investments				—	—

Note 5 (c) : Current investments

(₹ in Million)

Particulars	Number of Units		Amount	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Investments in Mutual Funds (Quoted) :				
Investments at fair value through profit and loss				
Baroda Pioneer Liquid Fund - Plan A Daily Dividend Plan	17,995	—	18.02	—
ICICI Prudential Liquid Regular Plan - Daily Dividend	1,668,660	—	167.11	—
HDFC Liquid Fund - Daily Dividend	417,865	—	426.15	—
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	102,779	1,741,303	157.12	138.22
UTI Liquid Cash Plan	155,198	2,193,349	158.22	140.17
Axis Liquid Fund Daily Dividend	130,007	2,667,164	130.19	496.94
L&T Liquid Fund - Daily Dividend Regular Plan	—	1,146,001	—	400.91
Birla Sun Life Cash Plus - Daily Dividend Regular Plan	1,339,279	—	134.19	—
HSBC Cash Fund - Liquid	98,775	—	98.84	—
Kotak Liquid Scheme Plan - Daily Dividend Regular Plan	145,015	—	177.33	—
LIC Mutual Fund - Liquid Fund - Daily Dividend	61,583	—	67.62	—
Franklin India Liquid Fund - Super Institutional Plan - Daily Dividend	500,577	—	500.93	—
Total			**2,035.72**	**1,176.24**
Aggregate amount of quoted investments			2,035.72	1,176.24
Aggregate amount of unquoted investments			—	—
Aggregate amount of impairment in the value of investments			—	—

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 6 : Loans

a. Non-current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Loans to employees		
Unsecured, considered good	0.19	0.68
Security deposits		
Unsecured, considered good	68.69	70.31
Unsecured, considered doubtful	2.09	2.09
Less : Allowance for credit losses	(2.09)	(2.09)
Total	**68.88**	**70.99**

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	0.49	0.57
Total	**0.49**	**0.57**

Loans which have significant increase in credit risk	—	—
Loans - credit impaired	—	—

Note 7 : Other financial assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Bank deposits with maturity more than twelve months	14.26	13.32
Total	**14.26**	**13.32**

b. Current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Income Receivable	97.58	30.21
Derivatives not designated as hedges		
Derivative asset	—	3.24
Total	**97.58**	**33.45**

Note 8 : Deferred tax asset (net)

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Deferred tax assets	—	0.12
Total	**—**	**0.12**

Movement in deferred tax assets (net)

(₹ in Million)

Particulars	Property, plant & equipment	Provision for Employee benefits	Total
As on April 1, 2017	0.74	1.84	2.58
Charged / (Credited)			
- to Profit or loss	(0.62)	(1.84)	(2.46)
As on March 31, 2018	**0.12**	**—**	**0.12**
Charged / (Credited)			
- to Profit or loss	(0.12)	—	(0.12)
As on March 31, 2019	**—**	**—**	**—**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 9 : Current tax assets (net)

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Tax paid in advance (net of provisions)	2.65	14.55
Total	**2.65**	**14.55**

Note 10 : Other assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Capital advances		
Unsecured, considered good	25.60	25.07
Unsecured, considered doubtful	20.29	20.29
Less : Allowance for credit losses	(20.29)	(20.29)
Balances with government authorities		
Unsecured, considered good	5.11	6.04
Unsecured, considered doubtful	13.30	15.88
Less : Allowance for credit losses	(13.30)	(15.88)
Prepaid expenses	0.72	1.05
Total	**31.43**	**32.16**

b. Current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Prepaid expenses	15.40	17.52
Unsecured, considered good :		
Supplier advances	100.30	160.76
Others	19.52	7.32
Total	**135.22**	**185.60**

Note 11 : Inventories

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
(at lower of cost or net realisable value)		
Raw materials	815.10	659.83
Work-in-progress	127.17	129.55
Finished goods	308.45	215.88
Finished goods (in transit)	188.17	76.79
	496.62	292.67
Finished goods - Traded	3.73	1.07
Scrap at estimated realisable value	1.21	1.55
Stores, spares etc.	100.47	32.01
Total	**1,544.30**	**1,116.68**

1. The value of inventories above is stated after amount recognised of ₹ 13.10 Million (March 31, 2018 : ₹ 13.80 Million), for write-downs to net realisable value and provision for slow moving and obsolete items.
2. Inventory pledged as security, refer Note 46.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

a) Details of raw material inventory

(₹ 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**

(₹ in Million)

As at March 31, 2018	MTs	Amount
Coke / Coal / Coke Fines	16,715	346.84
Iron Ore / Iron Ore Fines / Mill Scale	21,338	93.80
Ferro Alloys		166.93
Others		52.26
Total		**659.83**

b) Details of work in progress

(₹ in Million)

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

(₹ in Million)

As at March 31, 2018	MTs	Amount
Blooms & Rounds	2,929	108.83
Others		20.72
Total		**129.55**

c) Details of finished goods

(₹ 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**

(₹ in Million)

As at March 31, 2018	MTs	Amount
Rolled Products	7,253	292.67
Traded Goods	13	1.07
Others		1.55
Total		**295.29**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 12 : Trade receivables

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Trade Receivable	1,988.48	2,235.37
Receivables from related parties (refer Note 39)	1,601.58	1,572.92
Less : Allowance for doubtful debts	(31.44)	(45.17)
	3,558.62	3,763.12
Break up of security details		
Secured, considered good	—	—
Unsecured, considered good	3,558.62	3,763.12
Doubtful	31.44	45.17
Total	3,590.06	3,808.29
Allowance for doubtful debts	(31.44)	(45.17)
Total	**3,558.62**	**3,763.12**

Trade receivables which have significant increase in credit risk	—	—
Trade receivables - credit impaired	—	—

1. Trade receivable are non-interest bearing and are generally on terms of 60-90 days.
2. For details of debts due from companies in which any director is a partner, a director or a member, refer Note 39 of related party transactions.
3. Trade Receivable pledged as security, refer Note 46.

Note 13 : Cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Cash on hand	0.01	0.01
Cheques in hand	121.54	—
Balances with Banks		
In current accounts	87.01	330.03
In deposit accounts		
Term deposits with original maturity of less than three months	170.00	0.13
Total	**378.56**	**330.17**

Note 14 : Bank balances other than cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Unpaid dividend	5.66	5.10
Total	**5.66**	**5.10**

Note 15 : 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

(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.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

(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

(d) Subscribed and fully paid up equity share capital

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Equity Shares of ₹ 5/- each fully paid	218.27	218.27
Add : Forfeited Equity Shares (amount paid up)	0.37	0.37
Subscribed and paid up equity share capital	218.64	218.64
Number of equity shares of ₹ 5/- each fully paid	43,653,060	43,653,060
Add : Forfeited Equity Shares (amount paid up)	106,320	106,320
Number of shares	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

Note 16 : Other equity

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
A) Reserves and Surplus		
i) Retained earnings		
Balance at the beginning of the year	7,035.59	6,149.72
Add : Profit for the year	1,320.48	1,148.82
Less : Final equity dividend of previous year (refer note iii below)	(218.27)	(218.27)
Less : Tax on final equity dividend of previous year (refer note iii below)	(44.87)	(44.43)
Add : Other Comprehensive Income being remeasurements of post-employment benefit plans (net of tax)	(1.77)	(0.25)
Balance at the end of the year	8,091.16	7,035.59
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	173.79	230.15
Fair value changes for the year	2.82	(56.36)
Balance at the end of the year	176.61	173.79
Total	**8,687.04**	**7,628.65**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

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	2018-19	2017-18
Cash Dividend on Equity Shares declared and paid		
Final Dividend for the year ended March 31, 2018 : ₹ 5/- per equity share (March 31, 2017 : ₹ 5/- per equity share)	218.27	218.27
Dividend distribution tax on final dividend	44.87	44.43
Proposed dividend on Equity Shares		
Final Cash Dividend proposed 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 proposed dividend	44.87	44.87

Proposed Dividend on Equity Shares is subject to approval of the shareholders of the Company at the Annual General Meeting and is not recognised as a liability (including taxes thereon) as at year end.

Note 17 : Non- current borrowings

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Secured :		
Foreign currency term loans from banks :		
Bank of Baroda (refer Note (i) below)	181.19	339.84
The Hongkong and Shanghai Banking Corporation Limited (refer Note (ii) below)	—	256.44
Total non-current borrowings	181.19	596.28
Less : amount disclosed as current maturities of non current borrowings (refer Note 18)		
Bank of Baroda	178.81	168.14
The Hongkong and Shanghai Banking Corporation Limited	—	256.34
Total current maturities of non-current borrowings	178.81	424.48
Less : Interest accrued	2.38	3.66
Total	**—**	**168.14**

Foreign currency term loans :

i) From Bank of Baroda, London

External Commercial Borrowing (ECB) Term Loan balance outstanding USD 2,585,000/-, repayable in eight equal half yearly installments, repayment commenced from June 22, 2016, carrying interest at six months USD LIBOR plus 200 bps p.a. payable six monthly.

ii) From The Hongkong and Shanghai Banking Corporation Limited

External Commercial Borrowing (ECB) Term Loan has been fully paid and cleared on March 29, 2019. Satisfaction of charge is being filed with Ministry of Corporate Affairs.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Details of security

Above Foreign currency term loans are 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 18 : Other Current financial liabilities

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Current maturities of non-current borrowings (refer Note 17)	178.81	424.48
Interest accrued but not due	32.83	7.82
Payable against purchase of preference shares	—	14.84
Unclaimed dividend payable	5.66	5.10
Creditors for capital goods	149.23	129.76
Total	**366.53**	**582.00**

Note 19 : Provisions

a. Non-current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Provision for employee benefits (refer Note 38)		
Provision for compensated absences	37.34	33.48
Provision for provident fund	1.79	1.02
Total	**39.13**	**34.50**

b. Current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Provision for employee benefits (refer Note 38)		
Provision for gratuity	14.80	14.76
Provision for compensated absences	7.00	6.26
Total	**21.80**	**21.02**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 20 : Deferred tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Deferred tax liabilities		
Depreciation and amortisation	508.61	542.19
Fair valuation of derivatives	—	1.13
Total deferred tax liabilities	508.61	543.32
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	15.48	14.41
Provision for doubtful debts	5.35	8.90
Fair valuation of investment	15.54	15.85
Total deferred tax assets	36.37	39.16
Total	**472.24**	**504.16**

Changes in Deferred Tax Assets / (Liabilities) in Statement of Profit and Loss [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Deferred tax liabilities		
Depreciation and amortisation	(33.57)	(7.51)
Fair valuation of derivatives	(1.13)	(0.28)
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	(0.12)	1.41
Fair valuation of investment	0.30	0.43
Provision for doubtful debts	3.55	(7.54)
Total	**(30.97)**	**(13.49)**

Changes in Deferred Tax Assets / (Liabilities) in Other Comprehensive income [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Remeasurements of post-employment benefit plans	(0.95)	(0.13)
Total	**(0.95)**	**(0.13)**

Note 21 : Current borrowings

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Unsecured Foreign currency term loans from banks, under a buyer's line of credit for import of goods	—	1,099.89
Total	**—**	**1,099.89**
Interest accrued	—	(4.16)
Total	**—**	**1,095.73**

Current borrowings carried interest rate Libor plus 0.28% with the single repayment at the end of the term as on March 31, 2018.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 22 : Trade payables

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Total outstanding dues of micro enterprises and small enterprises	23.85	0.12
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Related Parties (refer Note 39)	22.24	26.92
ii) Others	3,258.37	1,823.62
Total	**3,304.46**	**1,850.66**

i) The Company has compiled this information based on the current information in its possession as at March 31, 2019.

ii) Trade payables are non-interest bearing and are generally settled on 7-365 days.

