KALYANI STEELS

CIN-L27104MH1973PLC016350

KSL:SEC:

August 07, 2017

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. : Submission of Annual Report for the Financial Year ended 31st March, 2017

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company, as approved and adopted in the 44th Annual General Meeting held on 1st August, 2017.

Thanking you,

Yours faithfully,
For KALYANI STEELS LIMITED

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

Encl. : Annual Report for FY 2016-17

KALYANI STEELS LIMITED

44TH ANNUAL REPORT
2016-2017

BOARD OF DIRECTORS

Mr. B. N. Kalyani
Chairman

Mrs. Sunita B. Kalyani

Mr. Amit B. Kalyani

Mr. S. M. Kheny

Mr. S. S. Vaidya

Mr. B. B. Hattarki

Mr. M. U. Takale

Mr. Arun P. Pawar

Mr. C. G. Patankar

Mr. R. K. Goyal
Managing Director

CORPORATE IDENTITY NUMBER (CIN)
L27104MH1973PLC016350

REGISTERED OFFICE
Mundhwa, Pune - 411 036
Phone : +91-020-26715000 / 66215000
Fax : +91-020-26821124
Website: www.kalyanisteels.com
E-mail : investor@kalyanisteels.com

PLANT LOCATION
Hospet Road, Ginigera
Tal. & Dist. Koppal
KARNATAKA - 583 228

CHIEF FINANCIAL OFFICER
Mr. B. M. Maheshwari

COMPANY SECRETARY
Mrs.Deepti R. Puranik

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

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

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

CONTENTS

Management Discussion and Analysis	2
Corporate Governance	7
Shareholder Information	16
Directors' Report	19
Auditor's Report	39
Balance Sheet	44
Statement of Profit and Loss	45
Cash Flow Statement	46
Notes forming part of the Financial Statements	48
Auditor's Report on Consolidated Financial Statements	71
Consolidated Balance Sheet	74
Consolidated Statement of Profit and Loss	75
Consolidated Cash Flow Statement	76
Notes forming part of the Consolidated Financial Statements	78

44TH ANNUAL GENERAL MEETING

Day	:	Tuesday
Date	:	1st August, 2017
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-Fourth Annual Report for the year 2016-17 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 decelerated to 3.1% in 2016 as compared to 3.4% in 2015. The growth forecast for near future is optimistic with World GDP expected to grow at 3.5% in 2017 and improve further to 3.6% in 2018.

Real GDP Growth (%)

Year	2015	2016	2017 (p)	2018 (p)
World	3.4	3.1	3.5	3.6
Advanced Economies	2.1	1.7	2.0	2.0
Emerging Markets	4.2	4.1	4.5	4.8

All numbers are in percentages

(p) Refers to projections

Source : IMF, World Economic Outlook, April, 2017

Advanced Economies

Global economic growth slowed down with Advanced Economies' growth decreasing to 1.7% in 2016. The Advanced Economies are expected to maintain around 2% growth rate till 2017 and 2018. This can be attributed to soft demand, unfavorable demographic trends and low productivity growth.

It is important to note that the growth forecast (for Advanced Economies) is uncertain in light of potential changes in the policy stance of the United States under the new administration.

For other economies such as Germany, Japan, Spain and United Kingdom, economic growth is expected to be better in coming years than in 2016 primarily because of stronger than expected economic performance in second half of 2016.

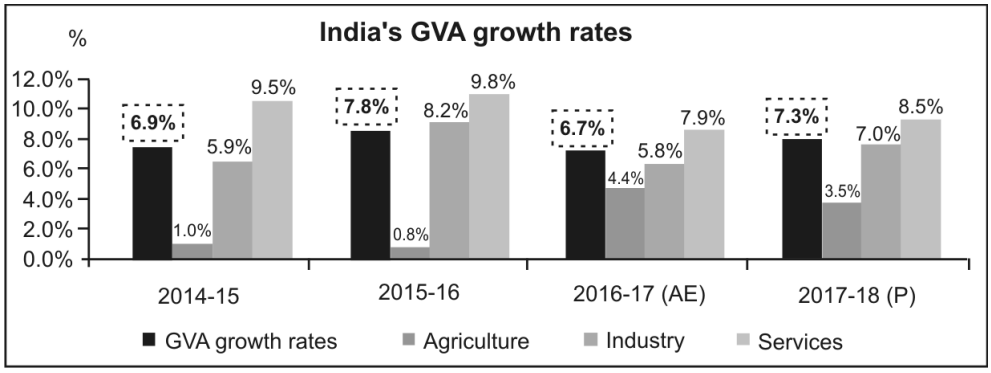
Emerging Markets

Given the situation of Advanced Economies, majority of the global growth is expected to be driven by Emerging Markets. Economic performance across emerging markets and developing economies has remained mixed.

Whereas China managed more than 6.5% growth due to continued policy support, activity has slightly slowed in India, because of the impact of demonetisation in the later part of the year. Further, Brazil is still mired in a deep recession and is expected to return to positive growth in 2017. Activity remained weak in fuel and non-fuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey.

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 6.7% in FY 2016-17 as compared to FY 2015-16.



AE : Advance Estimates from MoSPI

P : Projections from RBI

Source :

1. MoSPI, Govt. of India, Press Note dated 28th February, 2017
2. RBI's Survey of Professional Forecasters dated 6th April, 2017

As shown in the chart, India's overall GVA growth decreased to 6.7% in FY 2016-17 from 7.8% in FY 2015-16. This was primarily due to slower growth rates in Industry & Services Sectors in FY 2016-17 as compared to previous year.

However, Agriculture Sector saw a steep jump in growth from 0.8% in FY 2015-16 to 4.4% in FY 2016-17.

Due to Government's continued efforts, India has maintained the "Ease of Doing Business Rank" at 130th place in 2017 as compared to 131st in 2016 as per the World Bank. Further Indian Government has set an aggressive target to achieve 90th rank in Ease of Doing Business in 2018.

Going forward, India's economy is expected to witness 7.3% growth in FY 2017-18. Here, Industry and Services Sectors are expected to grow at 7.0% and 8.5% respectively. The Agriculture Sector is expected to see decrease in growth to 3.5%.

Due to insufficient irrigation, Indian Agriculture Sector is still largely dependent on monsoon. In 2017, as per Indian Meteorological Department (IMD), the monsoon seasonal rainfall is likely to be 96% of the Long Period Average (LPA) i.e. near normal rainfall. In 2016, monsoon rainfall was 97% of the Long Period Average (LPA).

World Steel Industry

In 2016, World Crude Steel production increased marginally by 0.8% to 1,628 Million MTs from 1615 Million MTs in 2015.

	CY 2014	CY 2015	CY 2016
World Crude Steel	1670.2	1615.4	1,628.5
y-o-y growth %		-3.3%	0.8%
China	822.8	798.8	808.4
y-o-y growth %		-2.9%	1.2%
EU (28)	169.3	166.1	162.3
y-o-y growth %		-1.9%	-2.3%
Japan	110.7	105.1	104.8
y-o-y growth %		-5.1%	-0.3%
USA	88.2	78.8	78.6
y-o-y growth %		-10.7%	-0.3%
India	87.3	89.0	95.6
y-o-y growth %		1.9%	7.4%

All numbers are in Million Tonnes except percentages.

Source : World Steel Association (WSA), January, 2017

In 2016, all the major steel producing countries (except India and China) saw a decrease in crude steel production.

China, the leading producer of steel, contributed 49.6% of the global output at 808.4 Million MTs in 2016, showing 1.2% growth over previous year.

The European Union (EU) recorded a decrease of 2.3% over 2015, producing 162.3 Million MTs of crude steel.

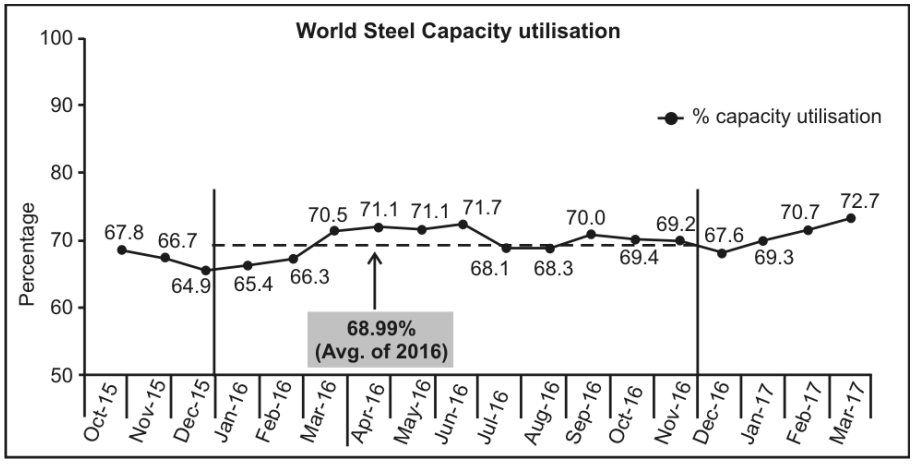
Japan's crude steel production decreased by 0.3% in 2016 to 104.8 Million MTs.

United States' crude steel production was marginally lower by 0.3% at 78.6 Million MTs in 2016 as compared to that in 2015.

India saw an increase in crude steel production to 95.6 Million MTs in 2016 with 7.4% growth over that in 2015.

Global Crude Steel Capacity Utilisation

As global steel industry still suffers from excess capacity, overall average global capacity utilisation was 68.99% in 2016.



However, early 2017, the global capacity utilisation has seen an increasing trend to reach 73% in March, 2017.

Indian Steel Industry

As per World Steel Association, crude steel production in India increased by 7.4% in 2016 as compared to 2015.

Crude Steel Production (Carbon + Alloy Steel)	**CY 2014**	**CY 2015**	**CY 2016**
Production (Mil T)	87.3	89.0	95.6
Growth (%)		1.9%	7.4%

Source : World Steel Association

It is interesting to note that in 2016 India clocked the highest growth in crude steel production amongst major steel producing countries.

India has overall positive economic prospects due to the Central Government's reform momentum and policies to increase infrastructure and manufacturing output. Low oil prices are also benefitting India as majority of India's crude oil is imported.

Even as Indian economy adjusts to the effects of Demonetisation, the World Steel Association (WSA) in its short-range outlook projected that steel demand growth (for finished steel) in India will be 6.1% and 7.1% in 2017 and 2018 respectively - which is the highest amongst major steel consuming nations.

Industry Profitability Outlook

FY 2016-17 has been a challenging year for Indian Steel industry with continued low profitability due to sluggish demand, steel imports and highly leveraged balance sheets.

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

- Increasing Iron Ore prices : NMDC's iron ore floor price for Iron Ore Lumps* and Fines* have increased by around 34% and 36% between March, 2016 to April, 2017.

  Such steep increase in Iron ore prices has affected negatively steel industry especially in Karnataka.

  *Reference:

  Lumps : NMDC Karnataka E-auction data for 64% Fe Iron Ore Lumps

  Fines : NMDC Karnataka E-auction data for 60.2% Fe Iron Ore Fines

- Increasing Coke prices : Prices of Metallurgical Coke** and Coking Coal** have increased by around 90% and 70% respectively between March, 2016 to April, 2017.

  Further, in November, 2016, the Department of Commerce has 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

  Coking Coal : Hard Coking Coal FOB India prices from Platts report

- Chinese overcapacity : As China shifts towards a consumption led economy, Chinese steel industry will be forced to export more and more steel to maintain its capacity utilisation. Further, there are doubts whether we will see Chinese steel capacity decreasing in near future.

On the other hand, Government of India is pushing for use of domestic steel for government projects. However, in the short to medium term, it may not have any major gain for domestic steel companies as the imported steel used in government projects is relatively low as compared to total Indian steel demand.

Given the above scenario, it is becoming more and more important to focus on cost reduction 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 to gain medium to long-term competitive advantage over its peers.

Marketing Initiatives

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

Your 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

Your 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

- Sales, Gross - ₹ 17,215 Million
- Profit before Taxation - ₹ 2,382 Million

Sales, Gross includes Manufacturing Revenue of ₹ 16,135 Million and Trading Revenue of ₹ 1,080 Million.

Manufacturing Revenue consists of sale of Rolled Products, As Cast Blooms and Pig Iron, Misc. Sales and Conversion Charges received. The Company sold 232,693 tonnes of 'Rolled Products' aggregating ₹ 11,554 Million, 21,220 tonnes of 'As Cast Blooms' aggregating ₹ 753 Million, 26,686 tonnes of 'Pig Iron' aggregating ₹ 506 Million, Misc. sales amounted to ₹ 248 Million and Conversion Charges received were ₹ 3,074 Million. The Manufacturing Turnover includes exports of 3,974 tonnes of Steel aggregating ₹ 201 Million.

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 31st March, 2017 the Company has 80 employees. 1,048 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 timely disclosures, transparent accounting policies and strong Board go a long way in protecting shareholders' trust while maximising long term corporate value.

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 2016-17.