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, 2019	March 31, 2018
Total amount dues to MSMEs as on Balance Sheet date		
- Principal amount due to MSMEs	23.85	0.12
- Interest on principal amount due to MSMEs	0.06	—
Total delayed payments to MSMEs during the year		
- Principal amount	0.98	—
- Interest on Principal amount	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	0.06	—
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	—	—

Note 23 : Other current liabilities

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Statutory dues payable	85.68	117.52
Advances from customers	3.88	14.12
Employee benefits payable	73.24	62.77
Trade advance from related parties (refer Note 39)	470.00	470.00
Total	**632.80**	**664.41**

Note 24 : Current tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Provision for income tax (net of advance tax)	30.76	15.02
Total	**30.76**	**15.02**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 25 : Revenue from operations

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from contracts with customers		
Sale of Products		
Finished Goods	13,725.21	12,999.62
Traded Goods	112.39	675.16
Other Operating Revenue		
Scrap Sales	126.92	109.56
Export incentives received	25.96	28.72
Processing charges for job work	1.73	—
Provisions written back	73.58	66.13
Total	**14,065.79**	**13,879.19**

Goods and Services tax (GST) has been effective from July 1, 2017. Consequently excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 1, 2017, 'Sale of products' excludes the amount of GST recovered. Accordingly, 'Revenue from operations' for year ended March 31, 2018 are not comparable.

Details of finished goods sold :

(₹ 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**

(₹ in Million)

Year ended March 31, 2018	Quantity in MTs	Amount
Pig Iron	4,095	105.63
Blooms and Rounds	14,533	679.37
Rolled Products	234,989	12,214.62
Total		**12,999.62**

Details of traded goods sold

(₹ in Million)

Year ended March 31, 2019	Quantity in MTs	Amount
Rolled Products	1,768	112.39
Total		**112.39**

(₹ in Million)

Year ended March 31, 2018	Quantity in MTs	Amount
Coke	29,130	569.22
Rolled Products	1,712	105.94
Total		**675.16**

Note 26 : Other income

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Dividend income from investment in mutual funds - measured at FVTPL	76.03	71.24
Interest from deposits and loans, being financial assets carried at amortised cost	9.25	14.67
Gain on foreign exchange, net	40.19	27.94
Miscellaneous receipts	8.07	59.49
Gain on sale of property, plant and equipment	0.40	0.08
Net gain / (loss) on investments measured at FVTPL	1.35	(0.60)
Fair value gain / loss (net) on derivatives not designated as hedges	(3.24)	(0.84)
Total	**132.05**	**171.98**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 27 : Cost of raw materials consumed

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Raw material at the beginning of the year	659.83	528.16
Add : Purchases	8,162.14	6,956.94
Less : Sale of Raw Material	4.11	25.89
Less : Raw material at the end of the year	815.10	659.83
Total	**8,002.76**	**6,799.38**

Details of raw materials consumed

(₹ 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	1,626.47
Ferro Alloys		1,676.61
Others		286.46
Total		**8,002.76**

(₹ in Million)

Year ended March 31, 2018	**Quantity in MTs**	**Amount**
Coke / Coal / Coke Fines	159,779	3,546.11
Iron Ore / Iron Ore Fines / Mill Scale	394,636	1,605.04
Ferro Alloys		1,389.12
Others		259.11
Total		**6,799.38**

Note 28 : Purchases of traded goods

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Coke	—	558.04
Rolled Products	86.24	96.51
Total	**86.24**	**654.55**

Note 29 : Changes in inventories of finished goods, (including stock-in-trade) and work-in-progress

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Inventories at the end 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
Inventories at the beginning of the year		
Work in Progress	129.55	159.70
Finished Goods	292.67	540.56
Finished Goods - Traded	1.07	3.71
Scrap at estimated realisable value	1.55	0.41
	424.84	704.38
	(203.89)	279.54
Excise duty variation on opening and closing stock	—	(76.10)
Total	**(203.89)**	**203.44**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 30 : Employee benefits expense

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	464.74	445.79
Gratuity	11.27	10.72
Contribution to provident fund and other funds	34.30	28.85
Workmen and staff welfare expenses	25.21	21.46
Total	**535.52**	**506.82**

Note 31 : Finance costs

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expenses	20.20	52.27
Other borrowing costs	46.05	34.10
Total	**66.25**	**86.37**

Note 32 : Depreciation and amortisation expense

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on tangible assets (refer Note 3)	374.53	362.81
Amortisation of intangible assets (refer Note 4)	9.44	9.41
Total	**383.97**	**372.22**

Note 33 : Other expenses

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Stores and spares consumed	1,259.53	1,037.61
Job work and manufacturing charges	676.97	537.61
Power and fuel	799.92	754.55
Building and road repairs	20.75	15.21
Machinery repairs	63.42	59.11
Facility charges under strategic alliance	45.50	67.17
Rent	1.22	1.38
Rates and taxes	0.91	0.48
Insurance	11.59	14.54
Legal and Professional charges	28.76	36.58
CSR expenditure (refer Note 43)	39.21	35.76
Freight outward	383.34	437.66
Brokerage and commission	5.61	8.28
Payment to auditor (refer Note 34)	5.14	4.34
Directors' fees and travelling expenses	1.24	0.65
Directors' commission	40.05	42.50
Receivables provided for / written off (net)	—	22.15
Provision for impairment in Investment in Associate	—	10.05
Miscellaneous expenses*	138.03	168.24
Total	**3,521.19**	**3,253.87**

* Miscellaneous expenses includes travelling expenses, printing, stationery, postage, telephone etc.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 34 : Payment to auditors

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
As statutory auditors	3.68	3.00
In other capacity :		
Tax audit fees	0.73	0.60
Limited review	0.45	0.36
Certification	0.19	0.23
Out of pocket expenses reimbursed	0.09	0.15
Total	**5.14**	**4.34**

Note 35 : Income tax expense

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Current tax expense	635.50	611.00
Deferred tax expense	(30.97)	(13.50)
Short provision for taxation in earlier years	—	(0.37)
Total	**604.53**	**597.13**

Reconciliation of tax expense and accounting profit multiplied by statutory tax rate

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Profit before tax	1,925.01	1,745.95
Applicable tax rate	34.944%	34.608%
Computed tax expense	672.67	604.23
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
CSR Expenses	13.70	12.37
Dividend received	(26.57)	(24.66)
Donation	(6.80)	(6.13)
Exempt Income (refer Note 47)	(41.65)	—
Others	(6.82)	11.69
Adjustments for current tax of prior periods	—	(0.37)
Income tax expense	**604.53**	**597.13**

Note 36 : Earnings per Share

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Net profit after tax (₹ in Million)	1,320.48	1,148.82
Weighted average number of equity shares	43,653,060	43,653,060
Basic and diluted earning per share of nominal value of ₹ 5/- each	30.25	26.32

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 37 : Contingencies and commitments

A Contingent liabilities

(₹ in Million)

	Particulars	March 31, 2019	March 31, 2018
i	Claims against the Company not acknowledged as debts	1.98	1.98
ii	Customs duty, excise duty and service tax - matter under appeal	109.97	78.76
iii	Income tax matters under appeal	11.84	16.47
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	163.76	39.01
vii	Others	1.53	1.53
	Total	**577.77**	**426.44**

B Capital and other commitments

(₹ in Million)

	Particulars	March 31, 2019	March 31, 2018
1	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	152.75	11.40
2	Other Commitments on account of :		
	a) Purchase of Raw Material through E-Auction	26.88	47.76
	b) Supply of Gases - Minimum Take over Price	493.64	551.72
	Total	**673.27**	**610.88**

Note 38 : Provision for Employee benefits

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Compensated absences (refer Note A)		
Non-current	37.34	33.48
Current	7.00	6.26
Gratuity (refer Note B)		
Current	14.80	14.76
Provident fund (refer Note C)		
Non-current	1.79	1.02

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, 2019	March 31, 2018
Discount rate	7.30%	7.70%
Salary escalation rate	10.00%	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 (2006-08) Ultimate
Attrition rate	7.00%	7.00%

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Hospet Steels Limited (Joint Operation)

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.80%	7.80%
Salary escalation rate	8.00%	8.00%
Retirement age	58 years	58 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) 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**

II) The net liability disclosed above relates to funded plans are as follows :

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Present value of funded obligation	111.00	93.15
Fair value of plan assets	(96.20)	(78.39)
Deficit of funded plan	**14.80**	**14.76**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

III) Significant estimates :

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.30%	7.70%
Salary growth rate	10.00%	10.00%
Attrition rate	7.00%	7.00%
Retirement age	M1 category - 60 years Wholetime Director - 65 years Others - 55 years	M1 category - 60 years Wholetime Director - 65 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Hospet Steels Limited (Joint operation)

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.80%	7.80%
Salary growth rate	8.00%	8.00%
Attrition rate	1 - 3%	1 - 3%
Retirement age	58 years	58 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) 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, 2019	March 31, 2018
Discount rate		
1% decrease	9.08	8.01
1% increase	(7.96)	(6.70)
Future salary increase		
1% decrease	(7.03)	(6.25)
1% increase	7.84	6.96
Attrition rate		
1% decrease	0.68	0.74
1% increase	(0.64)	(0.69)

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 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, 2019	March 31, 2018
Less than a year	12.27	7.69
Between 1 - 2 years	5.05	7.96
Between 2 - 5 years	51.02	21.07
Over 5 years	91.58	74.59
Total	**159.92**	**111.31**

The weighted duration of the defined obligation is 8.91 years (March 31, 2018 - 9.46 years)

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

V) The major categories of plan assets are as follows :

Particulars	March 31, 2019	March 31, 2018
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, 2019 is considered to be the fair value.

VI) The Company expects to contribute ₹ 14.80 Million to the gratuity fund in the next year.

C) Provident Fund

Defined Benefit : Provident fund for management employees is 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. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. The Company does not currently have any unfunded plans. There is no compulsion on the part of the Company to fully pre-fund the liability of the Plan. The Company fund the shortfall in the year in which it arises.

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 ₹ 11.64 Million (March 31, 2018 : ₹ 6.05 Million).