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 31st March, 2017, the Board of Directors of Kalyani Steels comprised ten Directors. The Board consists of the Chairman, who is 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 2016-17, the Board of the Company met five times on 24th May, 2016, 25th July, 2016, 6th September, 2016, 21st October, 2016 and 9th February, 2017. 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, their attendance record and the number of directorships and Committee Memberships / Chairmanships held in Indian Public Limited Companies, including the Company :

Table - 1 - Details about Board of Directors of the Company

Name of the Director	Category	Particulars of Attendance			Number of Directorships and Committee Memberships / Chairmanships as on 31st March, 2017		
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships*	Committee Chairmanships*
		Held	Attended				
Mr.B.N. Kalyani Chairman	Promoter Non-Executive	5	4	Yes	7	3	1
Mrs.Sunita B. Kalyani	Non-Executive	5	5	Yes	2	—	—
Mr.Amit B. Kalyani	Non-Executive	5	5	Yes	8	1	—
Mr.S.M. Kheny	Non-Executive	5	4	Yes	9	2	—
Mr.S.S. Vaidya	Independent	5	5	Yes	5	2	2
Mr.B.B. Hattarki	Independent	5	5	Yes	8	4	5
Mr.M.U. Takale	Independent	5	5	Yes	4	2	1
Mr.Arun P. Pawar	Independent	5	4	Yes	1	—	—
Mr.C.G. Patankar	Independent	5	4	Yes	6	3	—
Mr.R.K. Goyal Managing Director	Executive	5	5	Yes	3	3	—

* In accordance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships / Chairmanships of only Audit Committee and Stakeholders Relationship Committee have been considered.

INDEPENDENT DIRECTORS

As mandated by Regulation 25 and as defined by Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the 'Independent Directors' on Kalyani Steels Limited's Board :

- are persons of integrity and possess relevant expertise and experience;
- are or were not a Promoter of the Company or its holding, subsidiary or associate company;
- are not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- apart from receiving director's remuneration, have or had no material pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

- none of whose relatives have or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- who, neither themselves nor any of their relatives :

(i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of :

(A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the Company; or

(iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the Company;

- are not less than 21 years of age.

None of the Directors is a member of more than ten Board level Committees of Indian Public Limited Companies in which they are Directors or a Chairman of more than five such Committees.

BOARD PROCEDURE

Information Supplied to the Board

Among others, information supplied to the Board includes :

- Annual operating plans and budgets, capital budgets and any update thereof.
- Quarterly results for the Company.
- Minutes of meetings of Audit Committee and other committees of the Board and minutes of meetings of Subsidiary Company.
- 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.
- 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.
- Formation / Reconstitution of Committees of the Board.
- Dividend declaration.
- Appointment and fixing remuneration, of the Auditors as recommended by the Audit Committee.
- Annual Financial Results of the Company, Auditors' Report and the Report of the Board of Directors.
- Compliance certificates for all the laws as applicable to the Company.

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

CEO AND CFO CERTIFICATION

The 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 contained in this Annual Report.

DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

There has been no materially relevant pecuniary transactions or relationship between the Company and its non-executive and / or independent Directors for the year 2016-17.

COMMITTEES OF THE BOARD

As on 31st March, 2017 the Company has Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. The Board Committees are set up under the formal approval of the Board to carry out clearly defined role which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to the Committee Meetings, as far as may be practicable. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for consideration and noting. The Company Secretary acts as the Secretary of all Committees.

AUDIT COMMITTEE

As on 31st March, 2017, 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 Chairman of the Audit Committee is Mr.S.S. Vaidya. Mr.B.N. Kalyani, Mr.B.B. Hattarki and Mr.M.U. Takale are the other members of the Committee. The Annual General Meeting of the Company held on 11th August, 2016 was attended by the Chairman of the Audit Committee, Mr.S.S. Vaidya, 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 2016-17 Audit Committee met on 24th May, 2016, 25th July, 2016, 21st October, 2016 and 9th February, 2017 and there were no instances, where the Board had not accepted the recommendations of the Audit Committee. Particulars relating to the attendance at the Audit Committee meetings held during the year are given below :

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.S.S. Vaidya, Chairman	Independent	4	4
Mr.B.N. Kalyani	Promoter Non-Executive	4	3
Mr.B.B. Hattarki	Independent	4	4
Mr.M.U. Takale	Independent	4	4

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 auditors' report thereon before submission to the Board for approval, with particular reference to :
  - Matters required to be included in the Directors' 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.
- 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.
- 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 31st March, 2017, Stakeholders Relationship Committee comprised of three Directors viz. Mr.S.M. Kheny (Chairman), Mr.R.K. Goyal, Managing Director and Mr.B.B. Hattarki, Director. During the year 2016-17, the Stakeholders Relationship Committee met on 24th May, 2016, 25th July, 2016, 21st October, 2016 and 9th February, 2017.

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	4
Mr.R.K. Goyal	Executive	4	4
Mr.B.B. Hattarki	Independent	4	4

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

During the year 4 (Four) complaints were received, which were redressed. 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 31st March, 2017, Nomination and Remuneration Committee comprised of three Directors viz. Mr.M.U. Takale, Chairman, Mr.Amit B. Kalyani and Mr.B.B. Hattarki. During the year 2016-17, the Nomination and Remuneration Committee met on 24th May, 2016 and 21st October, 2016.

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.

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	2	2
Mr.Amit B. Kalyani	Non-Executive	2	2
Mr.B.B. Hattarki	Independent	2	2

BOARD DIVERSITY AND REMUNERATION POLICY

The Board on recommendation of the Nomination and Remuneration Committee, has approved Board Diversity and Remuneration Policy and the same is available on the Company's website. (Web-link : http://www.kalyanisteels.com/profile/code-of-conduct/board-diversity-remuneration-policy/). The Policy provides for criteria for determining qualifications, positive attributes & independence of director as well as remuneration policy for directors, key managerial personnel and other employees.

In terms of the said Policy, a director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices. An Independent director should also meet the requirements of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Remuneration to Non-Executive Directors

The Non-executive Directors are paid sitting fees for attending each meeting of the Board and of the Committees thereof as specified by the Board. Each of the Non-executive Directors is paid sitting fee of ₹ 2,000/- per meeting attended by him. The Non-Executive Directors also draw remuneration in the form of commission, upto an aggregate amount not exceeding 1% of the net profits of the Company for the year, as may be decided by the Board of Directors from time to time.

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

Remuneration to Managing Director, Key Managerial Personnel and other Employees

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

The Managing Director is paid remuneration as per the terms approved by the Nomination and Remuneration Committee and the Board and confirmed by the Shareholders of the Company. The remuneration of the Managing Director comprises of Salary, Commission and Perquisites besides contributions to provident fund, superannuation and gratuity and leave encashment facility. The Company does not have any stock option scheme.

Remuneration to Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals. The Remuneration will be such, so as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

REMUNERATION OF DIRECTORS

Table 2 : The details of the remuneration package of Directors during the financial year 2016-17, their shareholding in the Company and relationship with other directors, if any :

Name of the Director	Relationship with other directors	Sitting fees# (₹)	Salaries and perquisites (₹)	Commission (₹)	Total (₹)	No. of Shares held
Mr.B.N. Kalyani	*	34,000	—	3,000,000	3,034,000	1,118
Mrs.Sunita B. Kalyani	**	10,000	—	2,000,000	2,010,000	7,743
Mr.Amit B. Kalyani	***	14,000	—	3,000,000	3,014,000	31,694
Mr.S.M. Kheny	****	16,000	—	300,000	316,000	14
Mr.S.S. Vaidya	None	18,000	—	1,500,000	1,518,000	—
Mr.B.B. Hattarki	None	86,000	—	700,000	786,000	—
Mr.M.U. Takale	None	26,000	—	500,000	526,000	2,500
Mr.Arun Pawar	None	8,000	—	500,000	508,000	—
Mr.C.G. Patankar	None	8,000	—	1,000,000	1,008,000	4,770
Mr.R.K. Goyal	None	N.A.	43,619,840	30,000,000	73,619,840	—

Sitting fees include payment for board level committee meetings.
* 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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility (CSR) Committee comprises of three Directors viz. Mr.B.B. Hattarki, Chairman, Mr.M.U. Takale and Mr.R.K. Goyal, Managing Director. During the year 2016-17, the Corporate Social Responsibility Committee met on 25th July, 2016 and 9th February, 2017.

Role of CSR Committee :

- 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	2
Mr.R.K. Goyal	Executive	2	2

INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 9th February, 2017, 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

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 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/terms-of-the-appointment-of-independent-directors-of-kalyani-steels-limited/)

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

- Mrs.Sunita B. Kalyani born on 18th April, 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 7,743 Equity Shares of ₹ 5/- each of the Company as on 31st March, 2017.

  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
India International Infrastructure Engineers Limited	Not Applicable

- Mr.Amit B. Kalyani, born on 26th July, 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 strategising 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/- of the Company as on 31st March, 2017.

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. BF Utilities Limited 3. BF-NTPC Energy Systems Limited 4. Kalyani Investment Company Limited 5. BF Investment Limited 6. Hikal Limited 7. BF Elbit Advanced Systems Private Limited (Subsidiary of a Public Company)	1. BF Utilities Limited Audit Committee - Member

COMMUNICATION TO SHAREHOLDERS

Kalyani Steels puts all vital information relating to the Company and its performance, including quarterly, half yearly, yearly financial 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.

Quarterly, half yearly, yearly financial results are published in leading newspapers such as Business Standard (All Editions) and Loksatta (Pune) and are also 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).

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, issue of duplicate certificates, 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.

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

Particulars of General Body Meetings held for the last three years are given below :

Date	Time	Type of Meeting	Venue	Special Resolutions Passed
5th September, 2014	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	3*
13th August, 2015	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	—
11th August, 2016	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	1**

* Special Resolutions passed were : i) Authority to the Board to borrow money ii) Authority to the Board to create charges iii) Approval for Related Party Transactions

** Special Resolution passed was : i) Adoption of new set of Articles of Association of the Company

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

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

COMPLIANCE WITH MANDATORY AND 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, 1st August, 2017 at 11.00 a.m.

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

FINANCIAL CALENDAR :

1st April to 31st March

BOOK CLOSURE :

The books will be closed from Wednesday, 26th July, 2017 to Tuesday, 1st August, 2017 (both days inclusive) as an annual closure for payment of dividend.

DIVIDEND DATE

Dividend of ₹ 5/- per Equity Share of ₹ 5/- each (i.e. 100%) would be payable on and from 10th August, 2017.

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 :

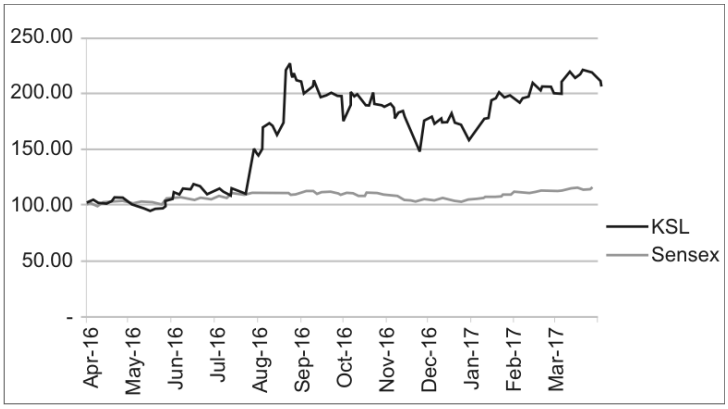
Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year 2016-17 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2016	182.90	165.10	1,899,305	182.60	165.80	743,173
May, 2016	189.70	155.00	3,067,980	189.15	154.70	1,072,459
June, 2016	205.00	174.00	4,079,428	205.00	174.00	1,587,483
July, 2016	261.75	182.50	8,242,858	261.90	182.00	2,645,934
August, 2016	413.00	235.70	25,803,418	412.75	237.00	7,882,376
September, 2016	369.75	291.00	6,497,973	369.30	292.25	2,154,322
October, 2016	354.75	315.50	6,836,468	354.45	315.80	1,969,147
November, 2016	331.50	245.20	4,642,446	330.80	246.45	1,829,306
December, 2016	316.40	262.55	3,187,708	316.20	261.95	1,044,094
January, 2017	348.75	275.70	5,337,193	349.00	275.25	1,596,202
February, 2017	362.85	325.60	4,255,760	362.95	326.40	1,247,519
March, 2017	384.70	339.85	5,078,773	384.90	340.00	1,499,189

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 2016-17 i.e. 1st April, 2016

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 31ST MARCH, 2017

Category of the Shareholder	No. of Equity Shares held	Shareholding %
Promoters	26,455,816	60.60
Mutual Funds	1,342,755	3.08
Financial Institutions / Banks	45,667	0.10
Foreign Institutional / Portfolio Investors	924,750	2.12
Bodies Corporate	3,821,932	8.76
NRIs	214,649	0.49
Foreign Companies / Foreign Nationals	666	—
Indian Public	10,846,825	24.85
TOTAL	43,653,060	100.00

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON 31ST MARCH, 2017

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5000	42,749	7,870,100	18.02
5,001 to 10,000	135	1,008,666	2.31
10,001 to 20,000	65	901,908	2.07
20,001 to 30,000	19	469,667	1.08
30,001 to 40,000	7	231,805	0.53
40,001 to 50,000	11	505,742	1.16
50,001 to 100,000	12	921,262	2.11
100,001 and above	19	31,743,910	72.72
TOTAL	43,017	43,653,060	100.00

DEMATERIALISATION :

The Company's Equity Shares are under compulsory Demat Trading. As on 31st March, 2017, dematerialised shares accounted for 93.59% of the total Equity.

SITE LOCATION :

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

INVESTORS CORRESPONDENCE ADDRESS :

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

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

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, R.K. Goyal, Managing Director of the Company do hereby declare that all the Board Members and Senior Management Personnel have affirmed for the year ended 31st March, 2017, compliance with the Code of Conduct of the Company laid down for them.

Place : Pune
Date : 25th May, 2017

R.K. Goyal
Managing Director

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 31st March, 2017, as stipulated in a SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the year 1st April, 2016 to 31st March, 2017.

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
Chartered Accountants
Firm Registration No.101118W

Sanjay Athavale
Partner
Membership No.83374

Pune
25th May, 2017

DIRECTORS' REPORT

To,
The Members,

The Directors have pleasure in presenting the Forty-Fourth Annual Report on the business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2017.