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	**1.39**	**(0.37)**	**1.02**
Current service cost	0.48	—	0.48
Interest expense/(income)	0.11	(0.03)	0.08
Experience (gain)/loss	0.08	0.13	0.21
Total amount recognised in Statement of Profit and Loss	0.67	0.10	0.77
March 31, 2019	**2.06**	**(0.27)**	**1.79**

II) The net liability disclosed above relates to funded plans are as follows :

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Present value of funded obligation	2.06	1.39
Fair value of plan assets	(0.27)	(0.37)
Deficit of funded plan	**1.79**	**1.02**

III) Significant estimates :

The significant actuarial assumptions were as follows :

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.30%	7.70%

IV) The major categories of plan assets are as follows :

Particulars	March 31, 2019	March 31, 2018
Government of India securities	55.59%	55.26%
Corporate bonds	38.44%	39.86%
Special deposit scheme	0.31%	0.28%
Mutual funds	5.66%	4.60%

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

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 ₹ 11.73 Million (March 31, 2018 : ₹ 8.80 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.

Note 39 : 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, 2019	March 31, 2018
Lord Ganesha Minerals Private Limited	77.50%	77.50%

The principal place of business of the wholly owned subsidiary is India and the Company has accounted for its investment in subsidiary at cost.

Associate	Ownership interest held by the Company	
	March 31, 2019	March 31, 2018
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.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Joint operation	Ownership interest held by the Company	
	March 31, 2019	March 31, 2018
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, 2018 : 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) Saarloha Advanced Materials Private Limited
iii) Kalyani Investment Company 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.S.S. Vaidya, Independent Director (till May 18, 2018)
vi) Mr.B.B. Hattarki, Independent Director
vii) Mr.M.U. Takale, Independent Director
viii) Mr.Arun P. Pawar, Independent Director
ix) Mr.Sachin Mandlik, Independent Director
x) Mr.S.K. Adivarekar, Independent Director (w.e.f. May 18, 2018)
xi) Mr.R.K. Goyal, Managing Director, Executive Director

Entities in which KMPs have significant influence :

i Kalyani Technologies Limited

(₹ in Million)

I	Key management personnel compensation	March 31, 2019	March 31, 2018
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	4.54	4.05
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	3.01	2.51
iii)	Mr.Amit B. Kalyani, Non-Executive Director	4.01	3.51
iv)	Mr.S.M. Kheny, Non-Executive Director	0.62	0.52
v)	Mr.S.S. Vaidya, Independent Director	—	1.82
vi)	Mr.B.B. Hattarki, Independent Director	0.88	0.84
vii)	Mr.M.U. Takale, Independent Director	0.62	0.52
viii)	Mr.Arun P. Pawar, Independent Director	0.41	0.25
ix)	Mr.Sachin Mandlik, Independent Director	0.66	0.50
x)	Mr.S.K. Adivarekar, Independent Director	0.51	—
xi)	Mr.R.K. Goyal, Managing Director, Executive Director	78.74	75.85
	Total	**94.00**	**90.37**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

II	Transactions with related parties	March 31, 2019	March 31, 2018
A	**Preference shares subscribed**		
i)	Lord Ganesha Minerals Private Limited	—	1.25
B	**Sale of goods**		
i)	Bharat Forge Limited	5,773.69	4,625.53
ii)	Saarloha Advanced Materials Private Limited	307.86	177.69
iii)	Vish Steel LLP	—	1.26
C	**Purchase of goods**		
i)	Bharat Forge Limited	15.42	10.21
ii)	Saarloha Advanced Materials Private Limited	129.84	72.62
D	**Reimbursement of expenses received**		
i)	Kalyani Investment Company Limited	10.35	9.17
ii)	Saarloha Advanced Materials Private Limited	9.49	11.44
E	**Interest Received**		
i)	Saarloha Advanced Materials Private Limited	—	6.04
F	**Conversion charges paid**		
i)	Saarloha Advanced Materials Private Limited	213.60	123.09
G	**Reimbursement of expenses paid**		
i)	Bharat Forge Limited	0.08	0.09
ii)	Saarloha Advanced Materials Private Limited	1.13	15.05
iii)	Kalyani Mukand Limited	—	(0.28)
H	**Interest Paid**		
i)	Bharat Forge Limited	—	21.08
I	**Legal advisory services paid**		
i)	Khaitan and company	—	8.14
J	**Branding Fees paid**		
i)	Kalyani Technologies Limited	33.75	30.83
K	**Computer hardware purchase**		
i)	Kalyani Technologies Limited	0.16	0.12
L	**Software consultancy paid**		
i)	Dyna-K Automotive Stampings Private Limited	—	0.02
M	**Employee benefit expense**		
i)	Kalyani Steels Limited Non Bargainable Staff Provident Fund	2.86	7.59
ii)	Kalyani Steels Limited Officers' Superannuation Scheme	2.95	2.90
iii)	Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme	6.49	8.46
iv)	Hospet Steels Employees Gratuity Trust	7.69	4.97
v)	Hospet Steels Limited Employees Superannuation Trust	6.57	5.90

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

III	Outstanding balances from sale / purchases of goods	March 31, 2019	March 31, 2018
A	**Trade Payables**		
i)	Bharat Forge Limited	2.46	0.47
ii)	Saarloha Advanced Materials Private Limited	2.76	18.34
iii)	Kalyani Technologies Limited	17.02	8.11
	Total trade payables from related parties (Note 22)	22.24	26.92
B	**Trade Receivables**		
i)	Bharat Forge Limited	1,567.50	1,558.18
ii)	Saarloha Advanced Materials Private Limited	33.00	12.40
iii)	Kalyani Investment Company Limited	1.08	1.00
iv)	SLR Metallics Limited	—	1.34
	Total trade receivables from related parties (Note 12)	1,601.58	1,572.92
C	**Advance received**		
i)	Bharat Forge Limited	470.00	470.00

There is no allowance for bad and doubtful debts recognised in respect of receivables due from related parties.

IV) 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.

Note 40 : Fair value measurements

Financial assets and liabilities at amortised cost

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Financial assets		
Loan to employees	0.68	1.25
Security deposits	68.69	70.31
Trade receivables	3,558.62	3,763.12
Cash and cash equivalents	378.56	330.17
Other Bank Balances	5.66	5.10
Income Receivable	97.58	30.21
Bank deposits with maturity more than twelve months	14.26	13.32
Total financial assets	**4,124.05**	**4,213.48**
Financial liabilities		
Borrowings	—	1,263.87
Trade payables	3,304.46	1,850.66
Other financial liabilities	366.53	582.00
Total financial liabilities	**3,670.99**	**3,696.53**

Financial assets and liabilities classified as FVTPL

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Investment in Preference shares	87.78	86.43
Investments in Mutual Funds	2,035.72	1,176.24
Derivative asset	—	3.24
Derivative liabilities	—	—

Financial assets and liabilities classified as FVTOCI

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Investment in Debentures	1,536.61	1,533.79

NOTES FORMING PART OF SEPARATE 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 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, 2019	—	—	87.78
March 31, 2018	—	—	86.43
Investments in Mutual Funds			
March 31, 2019	2,035.72	—	—
March 31, 2018	1,176.24	—	—
Investment in Debentures			
March 31, 2019	—	—	1,536.61
March 31, 2018	—	—	1,533.79
Derivative asset			
March 31, 2019	—	—	—
March 31, 2018	—	3.24	—

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)
- The fair value of interest rate swaps is calculated using present value of estimated future cash flows based on observable yield curves

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 SEPARATE 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, 2018	86.43	1,533.79	1,620.22
Gains/ (losses) recognised in profit or loss	1.35	—	1.35
Gains/ (losses) recognised in other comprehensive income	—	2.82	2.82
As at March 31, 2019	**87.78**	**1,536.61**	**1,624.39**

vi) Valuation inputs and relationships to fair value :

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value :

Particulars	Significant unobservable input	
	March 31, 2019	March 31, 2018
1) Preference shares		
i) Discount rate	10.00%	10.00%
2) Compulsory convertible debentures		
i) Discount rate	7.39%	7.40%
ii) Inflation rate	7.34%	10.65%

The change by 100 bps does not have any material impact on value of investments in preference shares and compulsory convertible debentures.

Note 41 : 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

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 (Millions), is as follows

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Financial assets		
Trade receivables	43.15	184.60
Net exposure to foreign currency risk (assets)	43.15	184.60
Financial liabilities		
Borrowings	178.81	1,688.35
Trade payables	2,167.82	631.97
Interest	32.83	7.82
Net exposure to foreign currency risk (liabilities)	2,379.46	2,328.14

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

The sensitivity of profit or loss to changes in foreign exchange rates with respect to year end payable / receivable balances in INR (Million) is as follows :

Particulars	Impact on profit or loss	
	March 31, 2019	March 31, 2018
USD		
Increase by 1%*	(23.36)	(32.29)
Decrease by 1%*	23.36	32.29

*Holding all other variables constant

B) Interest risk

The Company has borrowings at variable interest rate. Profit or loss is 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, 2019	March 31, 2018
Total borrowings at variable interest rate	178.81	1,688.35
Interest rate swaps	—	256.35
Net exposure to interest rate risk	178.81	1,432.00

Particulars	Impact on profit or loss	
	March 31, 2019	March 31, 2018
Increase by 0.5%*	(0.40)	(0.82)
Decrease by 0.5%*	0.40	0.82

*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 analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities :

(₹ 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	—

(₹ in Million)

March 31, 2018	Less than 1 year	More than 1 year
Non - derivative		
Borrowings	1,095.73	168.14
Trade payables	1,850.66	—
Other financial liabilities	582.00	—

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

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 analysing 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 12.

i) Expected credit loss for trade receivables under simplified approach :

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Gross carrying amount	3,590.06	3,808.29
Expected loss rate	0.88%	1.19%
Expected credit losses (loss allowance provision)	31.44	45.17
Carrying amount of trade receivables (net of impairment)	**3,558.62**	**3,763.12**

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**

Note 42 : Capital management

The Company's objectives when managing capital are 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 Notes 17 and 21 to the financial statements.

The capital structure of the Company is as follows :

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Borrowings	178.81	1,688.35
Less : Cash and cash equivalents	378.56	330.17
Net debt	(199.75)	1,358.18
Equity	8,905.68	7,847.29
Debt equity ratio	**(0.02)**	**0.17**

NOTES FORMING PART OF SEPARATE 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 43 : Corporate social responsibility (CSR)

(₹ in Million)

Sr. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a)	Gross amount required to be spent by the Company during the year	39.21	35.76
	Total	**39.21**	**35.76**

b) Amount spent during the year

(₹ 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**	**—**

(₹ in Million)

Sr No.	Particulars	2017-18	
		In cash	Yet to be paid in cash
1	Promotion of education		
	Donation	35.45	—
2	On purposes other than (1) above	0.31	—
	Total	**35.76**	**—**

Note 44 : 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 organised 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'.

Revenues of approximately ₹ 5,773.69 Million (March 31, 2018 : ₹ 4,625.53 Million) are derived from a single customer.

During the year, total revenues from sales to customers outside India for the year ended March 31, 2019 and March 31, 2018 was ₹ 606.42 Million and ₹ 584.03 Million respectively.

All non-current assets are in India.