1. Financial Highlights (on stand-alone basis) : (₹ in Million)

		2016-17	2015-16
Sales, Gross	:	**17,215.329**	14,542.437
Excise Duty	:	**3,006.690**	2,750.571
Sales, Net	:	**14,208.639**	11,791.866
Other Operating Revenue	:	**14.377**	12.796
Other Income	:	**131.113**	26.573
Total Revenue	:	**14,354.129**	11,831.235
Total Expenditure	:	**11,356.469**	9,451.775
Finance Cost	:	**96.312**	120.290
Depreciation & amortisation expenses	:	**519.723**	517.279
Profit before Tax	:	**2,381.625**	1,741.891
Tax Expenses	:		
- Current Tax	:	**902.000**	508.500
- Deferred Tax	:	**(81.275)**	97.066
- Add / (Less) : Short Provision for Taxation in earlier years	:	**1.716**	0.532
Profit after Tax	:	**1,559.184**	1,135.793

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 31st March, 2017.

During the year under review, no transfer is proposed to the General Reserve. An amount of ₹ 6,816.505 Million is proposed to be retained as surplus in the Statement of Profit and Loss.

3. The Year in Retrospect :

During the Financial Year ended 31st March, 2017, the Company achieved gross sales of ₹ 17,215 Million against ₹ 14,542 Million in the previous year, representing growth of 18%. The Profits before Tax increased to ₹ 2,382 Million, against ₹ 1,742 Million in the previous year, representing growth of 37%.

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

5. Corporate Governance

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. Fixed Deposits

The Company has not accepted any deposits from the public during the year.

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.

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.

The Company has received declarations from all Independent Directors that they meet the criteria of independence as laid down 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. Performance evaluation has been carried out as per the Board Diversity and Remuneration Policy.

7.2 Board Diversity and 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 Board Diversity and 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 2016-17, five Board Meetings were convened and held, the details of which are given in the Corporate Governance 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 31st March, 2017, 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 31st March, 2017 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 31st March, 2017, 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

As a part of its initiatives under "Corporate Social Responsibility (CSR)", the Company has undertaken various activities in the areas of education, health, water and sanitation. 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 details of CSR Activities undertaken by the Company are 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 Related Party Transactions entered into by the Company during the financial year were in the ordinary course of business and on an arm's length basis. Particulars of material contracts / arrangements entered into by the Company with related parties referred to Section 188(1) of the Companies Act, 2013, are provided in Form AOC-2, which is annexed herewith as Annexure "C". Related party disclosures as per Accounting Standard 18 have been provided in Note '36' 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. Statutory Auditors and Auditor's Report

M/s P.G. Bhagwat, Chartered Accountants, Pune, Statutory Auditors of the Company, will be completing tenure of five years, on the conclusion of the ensuing Annual General Meeting.

In terms of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint them for the term of further five years i.e. from the conclusion of the ensuing Annual General Meeting till the conclusion of the Forty-Ninth Annual General Meeting to be held in 2022, subject to ratification by members at every Annual General Meeting.

The Company has received letter from M/s P.G. Bhagwat, Chartered Accountants, to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Directors recommend re-appointment of Statutory Auditors from the conclusion of ensuing Annual General Meeting till the conclusion of the Forty-Ninth Annual General Meeting to be held in 2022.

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

14. Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit record maintained by the Company is required to be audited. Your 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 2017-18.

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. 6 of the Notice convening Annual General Meeting.

15. Secretarial Audit

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 2016-17. The Secretarial Audit Report for the Financial Year ended 31st March, 2017 is annexed herewith as Annexure "D". The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

16. 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".

17. 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".

18. 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/)

19. 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.

20. 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 weakness was observed in the design or implementation.

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

There are no adverse material changes or commitments occurring after 31st March, 2017, which may affect the financial position of the Company or may require disclosure.

22. 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.

23. Familiarisation Programme

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/)

24. Names of companies which have become / ceased to be Subsidiaries, Joint Ventures or Associate Companies during the year

A statement containing the salient features of the financial statement of the subsidiaries 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/)

25. 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.

26. Obligation of Company under 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 Company has formulated a Policy to prevent Sexual Harassment of Women at Workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

27. Acknowledgement

The Directors would like to express their sincere appreciation of the co-operation received from the Central Government, Government of Maharashtra, 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
Date : 25th May, 2017

B.N. Kalyani
Chairman

ANNEXURE - A TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

a) VVVF Drive installed in Sinter Plant's circular cooler fan motor to reduce power consumption.

b) Installed 150W LED Lights in place of mercury/Sodium vapour 400 W Lamps in various places in the plant.

c) Oxygen enrichment in Hot Blast for Blast Furnace increased from 2.7% to 3.8% for increasing PCI Injection.

d) PCI Injection flushing system modified to operate at lower compressed air pressure, thus reducing Power Consumption.

e) Modified the hydraulic valve system in Hot Blast Stoves in Blast Furnace to reduce Power Consumption.

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

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

B. TECHNOLOGY ABSORPTION :

I. The efforts made towards technology absorption :

a) Developed new process for Grade C7056 to achieve better quality (in terms of lower Oxygen & Hydrogen content).

b) LPG injection introduced in Reheating Furnace to minimise de-carburization and thus, to improve quality of steel.

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

The Company has developed various new products such as :

(1) Bearing Steels for global bearing manufacturers.

(2) Bainitic Steel for critical applications.

(3) Carbon Steel for cold forging for Constant Velocity (CV) joint application.

(4) Medium Carbon Steel for cold forging application for a global auto-component manufacturers.

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

a) Mechanised Slag raking in Steel Melt Shop along with Automated Slag detection system in caster

(1) Year of Import : 2014-15

(2) Whether technology been fully absorbed : Yes

(3) If not, areas where absorption has not taken place with reasons : N.A.

b) Stereo microscope to check discontinuities in internal structure of macro sample

(1) Year of Import : 2014-15

(2) Whether technology been fully absorbed : Yes

(3) If not, areas where absorption has not taken place with reasons : N.A.

c) Auto inspection line with state of art technology

(1) Year of Import : 2014-15

(2) Whether technology been fully absorbed : Yes

(3) If not, areas where absorption has not taken place with reasons : N.A.

d) Coke & Iron Ore Drying system

(1) Year of Import : 2015-16

(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 : ₹ 3,092.151 Earned : ₹ 201.199

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for and on behalf of the Board of Directors

Place : Pune
Date : 25th May, 2017

B.N. Kalyani
Chairman

ANNEXURE - B TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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 & hygiene, preventive health care and sanitation, women enpowerment, 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 : ₹ 1,292.214 Million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 25.844 Million