Note 45 : Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2019

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Cash and cash equivalents	378.56	330.17
Current borrowings	—	(1,099.89)
Non-current borrowings	(181.19)	(596.28)
Total	**197.37**	**(1,366.00)**

(₹ in Million)

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
Net debt as on April 1, 2018	**330.17**	**(1,099.89)**	**(596.28)**	**(1,366.00)**
Cash flows	48.39	1,095.73	413.81	1,557.93
Interest paid	—	5.55	21.48	27.03
Interest expense	—	(1.39)	(20.20)	(21.59)
Net debt as on March 31, 2019	**378.56**	**—**	**(181.19)**	**197.37**

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS (Continued) :

Note 46 : Assets pledged as security

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
First charge		
Property, plant and equipment	4,203.12	4,342.44
Second charge		
Inventories	1,544.30	1,116.68
Trade receivables	3,558.62	3,763.12

Note 47 :

Exceptional item 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 Honourable Supreme Court of India by their order dated February 28, 2019, in the case of Surya Roshani Limited and others v/s Employees Provident Fund Organisation set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the Honourable Supreme Court of India for disposal. Pending decision on the subject review petition and directions from the Employees Provident Fund Organisation, the impact , if any , is not ascertainable and consequently no effect has been given in the accounts.

Note 49 :

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

Pritam Prajapati
Partner
Membership No.135734

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2019

Pune
Date : May 18, 2019

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, 2019 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, 2019, 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
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 Realties Private Limited (DGM) of face value ₹ 1,319.60 Million. These FCDs shall be compulsorily converted into equity shares of DGM Realties in various tranches starting from December 31, 2019; 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 assessment of control over DGM and its fair valuation through OCI, this is considered to be a key audit matter.	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 - - 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.

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.
Accounting of joint operation 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 recognised its share of revenue and expenses and assets and liabilities from joint operation in its separate financial statements. 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.	As part of our audit procedure – - 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. The accounting for joint operation requires the Company to recognise only its share of expenses from the joint operation, therefore we have checked the amount recharged to the 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 recharged to the Company have been reclassified to the respective expense line items based on the nature of such expenses. In light of the work performed and the evidence obtained, we consider the joint operation accounting to be appropriate.
Valuation of finished goods inventory As on March 31, 2019, the Company is having finished goods inventory of ₹ 496.62 Million and disclosed in note 11. The finished goods are valued at cost or net realisable 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 (j) of Significant Accounting Policies). 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, standardised 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 products 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. 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.	As a part of our audit procedures over valuation of finished goods we have performed the following procedures : - 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. We did not identify any material differences from the Company's valuations from performing this work.

Key Audit Matters	How our audit addressed the key audit matters
Provisions and contingent liabilities As on March 31, 2019, the Company has disclosed significant open legal cases and other contingent liability in Note 37A. The assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payment and analysis of a reliable estimate, requires management's judgement to ensure appropriate accounting or disclosures. Due to the level of judgement relating to recognition, valuation and presentation of provisions and contingent liabilities, this is considered to be a key audit matter.	As part of our audit procedure we have assessed management's process to identify new possible obligations and changes in the existing obligations for compliance with Company policy and Ind AS 37 requirements. We have analysed significant changes from prior year and obtained a detailed understanding of these items and assumptions applied. We have obtained independent solicitors' confirmation letter on the main outstanding legal cases. As part of audit procedures we have checked minutes of board meetings. We have assessed the appropriateness of presentation of the most significant contingent liabilities in the financial statements.

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 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 of one subsidiary whose financial statements reflect total assets of ₹ 88.72 Million and net assets of ₹ (77.28) Million as at March 31, 2019, total revenue of ₹ 0.42 Million, net loss of ₹ 15.01 Million and net cash flows amounting to ₹ 0.70 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 ₹ 263.65 Million and net assets of ₹ (5.24) Million as at March 31, 2019, total revenue of ₹ Nil, net loss of ₹ 0.29 Million and net cash flows amounting to ₹ (40.98) 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 in so far 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 recognising 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, 2019 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, 2019 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) 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, 2019 on the consolidated financial position of the Group and its one Joint Operation Company – Refer Note 37A to the Consolidated Ind AS Financial Statements.
      (ii) The Group and its one Joint Operation has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Group did not have any derivative contracts as at March 31, 2019.
      (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, 2019.

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

Pritam Prajapati
Partner
Membership No.135734

Pune
May 18, 2019

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, 2019

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, 2019, 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 the its joint operation which is incorporated in India.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the 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.

Auditors' 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, 2019, 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

Pritam Prajapati
Partner
Membership No.135734

Pune
May 18, 2019

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

(₹ in Million)

	Notes		As at March 31, 2019	As at March 31, 2018
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3		4,203.93	4,343.51
(b) Capital work-in-progress	3		74.18	70.40
(c) Intangible assets	4		21.64	31.08
(d) Investments accounted using Equity Method	5.a		—	—
(e) Financial assets				
(i) Investments	5.b		1,551.42	1,547.25
(ii) Loans	6.a		68.92	71.03
(iii) Other financial assets	7.a		14.26	13.32
(f) Deferred tax assets	8		—	0.12
(g) Current tax assets (net)	9		2.65	15.20
(h) Other non-current assets	10.a		90.79	91.52
		Total	**6,027.79**	**6,183.43**
Current assets				
(a) Inventories	11		1,544.30	1,116.68
(b) Financial assets				
(i) Investments	5.c		2,035.72	1,176.24
(ii) Trade receivables	12		3,558.62	3,763.12
(iii) Cash and cash equivalents	13		379.49	330.40
(iv) Bank balances other than (iii) above	14		5.66	5.10
(v) Loans	6.b		0.49	0.57
(vi) Other financial assets	7.b		97.58	33.36
(c) Other current assets	10.b		139.45	189.92
		Total	**7,761.31**	**6,615.39**
Total Assets			**13,789.10**	**12,798.82**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15		218.64	218.64
(b) Other equity	16			
(i) Reserves and surplus			8,506.77	7,454.51
(ii) Other reserves			176.61	173.79
Equity attributable to owners of Parent			8,902.02	7,846.94
Non-controlling interest			(55.06)	(51.68)
Total equity			**8,846.96**	**7,795.26**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17		74.38	235.76
(b) Provisions	19.a		39.13	34.50
(c) Deferred tax liabilities (net)	20		472.24	504.16
		Total	**585.75**	**774.42**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	21		—	1,095.73
(ii) Trade payables	22			
- total outstanding dues of micro enterprises and small enterprises			23.85	0.12
- total outstanding dues of creditors other than micro enterprises and small enterprises			3,280.65	1,850.84
(iii) Other financial liabilities	18		366.53	582.00
(b) Provisions	19.b		21.80	21.02
(c) Other current liabilities	23		632.80	664.41
(d) Current tax liabilities (net)	24		30.76	15.02
		Total	**4,356.39**	**4,229.14**
Total liabilities			**4,942.14**	**5,003.56**
Total Equity and Liabilities			**13,789.10**	**12,798.82**
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

Pritam Prajapati
Partner
Membership No.135734

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K.Goyal
Managing
Director

B.N.Kalyani
Chairman

Pune
Date : May 18, 2019

Pune
Date : May 18, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Million)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	25	14,065.79	13,879.19
Other Income	26	132.47	173.80
Total Income		**14,198.26**	**14,052.99**
Expenses			
Cost of raw materials consumed	27	8,002.76	6,799.38
Purchase of traded goods	28	86.24	654.55
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(203.89)	203.44
Excise duty		—	428.57
Employee benefits expense	30	535.56	507.85
Finance costs	31	73.01	92.52
Depreciation and amortisation expense	32	384.23	372.50
Other expenses	33	3,521.24	3,244.52
Total expenses		**12,399.15**	**12,303.33**
Profit before exceptional items and tax		**1,799.11**	**1,749.66**
Exceptional items	48	119.21	—
Profit before tax		**1,918.32**	**1,749.66**
Tax expense			
Current tax		635.50	610.63
Deferred tax		(30.97)	(13.50)
Total tax expense	35	604.53	597.13
Profit for the year		**1,313.79**	**1,152.53**
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		(2.72)	(0.38)
Tax on above		0.95	0.13
		(1.77)	(0.25)
(b) Changes in fair value of equity instruments (compulsorily convertible debentures)		2.82	(56.36)
Total other comprehensive income for the year (net)		**1.05**	**(56.61)**
Total comprehensive income for the year		**1,314.84**	**1,095.92**
Profit attributable to :			
Equity holders of parent		1,317.17	1,156.06
Non-controlling interest		(3.38)	(3.53)
Other comprehensive income attributable to :			
Equity holders of parent		1.05	(56.61)
Non-controlling interest		—	—
Total comprehensive income attributable to :			
Equity holders of parent		1,318.22	1,099.45
Non-controlling interest		(3.38)	(3.53)
Earnings per share (of ₹ 5 /- each)	36		
Basic and Diluted		30.17	26.48
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

Pritam Prajapati Partner Membership No.135734	Mrs.D.R.Puranik Company Secretary	B.M. Maheshwari Chief Financial Officer	R.K.Goyal Managing Director	B.N.Kalyani Chairman

Pune
Date : May 18, 2019

Pune
Date : May 18, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

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**

B. Other Equity

(₹ in Million)

Particulars	Notes	Reserves and Surplus		Other reserve	Non Controlling Interest	Other Equity
		Retained Earnings	General Reserve	FVTOCI Equity		
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**

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

Pritam Prajapati
Partner
Membership No.135734

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2019

Pune
Date : May 18, 2019

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Million)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash Flows from Operating Activities :		
Profit before income tax	**1,918.32**	**1,749.66**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	384.23	372.50
Unrealised foreign exchange loss / (gain) / MTM etc. (net)	(62.89)	13.01
Interest expense	73.01	92.52
Dividend income	(76.03)	(71.24)
Profit on sale of property, plant and equipment	(0.43)	(0.08)
Interest from deposits and loans	(9.64)	(14.67)
Provision written back	(73.58)	(66.13)
Fair value loss on investments measured at FVTPL	(1.35)	(1.22)
Kalyani Mukand Limited write off (net)	—	(55.86)
Fair value gain / loss (net) on derivatives not designated as hedges	3.24	0.84
Receivables provided for / written off (net)	—	22.15
Adjustments for changes in working capital		
(Increase) / Decrease in inventories	(427.62)	231.13
(Increase) / Decrease in trade receivables	204.50	865.61
(Increase) / Decrease in other current assets	(15.73)	206.93
(Increase) / Decrease in loans	2.19	4.28
Increase / (Decrease) in provisions	2.67	3.83
Increase / (Decrease) in trade payables	1,589.97	(546.83)
Increase / (Decrease) in other financial liabilities	(14.27)	1.52
Increase / (Decrease) in other current liabilities	(31.61)	(271.09)
Cash generated from Operations	**3,464.98**	**2,536.86**
Income taxes paid (net of refunds)	(607.09)	(624.87)
Net Cash Flow from Operating Activities	**2,857.89**	**1,911.99**
B. Cash Flows from Investing Activities :		
Purchase of property, plant and equipment	(220.10)	(328.32)
(Purchase) / Sale of investments	(860.97)	(524.53)
Dividend received	76.03	71.24
Interest received	9.64	14.67
Sale of assets property, plant and equipment	0.49	0.94
Net Cash Flows from Investing Activities	**(994.91)**	**(766.00)**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Million)

	Year ended March 31, 2019	Year ended March 31, 2018
C. Cash Flows from Financing Activities		
Repayment of borrowings	(1,502.76)	(694.10)
Interest paid	(48.00)	(94.13)
Dividend paid	(263.13)	(262.70)
Net Cash Flows from Financing Activities	**(1,813.89)**	**(1,050.93)**
Net increase / (decrease) in cash and cash equivalents	**49.09**	**95.06**
Cash and cash equivalents at the beginning of the year (Note 13)	**330.40**	**235.34**
Cash and cash equivalents at the end of the year (Note 13)	**379.49**	**330.40**

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

Pritam Prajapati
Partner
Membership No.135734

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2019

Pune
Date : May 18, 2019

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
(All amounts are in Rupees Millions, 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 recognised 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, in Karnataka. The registered office of the Company is located at Mundhwa, Pune – 411036. The CIN of the Company is L27104MH1973PLC016350.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 18, 2019.

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.

(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 de-consolidated 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. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised 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 recognised at cost.

(c) Joint arrangements

Joint operation

The Group recognises 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 realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised 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 realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(v) Amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019.

- Ind AS 115, Revenue from Contracts with customers.
- Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance.
- Appendix B, Foreign Currency Transactions and advance consideration to Ind AS 21, the effects of changes in Foreign Exchange rates.
- Amendment to Ind AS 12, Income taxes.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

- Amendment to Ind AS 40, Investment Property.
- Amendment to Ind AS 28, Investments in associate and joint ventures and Ind AS 112, Disclosure of interests in other entities.

Amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) 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 45 for segment information presented.

(c) 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 recognised 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.

(d) Revenue recognition

Sale of goods

The group manufactures and sells a range of steel and iron product in the market. Sales are recognised when control of the products has transferred, 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 recognised 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 recognised 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 recognised 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.

(e) Government grants

Grants from the government are recognised 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 recognised 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.

(f) Taxes

Current 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.

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 recognised 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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 recognised 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 utilised.

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised 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 recognised in the statement of profit and loss, except to the extent that it relates to items recognised 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 recognised 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 recognised 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.

(g) Leases

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a financial lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the same is in line with inflation.

(h) 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.

(i) Trade receivables

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

(j) 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 realisable 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 realisable 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.

Scrap is valued at net realisable value.

Net realisable 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.

(k) 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

- 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 recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation 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.

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.

(l) 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.

(m) Financial assets

Initial recognition and measurement

All financial assets are recognised 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 amortised 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 amortised 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised 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-recognised or reclassified, are subsequently measured at fair value and recognised in other comprehensive income except for interest income, gain/loss on impairment, gain/loss on foreign exchange which is recognised 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 amortised cost or at fair value through other comprehensive income.

In addition, the Group may elect to classify a financial asset, which otherwise meets amortised 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.

De-recognition of financial assets

A financial asset is de-recognised 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 amortised 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 recognises 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 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 recognising impairment loss allowance based on 12 month ECL.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

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) recognised during the period is recognised 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 amortised 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 Group does not de-recognise 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 recognised 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 recognised in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is de-recognised 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 an new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(n) Loans and Borrowings at amortised Cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised 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 capitalised as a prepayment for liquidity services and amortised 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 recognised in profit or loss as other gains / (losses).

(o) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised 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 capitalisation. Other borrowing costs are expensed in the period in which they are incurred

(p) 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.

(q) 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 recognised amounts and there is an intention to settle on a net basis or realise 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.

(r) 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 capitalised. 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 recognised 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 recognised 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 recognised 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 de-recognised when replaced.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

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.

Freehold land is carried at historical cost.

An item of property, plant and equipment and any significant part initially recognised is de-recognised 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 de-recognised.

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 recognised 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.

(s) 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 amortisation. Internally generated intangibles, excluding capitalised development costs, are not capitalised 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 amortised 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 amortisation period and the amortisation 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 recognised in the statement of profit and loss when the asset is de-recognised.

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 recognised 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 recognised in the statement of profit and loss.

Previously recognised 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 recognised. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount. Such reversal is recognised 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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(v) Provisions and contingent liabilities

Provisions are recognised 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 recognised 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 recognised 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 recognised because it cannot be measured reliably. The Group does not recognise 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.

(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 recognised 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 recognised 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 recognise 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 recognise the obligation on a net basis.

In regard to other long term employment benefits, the Group recognises 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 recognised 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 recognised 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 recognised 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 recognised 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. The Company contributes a part of the contributions to the "Kalyani Steels Limited Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The cost of providing benefits under above mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet as an asset / liability with a corresponding debit or credit to retained earnings through profit and loss in the period in which they occur.

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. The Group recognises 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 recognises 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 recognises 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) Contributed equity

Equity shares are classified as 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) Dividends

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

(z) 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

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.

(aa) Rounding of amounts

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

1B. Standards issued but not effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019. The Rules shall be effective from reporting period beginning on or after April 1, 2019 and cannot be early adopted.

1. Ind AS 116 - Leases

Ind AS 116 was notified by the Ministry of Corporate Affairs on March 30, 2019 and it is applicable for annual reporting periods beginning on or after April 1, 2019.

Ind AS 116 will affect primarily the accounting by leases and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a 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.

The group is in the process of evaluating the impact of the above amendment on financial statements in terms of recognition of leases.

2. Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income Taxes'

The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses :

- How to determine the appropriate unit of account and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- That the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information i.e. that detection risk should be ignored;
- That the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- That the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- That the judgments and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgments.

The application of this guidance is not expected to have an impact on the consolidated financial statements.

3. Prepayment Features with Negative Compensation – Amendments to Ind AS 109, 'Financial Instruments'

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

These amendments are not expected to have any impact on the separate financial statements.

4. Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments or settlements of the group on or after April 1, 2019.

5. Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss or in equity and the scope of the existing guidance was ambiguous.

These amendments are not expected to have any material impact on the consolidated financial statements.

6. Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The group is in the process of evaluating the impact of the above amendment on financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

2. Significant accounting judgements, estimates and assumptions

The preparation of the Group's 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 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 judgments, which have the most significant effect on the amounts recognised 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 analyses current information about these matters and provides 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 judgments 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 Company has invested in fully convertible debentures (FCDs) of DGM Realties Private Limited of face value ₹ 1,319.60 million. These FCDs shall be compulsorily converted into equity shares of DGM Realties in various tranches starting from December 31, 2019. The existing rights associated with these FCDs do not give the Company the current ability to direct control over relevant activities of DGM Realties. 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 Company had control over the subsidiary – Lord Ganesha Minerals Private Limited based on the facts and circumstances existing on its date of incorporation. The Company had control over its subsidiary through majority in Board representation and its exposure to the variable returns of Lord Ganesha Minerals Private Limited.

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 (2006-08) 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 38.

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 judgment is required in establishing fair values. Judgments 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 41 for further disclosures.

3. Impairment of Financial Assets

The impairment provisions for financial assets disclosed under Note 42 (III) are based on assumptions about risk of default and expected loss rates. The group uses judgment in making these assumptions and selecting 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 realisation of future tax benefits is sufficiently probable to recognise 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**

(₹ 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**

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Net Block							
As at March 31, 2018	**984.19**	**707.47**	**2,593.67**	**22.96**	**15.62**	**19.60**	**4,343.51**
As at March 31, 2019	**999.37**	**681.71**	**2,480.89**	**13.21**	**13.50**	**15.25**	**4,203.93**

i) The information relating to Gross Block, Accumulated Depreciation and Impairment, if any, has been disclosed as an additional information since the Group has adopted deemed cost exemption under Ind AS 101.

ii) Capital work-in-progress as on March 31, 2019 mainly comprises of Construction of Boundary wall.

iii) Contractual obligations : Refer Note 37B for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

iv) Property, plant and equipment pledged as security, refer Note 47.

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**

(₹ 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**

(₹ in Million)

Particulars	Computer software
Net Block	
As at March 31, 2018	**31.08**
As at March 31, 2019	**21.64**

i) The information relating to Gross block, accumulated amortisation and Impairment if any, has been disclosed as an additional information since the Group has adopted deemed cost exemption under Ind AS 101.

Note 5 (a) : Investments accounted using Equity Method

(₹ in Million)

Particulars	Face value	Number of shares		Amount	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
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	Number of shares / debentures / Certificates		Amount	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
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	14.80	13.45
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				**14.80**	**13.45**
Investment in Debentures (Unquoted) (fully paid up) :					
Investment at fair value through other comprehensive income					
0% Fully Convertible Debentures in DGM Realties Private Limited	₹ 100	13,196,000	13,196,000	1,536.61	1,533.79
Total				**1,536.61**	**1,533.79**
Investment in National Savings Certificate (at amortised cost)	₹ 5,000	1	1	0.01	0.01
Total Non-current investments				**1,551.42**	**1,547.25**
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				1,551.42	1,547.25
Aggregate amount of impairment in the value of investments				—	—

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 5 (c) : Current investments

(₹ in Million)

	Number of units		Amount	
Particulars	**March 31, 2019**	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Investments in Mutual Funds (Quoted) :				
Investments at fair value through profit and loss				
Baroda Pioneer Liquid Fund - Plan A Daily Dividend Plan	17,995	—	18.02	—
ICICI Prudential Liquid Regular Plan - Daily Dividend	1,668,660	—	167.11	—
HDFC Liquid Fund - Daily Dividend	417,865	—	426.15	—
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	102,779	1,741,303	157.12	138.22
UTI Liquid Cash Plan	155,198	2,193,349	158.22	140.17
Axis Liquid Fund Daily Dividend	130,007	2,667,164	130.19	496.94
L&T Liquid Fund - Daily Dividend Regular Plan	—	1,146,001	—	400.91
Birla Sun Life Cash Plus - Daily Dividend Regular Plan	1,339,279	—	134.19	—
HSBC Cash Fund - Liquid	98,775	—	98.84	—
Kotak Liquid Scheme Plan - Daily Dividend Regular Plan	145,015	—	177.33	—
LIC Mutual Fund - Liquid Fund - Daily Dividend	61,583	—	67.62	—
Franklin India Liquid Fund - Super Institutional Plan - Daily Dividend	500,577	—	500.93	—
Total			**2,035.72**	**1,176.24**
Aggregate amount of quoted investments			2,035.72	1,176.24
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	0.68
Security deposits		
Unsecured, considered good	68.73	70.35
Unsecured, considered doubtful	2.09	2.09
Less : Allowance for credit losses	(2.09)	(2.09)
Total	**68.92**	**71.03**

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	0.49	0.57
Total	**0.49**	**0.57**

Loans which have significant increase in credit risk	—	—
Loans - credit impaired	—	—

Note 7 : Other financial assets

a. Non-current

(₹ in Million)

Particulars	**March 31, 2019**	**March 31, 2018**
Bank deposits with maturity more than twelve months	14.26	13.32
Total	**14.26**	**13.32**

b. Current

(₹ in Million)

Particulars	**March 31, 2019**	**March 31, 2018**
Income Receivable	97.58	30.12
Derivatives not designated as hedges		
Derivative asset	—	3.24
Total	**97.58**	**33.36**

Note 8 : Deferred tax asset (net)

(₹ in Million)