   Budgeted CSR expenditure : ₹ 25.844 Million

5. Details of CSR spent during the Financial Year :

   a) Total amount to be spent for the financial year : ₹ 25.975 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)	20.000	20.000	20.000	Through implementing agency
2	Pratham Pune Educational Foundation	Education	Pune (Maharashtra)	1.806	1.806	1.806	Through implementing agency
3	Toilet Blocks for School & other Welfare initiatives	Education	Koppal (Karnataka)	0.587	0.587	0.587	Directly
4	Drinking Water Treatment Plant	Healthcare	Koppal (Karnataka)	2.064	2.064	2.064	Directly
5	Construction of Cement Concrete Roads	Infrastructure	Koppal (Karnataka)	1.096	1.096	1.096	Directly
6	Construction of RCC Drainage	Sanitation	Koppal (Karnataka)	0.087	0.087	0.087	Directly
7	Taking Care of Disabled	Welfare of Disabled	Koppal (Karnataka)	0.335	0.335	0.335	Directly
			Total	25.975	25.975	25.975	

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 : 25th May, 2017

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 special 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	Kalyani Carpenter Special Steels Private Limited, Company significantly influenced by Key Managerial Personnel
	b)	Nature of contracts / arrangements / transactions	:	Sale / supply of goods or materials - Steel, Purchase of scrap	Sale / supply of goods or materials - Steel, Purchase of scrap, Job Work
	c)	Duration of contracts / arrangements / transactions	:	On on-going basis	On on-going basis
	d)	Salient terms of the contracts / arrangements / transactions including the value, if any	:	In tune with market parameters. Transaction Value not exceeding ₹ 20,000 Million for each of the Financial Year.	In tune with market parameters. Transaction Value not exceeding ₹ 3,000 Million for each of the Financial Year
	e)	Date(s) of approval by the Board	:	13th February, 2016	13th February, 2016
	f)	Amount paid as advance, if any	:	₹ 770 Million	Nil

On behalf of the Board of Directors

Place : Pune	Mrs.D.R. Puranik	B.M. Maheshwari	R.K. Goyal	B.N. Kalyani
Date : 25th May, 2017	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, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Kalyani Steels Limited
Mundhwa,
Pune - 411036

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 31st March, 2017 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 31st March, 2017, according to the provisions of :

(i) The Companies Act, 2013 (the Act) and the rules made thereunder (in so far as they are made applicable);

(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 applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (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 (not applicable to the Company during the Audit Period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit Period).

(vi) No law is specifically applicable to the Company.

We have also examined compliance with the applicable clauses 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 Exchange 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 sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

We further report that during the audit period :

Company has adopted a new set of Articles of Association by passing a Special Resolution in the Annual General Meeting held on 11th August, 2016.

For SVD & Associates
Company Secretaries

Sridhar G. Mudaliar
Partner
FCS No : 6156
C P No : 2664

Place : Pune
Date : 25th May, 2017

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 - 411036

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

Sridhar G. Mudaliar
Partner
FCS No : 6156
C P No : 2664

Place : Pune
Date : 25th May, 2017

ANNEXURE - E TO DIRECTORS' REPORT

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

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

Sr. No.	Name	Ratio
1	Mr.B.N. Kalyani	2.53
2	Mrs.Sunita B. Kalyani	1.67
3	Mr.Amit B. Kalyani	2.51
4	Mr.S.M. Kheny	0.26
5	Mr.S.S. Vaidya	1.26
6	Mr.B.B. Hattarki	0.65
7	Mr.M.U. Takale	0.44
8	Mr.Arun Pawar	0.42
9	Mr.C.G. Patankar	0.84
10	Mr.R.K. Goyal	61.31

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 :

Sr. No.	Name of Director / KMP	Remuneration		% increase / (decrease)
		2016-17 (₹)	2015-16 (₹)	
1	Mr.B.N. Kalyani, Director	3,034,000	2,538,000	19.54
2	Mrs.Sunita B. Kalyani, Director	2,010,000	1,506,000	33.47
3	Mr.Amit B. Kalyani, Director	3,014,000	2,216,000	36.01
4	Mr.S.M. Kheny, Director	316,000	212,000	49.06
5	Mr.S.S. Vaidya, Director	1,518,000	1,318,000	15.17
6	Mr.B.B. Hattarki, Director	786,000	584,000	34.59
7	Mr.M.U. Takale, Director	526,000	328,000	60.37
8	Mr.Arun Pawar, Director	508,000	510,000	(0.39)
9	Mr.C.G. Patankar, Director	1,008,000	1,008,000	—
10	Mr.R.K. Goyal, Director	73,619,840	63,962,932	15.10

Percentage increase in remuneration of Mr.B.M. Maheshwari, Chief Financial Officer is 17.45% and of Mrs.D.R. Puranik, Company Secretary is 14.81%.

c) The percentage increase in the median remuneration of employee(s) in the financial year : 7.45%

d) The number of permanent employees on the role of the Company : 80 Employees as on 31st March, 2017

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 8.62%.

Percentage increment at 50th Percentile for Salaries of Managerial Personnel is 7.71%.

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 (₹)	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	73,619,840	Permanent Employee	B.E. (HONS) MBA	35	17-01-2011	59	JSL Stainless Limited	—	N.A.
2	Mr.Sanjay Agarwal, Sr. Vice President (Commercial & Sourcing)	12,828,415	Permanent Employee	B.Com ICWA	23	15-01-2015	48	Trident Limited	—	N.A.
3	Mr.P.S. Ghosh, President and Chief (Project)	11,176,369	Permanent Employee	M.Tech (Mechanical) MDP	39	02-04-2014	65	Welspun Maxsteels Limited	—	N.A.
4	Mr.Pankaj Jain Sr. Vice President (Marketing)	8,642,638	Permanent Employee	B. E. (Mech.) MBA	25	22-06-2012	46	Remi Metals Gujrat Limited	—	N.A.
5	Mr.Mukesh Dubey Sr. Vice President (Mechanical)	7,019,625	Permanent Employee	B. E. (Mech.) MMS (Production) PGDQM	33	18-06-2015	55	Bhushan Steels Limited	—	N.A.
6	Mr.B.M. Maheshwari, Chief Financial Officer	6,643,214	Permanent Employee	B.Com ACA	23	16-05-2013	47	Essar Steel India Limited	—	N.A.
7	Mr.J.P. Goyal Sr. Vice President (Electrical & Automation)	6,322,453	Permanent Employee	M. Sc. (Tech) (Instrumentation) M.B.A. (Project Management)	33	14-04-2011	59	Jindal Stainless Limited	—	N.A.
8	Mr.M.R.S. Sriniwas Vice President (SMS)	5,008,054	Permanent Employee	B.E.(Met)	29	26-11-2014	48	Electrosteel Steels Limited	—	N.A.
9	Mrs.D.R. Puranik Company Secretary	4,498,161	Permanent Employee	B.Com LL.B. ACS	28	16-05-2001	51	Kalyani Ferrous Industries Limited	—	N.A.
10	Mr.Sai Ramana Allam General Manager (Projects)	4,049,618	Permanent Employee	B.E. (Mech.)	28	02-06-2014	49	Essar Projects	—	N.A.