Particulars	**March 31, 2019**	**March 31, 2018**
Deferred tax assets	—	0.12
Total	**—**	**0.12**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Movement in deferred tax assets (net)

(₹ in Million)

Particulars	Property, plant & equipment	Provision for Employee benefits	Total
As on April 1, 2017	**0.74**	**1.84**	**2.58**
Charged / (Credited)			
- to Profit or loss	(0.62)	(1.84)	(2.46)
As on March 31, 2018	**0.12**	**—**	**0.12**
Charged / (Credited)			
- to Profit or loss	(0.12)	—	(0.12)
As on March 31, 2019	**—**	**—**	**—**

Note 9 : Current tax assets (net)

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Tax paid in advance (net of provisions)	2.65	15.20
Total	**2.65**	**15.20**

Note 10 : Other assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Capital advances		
Unsecured, considered good	25.60	25.07
Unsecured, considered doubtful	20.29	20.29
Less : Allowance for credit losses	(20.29)	(20.29)
Balances with government authorities		
Unsecured, considered good	5.11	6.04
Unsecured, considered doubtful	13.30	15.88
Less : Allowance for credit losses	(13.30)	(15.88)
Supplier advances	59.36	59.36
Prepaid expenses	0.72	1.05
Total	**90.79**	**91.52**

b. Current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Prepaid expenses	15.40	17.53
Unsecured, considered good :		
Supplier advances	100.90	161.44
Others	23.15	10.95
Total	**139.45**	**189.92**

Note 11 : Inventories

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
(at lower of cost or net realisable value)		
Raw materials	815.10	659.83
Work-in-progress	127.17	129.55
Finished goods	308.45	215.88
Finished goods (in transit)	188.17	76.79
	496.62	292.67
Finished goods - Traded	3.73	1.07
Scrap at estimated realisable value	1.21	1.55
Stores, spares etc.	100.47	32.01
Total	**1,544.30**	**1,116.68**

1. The value of inventories above is stated after amount recognised of ₹ 13.10 Million (March 31, 2018 : ₹ 13.80 Million) for write-downs to net realisable value and provision for slow moving and obsolete items.
2. Inventory pledged as security, refer Note 47.

a) Details of raw material inventory

(₹ 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**

(₹ in Million)

As at March 31, 2018	MTs	Amount
Coke / Coal / Coke Fines	16,715	346.84
Iron Ore / Iron Ore Fines / Mill Scale	21,338	93.80
Ferro Alloys		166.93
Others		52.26
Total		**659.83**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

b) Details of work in progress

(₹ in Million)

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

(₹ in Million)

As at March 31, 2018	MTs	Amount
Blooms & Rounds	2,929	108.83
Others		20.72
Total		**129.55**

c) Details of finished goods

(₹ 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**

(₹ in Million)

As at March 31, 2018	MTs	Amount
Rolled Products	7,253	292.67
Traded Goods	13	1.07
Others		1.55
Total		**295.29**

Note 12 : Trade receivables

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Trade Receivable	1,988.48	2,235.37
Receivables from related parties (refer Note 40)	1,601.58	1,572.92
Less : Allowance for doubtful debts	(31.44)	(45.17)
	3,558.62	3,763.12
Break up of security details		
Secured, considered good	—	—
Unsecured, considered good	3,558.62	3,763.12
Doubtful	31.44	45.17
Total	3,590.06	3,808.29
Allowance for doubtful debts	(31.44)	(45.17)
Total	**3,558.62**	**3,763.12**

Trade receivables which have significant increase in credit risk	—	—
Trade receivables - credit impaired	—	—

1. Trade receivable are non-interest bearing and are generally on terms of 60-90 days.
2. For details of debts due from companies in which any director is a partner, a director or a member, refer Note 40 of related party transactions.
3. Trade Receivable pledged as security, refer Note 47.

Note 13 : Cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Cash on hand	0.01	0.01
Cheques in hand	121.54	—
Balances with Banks		
In current accounts	87.94	330.26
In deposit accounts		
Term deposits with original maturity of less than three months	170.00	0.13
Total	**379.49**	**330.40**

Note 14 : Bank balances other than cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Unpaid dividend	5.66	5.10
Total	**5.66**	**5.10**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 15 : 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

(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

(d) Subscribed and fully paid up equity share capital

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Equity Shares of ₹ 5/- each fully paid	218.27	218.27
Add : Forfeited Equity Shares (amount paid up)	0.37	0.37
Subscribed and paid up equity share capital	218.64	218.64
Number of equity shares of ₹ 5/- each fully paid	43,653,060	43,653,060
Add : Forfeited Equity Shares (amount paid up)	106,320	106,320
Number of shares	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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 16 : Other equity

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
A) Reserves and Surplus		
i) Retained earnings		
Balance at the beginning of the year	7,035.24	6,142.13
Add : Profit for the year	1,317.17	1,156.06
Less : Final equity dividend of previous year (refer note iii below)	(218.27)	(218.27)
Less : Tax on final equity dividend of previous year (refer note iii below)	(44.87)	(44.43)
Add : Other Comprehensive Income being remeasurements of post-employment benefit plans (net of tax)	(1.77)	(0.25)
Balance at the end of the year	8,087.50	7,035.24
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	173.79	230.15
Fair value changes for the year	2.82	(56.36)
Balance at the end of the year	176.61	173.79
Total	**8,683.38**	**7,628.30**

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-recognised.

iii Dividend distribution made and proposed :

(₹ in Million)

Particulars	2018-19	2017-18
Cash Dividend on Equity shares declared and paid		
Final Dividend for the year ended March 31, 2018 : ₹ 5/- per equity share (March 31, 2017 : ₹ 5/- per equity share)	218.27	218.27
Dividend distribution tax on final dividend	44.87	44.43
Proposed dividends on Equity Shares		
Final Cash Dividend proposed 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 proposed dividend	44.87	44.87

Proposed dividend on equity shares is subject to approval of the shareholders of the Company at the annual general meeting and is not recognised as a liability (including taxes thereon) as at year end.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 17 : Non- current borrowings

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Secured :		
Foreign currency term loans from banks :		
Bank of Baroda (refer note (i) below)	181.19	339.84
The Hongkong and Shanghai Banking Corporation Limited (refer note (ii) below)	—	256.44
Unsecured :		
1% Non-cumulative convertible preference shares (refer note (iii) below)	74.38	67.62
Total non-current borrowings	255.57	663.90
Less : Amount disclosed as current maturities of non current borrowings (refer Note 18)		
Bank of Baroda	178.81	168.14
The Hongkong and Shanghai Banking Corporation Limited	—	256.34
Total current maturities of non-current borrowings	178.81	424.48
Less : Interest accrued	2.38	3.66
Total non-current borrowings	**74.38**	**235.76**

Foreign currency term loans :

i) From Bank of Baroda, London

External Commercial Borrowing (ECB) Term Loan balance outstanding USD 2,585,000/-, repayable in eight equal half yearly installments, repayment commenced from June 22, 2016, carrying interest at six months USD LIBOR plus 200 bps p.a. payable six monthly.

ii) From The Hongkong and Shanghai Banking Corporation Limited

External Commercial Borrowing (ECB) Term Loan has been fully paid and cleared on March 29, 2019. Satisfaction of charge is being filed with Ministry of Corporate Affairs.

Details of security

Above Foreign currency term loans are secured by first pari-passu charge on the immovable and movable assets of the Group i.e. mortgage of Group'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 Group, 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 Group consisting of stock of raw materials, stock in process, semi-finished and finished goods, bills receivables and book debts.

iii) 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 places 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, 2020. 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 18 : Other current financial liabilities

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Current maturities of non-current borrowings (refer Note 17)	178.81	424.48
Interest accrued but not due	32.83	7.82
Payable against purchase of preference shares	—	14.84
Unclaimed dividend payable	5.66	5.10
Creditors for capital goods	149.23	129.76
Total	**366.53**	**582.00**

Note 19 : Provisions

a. Non-current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Provision for employee benefits (refer Note 38)		
Provision for compensated absences	37.34	33.48
Provision for provident fund	1.79	1.02
Total	**39.13**	**34.50**

b. Current

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Provision for employee benefits (refer Note 38)		
Provision for gratuity	14.80	14.76
Provision for compensated absences	7.00	6.26
Total	**21.80**	**21.02**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 20 : Deferred tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Deferred tax liabilities		
Depreciation and amortisation	508.61	542.19
Fair valuation of derivatives	—	1.13
Total deferred tax liabilities	508.61	543.32
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	15.48	14.41
Provision for doubtful debts	5.35	8.90
Fair valuation of investment	15.54	15.85
Total deferred tax assets	36.37	39.16
Total	**472.24**	**504.16**

Changes in Deferred Tax Assets / (Liabilities) in Profit and Loss [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Deferred tax liabilities		
Depreciation and amortisation	(33.57)	(7.51)
Fair valuation of derivatives	(1.13)	(0.28)
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	(0.12)	1.41
Fair valuation of investment	0.30	0.43
Provision for doubtful debts	3.55	(7.54)
Total	**(30.97)**	**(13.49)**

Changes in Deferred Tax Assets / (Liabilities) in Other Comprehensive income [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Remeasurements of post-employment benefit plans	(0.95)	(0.13)
Total	**(0.95)**	**(0.13)**

Note 21 : Current borrowings

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Unsecured		
Foreign currency term loans from banks, under a buyer's line of credit for import of goods	—	1,099.89
Total current borrowings	**—**	**1,099.89**
Interest accrued	—	(4.16)
Total current borrowings	**—**	**1,095.73**

Current borrowings carried interest rate Libor plus 0.28% with the single repayment at the end of the term as on March 31, 2018.

Note 22 : Trade payables

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Total outstanding dues of micro enterprises and small enterprises	23.85	0.12
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Related Parties (refer Note 40)	22.24	26.92
ii) Others	3,258.41	1,823.92
Total	**3,304.50**	**1,850.96**

i The group has compiled this information based on the current information in its possession as at March 31, 2019.
ii Trade payables are non-interest bearing and are generally settled on 7-365 days.

Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows :

Dues to Micro, Small and Medium Enterprises (MSMEs)	March 31, 2019	March 31, 2018
Total amount dues to MSMEs as on Balance Sheet date		
- Principal amount due to MSMEs	23.85	0.12
- Interest on principal amount due to MSMEs	0.06	—
Total delayed payments to MSMEs during the year		
- Principal amount	0.98	—
- Interest on Principal amount	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	0.06	—
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	—	—

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 23 : Other current liabilities

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Statutory dues payable	85.68	117.52
Advances from customers	3.88	14.12
Employee benefits payable	73.24	62.77
Trade advance from related parties (refer Note 40)	470.00	470.00
Total	**632.80**	**664.41**

Note 24 : Current tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Provision for income tax (net of advance tax)	30.76	15.02
Total	**30.76**	**15.02**

Note 25 : Revenue from operations

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from contracts with customers		
Sale of Products		
Finished Goods	13,725.21	12,999.62
Traded Goods	112.39	675.16
Other Operating Revenue		
Scrap Sales	126.92	109.56
Export incentives received	25.96	28.72
Processing charges for job work	1.73	—
Provisions written back	73.58	66.13
Total	**14,065.79**	**13,879.19**

Goods and Services tax (GST) has been effective from July 1, 2017. Consequently excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 1, 2017, 'Sale of products' excludes the amount of GST recovered. Accordingly, 'Revenue from operations' for year ended March 31, 2018 are not comparable.

a) Details of finished goods sold :

(₹ 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**

(₹ in Million)

Year ended March 31, 2018	Quantity in MTs	Amount
Pig Iron	4,095	105.63
Blooms and Rounds	14,533	679.37
Rolled Products	234,989	12,214.62
Total		**12,999.62**

b) Details of traded goods sold

(₹ in Million)

Year ended March 31, 2019	Quantity in MTs	Amount
Rolled Products	1,768	112.39
Total		**112.39**

(₹ in Million)

Year ended March 31, 2018	Quantity in MTs	Amount
Coke	29,130	569.22
Rolled Products	1,712	105.94
Total		**675.16**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 26 : Other income

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Dividend income from investment in mutual funds - measured at FVTPL	76.03	71.24
Interest from deposits and loans, being financial assets carried at amortised cost	9.64	14.67
Gain on foreign exchange, net	40.19	27.94
Miscellaneous receipts	8.07	59.49
Gain on sale of property, plant and equipment	0.43	0.08
Net gain / (loss) on investments measured at FVTPL	1.35	1.22
Fair value gain / loss (net) on derivatives not designated as hedges	(3.24)	(0.84)
Total	**132.47**	**173.80**

Note 27 : Cost of raw materials consumed

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Raw material at the beginning of the year	659.83	528.16
Add : Purchases	8,162.14	6,956.94
Less : Sale of Raw Material	4.11	25.89
Less : Raw material at the end of the year	815.10	659.83
Total	**8,002.76**	**6,799.38**

Details of raw materials consumed

(₹ 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	1,626.47
Ferro Alloys		1,676.61
Others		286.46
Total		**8,002.76**

(₹ in Million)

Year ended March 31, 2018	Quantity in MTs	Amount
Coke / Coal / Coke Fines	159,779	3,546.11
Iron Ore / Iron Ore Fines / Mill Scale	394,636	1,605.04
Ferro Alloys		1,389.12
Others		259.11
Total		**6,799.38**

Note 28 : Purchases of traded goods

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Coke	—	558.04
Rolled Products	86.24	96.51
Total	**86.24**	**654.55**

Note 29 : Changes in inventories of finished goods (including stock-in-trade) and work-in-progress

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the end 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
Inventories at the beginning of the year		
Work in Progress	129.55	159.70
Finished Goods	292.67	540.56
Finished Goods - Traded	1.07	3.71
Scrap at estimated realisable value	1.55	0.41
	424.84	704.38
	(203.89)	279.54
Excise duty variation on opening and closing stock	—	(76.10)
Total	**(203.89)**	**203.44**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 30 : Employee benefits expense

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Salaries, wages and bonus	464.76	445.99
Gratuity	11.27	10.72
Contribution to provident fund and other funds	34.31	28.88
Workmen and staff welfare expenses	25.22	22.26
Total	**535.56**	**507.85**

Note 31 : Finance costs

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Interest expenses	26.96	58.42
Other borrowing costs	46.05	34.10
Total	**73.01**	**92.52**

Note 32 : Depreciation and amortisation expense

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Depreciation on tangible assets (refer Note 3)	374.79	363.09
Amortisation of intangible assets (refer Note 4)	9.44	9.41
Total	**384.23**	**372.50**

Note 33 : Other expenses

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Stores and spares consumed	1,259.53	1,037.61
Job work and manufacturing charges	676.97	537.61
Power and fuel	799.92	754.55
Building and road repairs	20.75	15.21
Machinery repairs	63.42	59.11
Facility charges under strategic alliance	45.50	67.17
Rent	1.22	1.47
Rates and taxes	0.91	0.48
Insurance	11.59	14.54
Legal and Professional charges	28.80	36.63
CSR expenditure (refer Note 44)	39.21	35.76
Freight outward	383.34	437.66
Brokerage and commission	5.61	8.28
Payment to auditor (refer Note 34)	5.14	4.37
Directors' fees and travelling expenses	1.24	0.65
Directors' commission	40.05	42.50
Receivables provided for / written off (net)	—	22.15
Miscellaneous expenses*	138.04	168.77
Total	**3,521.24**	**3,244.52**

* Miscellaneous expenses includes travelling expenses, printing, stationery, postage, telephone etc.

Note 34 : Payment to auditors

(₹ in Million)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**
As statutory auditors	3.68	3.00
In other capacity :		
Tax audit fees	0.73	0.60
Limited review	0.45	0.36
Certification	0.19	0.23
Out of pocket expenses reimbursed	0.09	0.18
Total	**5.14**	**4.37**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 35 : Income tax expense

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax expense	635.50	611.00
Deferred tax expense	(30.97)	(13.50)
Short provision for taxation in earlier years	—	(0.37)
Total	**604.53**	**597.13**

Reconciliation of tax expense and accounting profit multiplied by statutory tax rate

(₹ in Million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	1,918.32	1,749.66
Applicable tax rate	34.944%	34.608%
Computed tax expense	670.34	605.52
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
CSR Expenses	13.70	12.37
Dividend received	(26.57)	(24.66)
Donation	(6.80)	(6.13)
Exempt Income - refer Note 48	(41.65)	—
Others	(4.49)	10.40
Adjustments for current tax of prior periods	—	(0.37)
Income tax expense	**604.53**	**597.13**

Note 36 : Earnings per Share

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net profit after tax (₹ in Million)	1,317.17	1,156.06
Weighted average number of equity shares	43,653,060	43,653,060
Basic and diluted earning per share of nominal value of ₹ 5/- each	30.17	26.48

Note 37 : Contingencies and commitments

A Contingent liabilities

(₹ in Million)

	Particulars	March 31, 2019	March 31, 2018
i	Claims against the Company not acknowledged as debts	1.98	1.98
ii	Customs duty, excise duty and service tax - matter under appeal	109.97	78.76
iii	Income tax matters under appeal	11.84	16.47
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	163.76	39.01
vii	Others	1.53	1.53
	Total	**577.77**	**426.44**

B Capital and other commitments

(₹ in Million)

	Particulars	March 31, 2019	March 31, 2018
1	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	152.75	11.40
2	Other Commitments on account of :		
	a) Purchase of Raw Material through E-Auction	26.88	47.76
	b) Supply of Gases - Minimum Take over Price	493.64	551.72
	Total	**673.27**	**610.88**

Note 38 : Provision for Employee benefits

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Compensated absences (refer Note A)		
Non-current	37.34	33.48
Current	7.00	6.26
Gratuity (refer Note B)		
Current	14.80	14.76
Provident fund (refer Note C)		
Non-current	1.79	1.02

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, 2019	March 31, 2018
Discount rate	7.30%	7.70%
Salary escalation rate	10.00%	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 (2006-08) Ultimate
Attrition rate	7.00%	7.00%

Hospet Steels Limited (Joint Operation)

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.80%	7.80%
Salary escalation rate	8.00%	8.00%
Retirement age	58 years	58 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) 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**

II) The net liability disclosed above relates to funded plans are as follows :

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Present value of funded obligation	111.00	93.15
Fair value of plan assets	(96.20)	(78.39)
Deficit of funded plan	**14.80**	**14.76**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

III) Significant estimates :

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.30%	7.70%
Salary growth rate	10.00%	10.00%
Attrition rate	7.00%	7.00%
Retirement age	M1 category - 60 years Wholetime Director - 65 years Others - 55 years	M1 category - 60 years Wholetime Director - 65 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Hospet Steels Limited (Joint operation)

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.80%	7.80%
Salary growth rate	8.00%	8.00%
Attrition rate	1 - 3%	1 - 3%
Retirement age	58 years	58 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) 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, 2019	March 31, 2018
Discount rate		
1% decrease	9.08	8.01
1% increase	(7.96)	(6.70)
Future salary increase		
1% decrease	(7.03)	(6.25)
1% increase	7.84	6.96
Attrition rate		
1% decrease	0.68	0.74
1% increase	(0.64)	(0.69)

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 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, 2019	March 31, 2018
Less than a year	12.27	7.69
Between 1 - 2 years	5.05	7.96
Between 2 - 5 years	51.02	21.07
Over 5 years	91.58	74.59
Total	**159.92**	**111.31**

The weighted duration of the defined obligation is 8.91 years (March 31, 2018 - 9.46 years)

V) The major categories of plan assets are as follows :

Particulars	March 31, 2019	March 31, 2018
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, 2019 is considered to be the fair value

VI) The Group expects to contribute Rs.14.80 Million to the gratuity fund in the next year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

C Provident Fund

Defined Benefit : Provident fund for management employees is 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. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Group or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. The Group does not currently have any unfunded plans. There is no compulsion on the part of the Group to fully pre-fund the liability of the Plan. The Group funds the shortfall in the year in which it arises.

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 ₹ 11.64 Million (March 31, 2018 ₹ 6.05 Million).

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	1.39	(0.37)	1.02
Current service cost	0.48	—	0.48
Interest expense/(income)	0.11	(0.03)	0.08
Experience (gain)/loss	0.08	0.13	0.21
Total amount recognised in Profit or Loss	0.67	0.10	0.77
March 31, 2019	**2.06**	**(0.27)**	**1.79**

II The net liability disclosed above relates to funded plans are as follows :

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Present value of funded obligation	2.06	1.39
Fair value of plan assets	(0.27)	(0.37)
Deficit of funded plan	**1.79**	**1.02**

III) Significant estimates :

The significant actuarial assumptions were as follows :

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.30%	7.70%

IV) The major categories of plan assets are as follows :

Particulars	March 31, 2019	March 31, 2018
Government of India securities	55.59%	55.26%
Corporate bonds	38.44%	39.86%
Special deposit scheme	0.31%	0.28%
Mutual funds	5.66%	4.60%

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 ₹ 11.73 Million (March 31, 2018 : ₹ 8.80 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 under perform 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 neutralise 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 39 : Interest in other entities

A) Subsidiary

Particulars	Ownership interest held by the Company	
	March 31, 2019	March 31, 2018
Lord Ganesha Minerals Private Limited	77.50%	77.50%

The principal place of business of the wholly owned subsidiary is India. The principal business is mining. The ownership interest held by non-controlling interest in to the extent of 22.50% for all periods.

B) Associate

Particulars	Ownership interest held by the Company	
	March 31, 2019	March 31, 2018
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, 2019	March 31, 2018
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, 2018 : 49.99%). The principal business is to act as a management company for strategic alliance arrangement between Kalyani Steels Limited and Mukand Limited.