for and on behalf of the Board of Directors

Place : Pune
Date : 25th May, 2017

B.N. Kalyani
Chairman

ANNEXURE - F TO DIRECTORS' REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2017
[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	:	28th February, 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 :

All the business activities contributing 10% or more of the total turnover of the Company are as stated below :

No.	Name and Description of main products / services	NIC Code of the Product / Service	% to Total Turnover of the Company
1.	Iron & Steel - Bars & Rods Alloy Rolled	72286099	49.09%
2.	Iron & Steel - Bars & Rods Iron or Non-Alloy Rolled	72149990	32.12%

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 (01-04-2016)				No. of Shares held at the end of the year (31-03-2017)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
1)	Indian									
a)	Individual / HUF	48,355	—	48,355	0.11	48,355	—	48,355	0.11	—
b)	Central Govt.	—	—	—	—	—	—	—	—	—
c)	State Govt(s)	—	—	—	—	—	—	—	—	—
d)	Bodies Corp.	26,407,461	—	26,407,461	60.49	26,407,461	—	26,407,461	60.49	—
e)	Banks / FI	—	—	—	—	—	—	—	—	—
f)	Any other	—	—	—	—	—	—	—	—	—
	Sub-total (A)(1)	26,455,816	—	26,455,816	60.60	26,455,816	—	26,455,816	60.60	—
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)	26,455,816	—	26,455,816	60.60	26,455,816	—	26,455,816	60.60	—
B.	**Public Shareholding**									
1.	Institutions									
a)	Mutual Funds	589,649	700	590,349	1.35	1,342,055	700	1,342,755	3.08	1.73
b)	Banks / FI	28,316	1,119	29,435	0.06	38,548	7,119	45,667	0.10	0.04
c)	Central Govt.	—	—	—	—	—	—	—	—	—
d)	State Govt(s)	—	—	—	—	—	—	—	—	—
e)	Venture Capital Funds	—	—	—	—	—	—	—	—	—
f)	Insurance Companies	—	—	—	—	—	—	—	—	—
g)	Foreign Institutional Investors	235,500	—	235,500	0.54	10,161	—	10,161	0.02	(0.52)
h)	Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i)	Others (specify) i) Foreign Portfolio Investors	130,000	—	130,000	0.30	914,589	—	914,589	2.10	1.80
	Sub-total (B)(1)	983,465	1,819	985,284	2.25	2,305,353	7,819	2,313,172	5.30	3.05
2.	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	2,059,244	2,222,521	4,281,765	9.81	1,599,411	2,222,521	3,821,932	8.76	(1.05)
ii)	Overseas	—	—	—	—	—	—	—	—	—
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto Rs.1 lakh	8,882,321	581,331	9,463,652	21.68	8,714,149	556,700	9,270,849	21.24	(0.44)
ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	1,913,762	—	1,913,762	4.39	1,250,102	—	1,250,102	2.86	(1.53)
c)	Others									
i)	NRI's	209,365	11,628	220,993	0.51	203,021	11,628	214,649	0.49	(0.02)
ii)	Foreign Companies / OCBs	—	666	666	—	—	666	666	—	—
iii)	Clearing Member	331,122	—	331,122	0.76	325,874	—	325,874	0.75	(0.01)
	Sub-total (B)(2)	13,395,814	2,816,146	16,211,960	37.15	12,092,557	2,791,515	14,884,072	34.10	(3.05)
	Total Public Shareholding (B) = (B)(1) + (B)(2)	14,379,279	2,817,965	17,197,244	39.40	14,397,910	2,799,334	17,197,244	39.40	—
C.	**Shares held by Custodian for GDRs & ADRs**	—	—	—	—	—	—	—	—	—
	Grand Total (A+B+C)	40,835,095	2,817,965	43,653,060	100.00	40,853,726	2,799,334	43,653,060	100.00	—

ii) Shareholding of Promoters

No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2016)			Shareholding at the end of the year (31-03-2017)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Ajinkya Investment & Trading Company	3,261,822	7.47	Nil	3,261,822	7.47	Nil	Nil
2	Sundaram Trading & Investment Private Limited	6,020,658	13.79	Nil	6,020,658	13.79	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.Sugandha J. Hiremath	6,785	0.02	Nil	6,785	0.02	Nil	Nil
9	Mrs.Sunita B. Kalyani	7,743	0.02	Nil	7,743	0.02	Nil	Nil
10	Mrs.Sugandha Hiremath & Mr.Jai Hiremath	1,015	—	Nil	1,015	—	Nil	Nil
	Total	26,455,816	60.60	Nil	26,455,816	60.60	Nil	Nil

iii) Change in Promoter's Shareholding

No.	Particulars	Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the Year	26,455,816	60.60	—	—
	At the end of the Year	—	—	26,455,816	60.60

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

No.	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2016)		Increase - Market Purchase / (Decrease - Market Sale) in Shareholding		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	No. of Shares	% of total shares of the Company
1	Sadguru Investment and Trading Company	1,601,128	3.67	—	—	1,601,128	3.67
2	DSP Blackrock Micro Cap Fund*	—	—	10-02-2017	225,391	225,391	0.52
				17-02-2017	417,311	642,702	1.47
				24-02-2017	47,463	690,165	1.58
				03-03-2017	125,412	815,577	1.87
3	VLS Finance Limited	615,000	1.41	16-09-2016	(33,490)	581,510	1.33
				23-09-2016	(6,940)	574,570	1.32
				30-12-2016	(7,259)	567,311	1.30
				06-01-2017	(15,928)	551,383	1.26
4	Gloxinia investment and Finance Private Limited	500,000	1.15	—	—	500,000	1.15
5	Reliance Capital Trustee Co. Limited - A/c Reliance Capital Builder Fund	415,366	0.95	05-08-2016	(65,366)	350,000	0.80
6	Bhavna Govindbhai Desai	230,400	0.53	—	—	230,400	0.53
7	Hitesh Satishchandra Doshi	200,000	0.46	—	—	200,000	0.46
8	Morgan Stanley Asia (Singapore) Pte.	235,500	0.54	29-07-2016	4,658	240,158	0.55
				05-08-2016	6,135	246,293	0.56
				26-08-2016	(2,150)	244,143	0.56
				28-10-2016	(10,764)	233,379	0.53
				04-11-2016	(975)	232,404	0.53
				11-11-2016	(2,877)	229,527	0.52
				18-11-2016	(2,197)	227,330	0.52
				25-11-2016	(2,286)	225,044	0.52
				02-12-2016	(1,638)	223,406	0.51
				16-12-2016	(13,462)	209,944	0.48
				23-12-2016	(4,147)	205,797	0.47
				30-12-2016	(415)	205,382	0.47
				06-01-2017	(6,019)	199,363	0.46
				13-01-2017	(318)	199,045	0.45
				17-02-2017	(5,551)	193,494	0.44
				24-02-2017	(11,026)	182,468	0.42
				03-03-2017	(5,665)	176,803	0.41
				10-03-2017	(8,032)	168,771	0.39
9	L and T Mutual Fund Trustee Ltd - L And T Infrastructure Fund	174,183	0.39	29-07-2016	(4,188)	169,995	0.39
				12-08-2016	(30,000)	139,995	0.32
				09-09-2016	(10,000)	129,995	0.30
10	Dolly Khanna*	94,115	0.22	08-04-2016	18,800	112,915	0.26
				15-04-2016	3,000	115,915	0.27
				29-04-2016	2,250	118,165	0.27
				27-05-2016	2,500	120,665	0.28
				03-06-2016	5,312	125,977	0.29
				10-06-2016	9,138	135,115	0.31
				17-06-2016	6,250	141,365	0.32
				12-08-2016	24,580	165,945	0.38
				26-08-2016	6,350	172,295	0.39
				28-10-2016	(2,200)	170,095	0.39
				06-01-2017	(1,000)	169,095	0.39
				13-01-2017	(1,000)	168,095	0.39
				17-02-2017	1,420	169,515	0.39
				31-03-2017	(3,750)	165,765	0.38
11	Indianivesh Capitals Limited**	145,400	0.33	10-06-2016	(4,200)	141,200	0.32
				17-06-2016	(17,000)	124,200	0.29
				19-08-2016	(71,000)	53,200	0.12
				26-08-2016	(53,200)	—	—
12	Bharat Forge Co. Ltd. General Welfare Trust No.III	140,000	0.32	—	—	140,000	0.32
13	Bharat Forge Co. Ltd. Educational Welfare Trust No.II	140,000	0.32	—	—	140,000	0.32
14	Bharat Forge Co. Ltd. Medical Welfare Trust No.IV	140,000	0.32	—	—	140,000	0.32
15	BFC Officers Welfare Trust No.XV	140,000	0.32	—	—	140,000	0.32