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, 2019	March 31, 2018
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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 40 : Related Party Transactions

A) Name of the related parties and nature of relationship

(i) Where control exists :

Refer Note 39 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) Saarloha Advanced Materials Private Limited
iii) Kalyani Investment Company 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.S.S. Vaidya, Independent Director (till May 18, 2018)
vi) Mr.B.B. Hattarki, Independent Director
vii) Mr.M.U. Takale, Independent Director
viii) Mr.Arun P. Pawar, Independent Director
ix) Mr.Sachin Mandlik, Independent Director
x) Mr.S.K. Adivarekar, Independent Director (w.e.f. May 18, 2018)
xi) Mr.R.K. Goyal, Managing Director, Executive Director

Entities in which KMPs have significant influence

i) Kalyani Technologies Limited

(₹ in Million)

I	Key management personnel compensation	March 31, 2019	March 31, 2018
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	4.54	4.05
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	3.01	2.51
iii)	Mr.Amit B. Kalyani, Non-Executive Director	4.01	3.51
iv)	Mr.S.M. Kheny, Non-Executive Director	0.62	0.52
v)	Mr.S.S. Vaidya, Independent Director	—	1.82
vi)	Mr.B.B. Hattarki, Independent Director	0.88	0.84
vii)	Mr.M.U. Takale, Independent Director	0.62	0.52
viii)	Mr.Arun P. Pawar, Independent Director	0.41	0.25
ix)	Mr. Sachin Mandlik, Independent Director	0.66	—
x)	Mr.S.K. Adivarekar, Independent Director	0.51	0.50
xi)	Mr.R.K. Goyal, Managing Director, Executive Director	78.74	75.85
	Total	**94.00**	**90.37**

(₹ in Million)

II	Transactions with related parties	March 31, 2019	March 31, 2018
A	**Sale of goods**		
i)	Bharat Forge Limited	5,773.69	4,625.53
ii)	Saarloha Advanced Materials Private Limited	307.86	177.69
iii)	Vish Steel LLP	—	1.26
B	**Purchase of goods**		
i)	Bharat Forge Limited	15.42	10.21
ii)	Saarloha Advanced Materials Private Limited	129.84	72.62
C	**Reimbursement of expenses received**		
i)	Kalyani Investment Company Limited	10.35	9.17
ii)	Saarloha Advanced Materials Private Limited	9.49	11.44
D	**Interest Received**		
i)	Saarloha Advanced Materials Private Limited	—	6.04

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

II	Transactions with related parties (Continued)	March 31, 2019	March 31, 2018
E	**Conversion charges paid**		
i)	Saarloha Advanced Materials Private Limited	213.60	123.09
F	**Reimbursement of expenses paid**		
i)	Bharat Forge Limited	0.08	0.09
ii)	Saarloha Advanced Materials Private Limited	1.13	15.05
iii)	Kalyani Mukand Ltd	—	(0.28)
G	**Interest Paid**		
i)	Bharat Forge Limited	—	21.08
H	**Legal advisory services paid**		
i)	Khaitan and company	—	8.14
I	**Branding Fees paid**		
i)	Kalyani Technologies Limited	33.75	30.83
J	**Computer hardware purchase**		
i)	Kalyani Technologies Limited	0.16	0.12
K	**Software consultancy paid**		
i)	Dyna-K Automotive Stampings Private Limited	—	0.02
L	**Employee benefit expense**		
i)	Kalyani Steels Limited Non Bargainable Staff Provident Fund	2.86	7.59
ii)	Kalyani Steels Limited Officers' Superannuation Scheme	2.95	2.90
iii)	Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme	6.49	8.46
iv)	Hospet Steels Limited Employees Gratuity Trust	7.69	4.97
v)	Hospet Steels Limited Employees Superannuation Trust	6.57	5.90

(₹ in Million)

III	Outstanding balances from sale / purchases of goods	March 31, 2019	March 31, 2018
A	**Trade Payables**		
i)	Bharat Forge Limited	2.46	0.47
ii)	Saarloha Advanced Materials Private Limited	2.76	18.34
iii)	Kalyani Technologies Limited	17.02	8.11
	Total trade payables from related parties (refer Note 22)	22.24	26.92
B	**Trade Receivables**		
i)	Bharat Forge Limited	1,567.50	1,558.18
ii)	Saarloha Advanced Materials Private Limited	33.00	12.40
iii)	Kalyani Investment Company Limited	1.08	1.00
iv)	SLR Metallics Limited	—	1.34
	Total trade receivables from related parties (refer Note 12)	1,601.58	1,572.92
C	**Advance received**		
i)	Bharat Forge Limited	470.00	470.00

There is no allowance for bad and doubtful debts recognised in respect of receivables due from related parties.

IV 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.

Note 41 : Fair value measurements

Financial assets and liabilities at amortised cost

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Financial assets		
Loan to employees	0.69	1.26
Security deposits	68.73	70.35
Trade receivables	3,558.62	3,763.12
Cash and cash equivalents	379.49	330.40
Other Bank Balances	5.66	5.10
Income Receivable	97.58	30.12
Bank deposits with maturity more than twelve months	14.26	13.32
Total financial assets	**4,125.03**	**4,213.67**
Financial liabilities		
Borrowings	74.38	1,331.49
Trade payables	3,304.50	1,850.96
Other financial liabilities	366.53	582.00
Total financial liabilities	**3,745.41**	**3,764.45**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Financial assets and liabilities classified as FVTPL

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Investment in Preference shares	14.80	13.45
Investments in Mutual Funds	2,035.72	1,176.24
Derivative asset	—	3.24
Derivative liabilities	—	—

Financial assets and liabilities classified as FVTOCI

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Investment in Debentures	1,536.61	1,533.79

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, 2019	—	—	14.80
March 31, 2018	—	—	13.45
Investments in Mutual Funds			
March 31, 2019	2,035.72	—	—
March 31, 2018	1,176.24	—	—
Investment in Debentures			
March 31, 2019	—	—	1,536.61
March 31, 2018	—	—	1,533.79
Derivative asset			
March 31, 2019	—	—	—
March 31, 2018	—	3.24	—

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)

-The fair value of interest rate swaps is calculated using present value of estimated future cash flows based on observable yield curves

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.

NOTES FORMING PART OF CONSOLIDATED 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, 2018	**13.45**	**1,533.79**	**1,547.24**
Gains/ (losses) recognised in profit or loss	1.35	—	1.35
Gains/ (losses) recognised in other comprehensive income	—	2.82	2.82
As at March 31, 2019	**14.80**	**1,536.61**	**1,551.41**

vi) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value :

Particulars	Significant unobservable input	
	March 31, 2019	March 31, 2018
1) Preference shares		
i) Discount rate	10.00%	10.00%
2) Compulsory convertible debentures		
i) Discount rate	7.39%	7.40%
ii) Inflation rate	7.34%	10.65%

The change by 100 bps does not have any material impact on value of investments in preference shares and compulsory convertible debentures.

Note 42 : 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

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, 2019	March 31, 2018
Financial assets		
Trade receivables	43.15	184.60
Net exposure to foreign currency risk (assets)	43.15	184.60
Financial liabilities		
Borrowings	178.81	1,688.35
Trade payables	2,167.82	631.97
Interest	32.83	7.82
Net exposure to foreign currency risk (liabilities)	2,379.46	2,328.14

The sensitivity of profit or loss to changes in foreign exchange rates with respect to year end payable / receivable balances in INR (Million) is as follows :

Particulars	Impact on profit or loss	
	March 31, 2019	March 31, 2018
USD		
Increase by 1%*	(23.36)	(32.29)
Decrease by 1%*	23.36	32.29

*Holding all other variables constant

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

B) Interest risk

The Group has borrowings at variable interest rate. Profit or loss is 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, 2019	March 31, 2018
Total borrowings at variable interest rate	253.19	1,755.97
Interest rate swaps	—	256.35
Net exposure to interest rate risk	**253.19**	**1,499.62**

	Impact on profit or loss	
	March 31, 2019	March 31, 2018
Increase by 0.5%*	(0.40)	(0.85)
Decrease by 0.5%*	0.40	0.85

*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 analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities :

(₹ in Million)

March 31, 2019	Less than 1 year	More than 1 year
Non - derivative		
Borrowings	—	—
Trade payables	3,304.50	—
Other financial liabilities	366.53	—

(₹ in Million)

March 31, 2018	Less than 1 year	More than 1 year
Non - derivative		
Borrowings	1,095.73	235.76
Trade payables	1,850.96	—
Other financial liabilities	582.00	—

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 analysing 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 12.

i) Expected credit loss for trade receivables under simplified approach :

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Gross carrying amount	3,590.06	3,808.29
Expected loss rate	0.88%	1.19%
Expected credit losses (loss allowance provision)	31.44	45.17
Carrying amount of trade receivables (net of impairment)	**3,558.62**	**3,763.12**

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**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 43 : Capital management

The Group's objectives when managing capital are 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 Notes 17 and 21 to the financial statements.

The capital structure of the Group is as follows :

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Borrowings	253.19	1,755.97
Less : Cash and cash equivalents	379.49	330.40
Net debt	(126.30)	1,425.57
Equity attributable to owners	8,902.02	7,846.94
Debt equity ratio	**(0.01)**	**0.18**

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 44 : Corporate social responsibility (CSR)

(₹ in Million)

Sr. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a)	Gross amount required to be spent by the Company during the year	39.21	35.76
	Total	**39.21**	**35.76**

b) Amount spent during the year

(₹ 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**	**—**

(₹ in Million)

Sr No.	Particulars	2017-18	
		In cash	Yet to be paid in cash
1	Promotion of Education		
	Donation	35.45	—
2	On purposes other than (1) above	0.31	—
	Total	**35.76**	**—**

Note 45 : 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 organised 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'

Revenues of approximately ₹ 5,773.69 Million (March 31, 2018 : ₹ 4,625.53 Million) are derived from a single customer.

During the year, total revenues from sales to customers outside India for the year ended March 31, 2019 and March 31, 2018 was ₹ 606.42 Million and ₹ 584.03 Million respectively.

All non-current assets are in India.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 46 : Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2019

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
Cash and cash equivalents	379.49	330.40
Current borrowings	—	(1,099.89)
Non-current borrowings	(255.57)	(663.90)
Total	**123.92**	**(1,433.39)**

(₹ in Million)

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
Net debt as on April 1, 2018	**330.40**	**(1,099.89)**	**(663.90)**	**(1,433.39)**
Cash flows	49.09	1,095.73	412.96	1,557.78
Interest paid	—	5.55	32.71	38.26
Interest expense	—	(1.39)	(37.34)	(38.73)
Net debt as on March 31, 2019	**379.49**	—	**(255.57)**	**123.92**

Note 47 : Assets pledged as security

(₹ in Million)

Particulars	March 31, 2019	March 31, 2018
First charge		
Property, plant and equipment	4,203.12	4,342.44
Second charge		
Inventories	1,544.30	1,116.68
Trade receivables	3,558.62	3,763.12

Note 48 : Exceptional item 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 49 : The Honourable Supreme Court of India by their order dated February 28, 2019, in the case of Surya Roshani Limited and others v/s Employees Provident Fund Organisation set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the Honourable Supreme Court of India for disposal. Pending decision on the subject review petition and directions from the Employees Provident Fund Organisation, the impact, if any, is not ascertainable and consequently no effect has been given in the accounts.

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

Pritam Prajapati
Partner
Membership No.135734

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2019

Pune
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NOTES

KALYANI

DRIVING INNOVATION

KALYANI STEELS LIMITED

MUNDHWA, PUNE - 411 036

MAHARASHTRA, INDIA.