* Not in the list of Top 10 shareholders as on 01-04-2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2017.

** Ceased to be in the list of Top 10 shareholders as on 31-03-2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2016.

v) Shareholding of Directors and Key Managerial Personnel

No.	Directors	Shareholding at the beginning of the year (01-04-2016)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		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	7,743	0.02	—	—	7,743	0.02
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.C.G. Patankar	2,430	0.01	—	—	2,430	0.01
6	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, does 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

(Amount in ₹)

	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,753,439,180	1,518,264,580	—	3,271,703,760
ii) Interest due but not paid	—	1,786,751	—	1,786,751
iii) Interest accrued but not due	9,548,546	606,025	—	10,154,571
Total (i + ii + iii)	1,762,987,726	1,520,657,356	—	3,283,645,082
Change in Indebtedness during the financial year				
i) Addition	—	1,225,940,599	—	1,225,940,599
ii) Reduction	673,706,290	1,435,348,487	—	2,109,054,777
Net Change	(673,706,290)	(209,407,888)	—	(883,114,178)
Indebtedness at the end of the financial year				
i) Principal Amount	1,079,732,890	1,308,856,692	—	2,388,589,582
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	5,174,850	4,260,472	—	9,435,322
Total (i + ii + iii)	1,084,907,740	1,313,117,164	—	2,398,024,904

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

A. Remuneration to Managing Director, Wholetime Directors and / or Manager (Amount in ₹)

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	43,519,840	43,519,840
b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	100,000	100,000
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	30,000,000	30,000,000
	- Others, specify	—	—
5.	Others, please specify	—	—
	Total (A)	73,619,840	73,619,840
	Ceiling as per the Act		123,398,241

B. Remuneration to other Directors (Amount in ₹)

No.	Particulars of Remuneration	Name of Directors					Total Amount
	Independent Directors	Mr.B.B. Hattarki	Mr.S.S. Vaidya	Mr.M.U. Takale	Mr.Arun Pawar	Mr.C.G. Patankar	
a)	Fee for attending Board / Committee meetings	86,000	18,000	26,000	8,000	8,000	146,000
b)	Commission	700,000	1,500,000	500,000	500,000	1,000,000	4,200,000
c)	Others, please specify	—	—	—	—	—	—
	Total (1)	786,000	1,518,000	526,000	508,000	1,008,000	4,346,000
	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	34,000	10,000	14,000	16,000		74,000
b)	Commission	3,000,000	2,000,000	3,000,000	300,000		8,300,000
c)	Others, please specify	—	—	—	—		—
	Total (2)	3,034,000	2,010,000	3,014,000	316,000		8,374,000
	Total (B) = (1 + 2)						12,720,000
	Total Managerial Remuneration						86,339,840
	Overall Ceiling as per the Act						271,476,130

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD (Amount in ₹)

		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	6,643,214	4,348,161	10,991,375
b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	—	150,000	150,000
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	6,643,214	4,498,161	11,141,375

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 : 25th May, 2017

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

Name of the Subsidiary	:	Lord Ganesha Minerals Private Limited
The Date since when subsidiary was acquired	:	1st October, 2015
Reporting Period for the subsidiary concerned, if different from the holding company's reporting period	:	1st April, 2016 to 31st March, 2017
Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	:	Not Applicable
Share Capital	:	₹ 529,135,000/-
Reserves & Surplus	:	(₹ 418,586,964)
Total Assets	:	₹ 89,519,682/-
Total Liabilities	:	(₹ 21,028,354/-)
Investments	:	₹ 5,000/-
Turnover	:	Nil
Profit before Taxation	:	(₹ 3,857,717/-)
Provision for taxation		(₹ 458,724/-)
Profit after Taxation	:	(₹ 3,398,993/-)
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

	Name of Associate / Joint Venture	Hospet Steels Limited	Kalyani Mukand Limited
1.	Latest Audited Balance Sheet Date	31-03-2017	31-03-2017
2.	Date on which the Associate or Joint Venture was associated or acquired	27th March, 1999	18th January, 2000
3.	Shares of Associate / Joint Venture held by the Company on the year end		
	No.	124,997	1,000,000
	Amount of Investment in Associates / Joint Venture	₹ 1,249,970/-	₹ 10,050,000/-
	Extend of Holding %	49.99%	50.00%
4.	Description of how there is significant influence	Note - A	Note - A
5.	Reason why the associate / joint venture is not consolidated	Consolidated	Note - B
6.	Networth attributable to Shareholding as per latest Audited Balance Sheet	(₹ 4,406,833/-)	—
7.	Profit / (Loss) for the year		
	Considered in Consolidation	(₹ 489,715/-)	—
	Not Considered in Consolidation	(₹ 489,912/-)	—

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 : 25th May, 2017	Company Secretary	Chief Financial Officer	Managing Director	Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KALYANI STEELS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Kalyani Steels Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rules of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 'A', a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rules of the Companies (Accounts) Rules, 2014;

   (e) In our opinion there are no financial transactions or matters which have any adverse effect on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;

   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B';

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note '28' to the financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

      iv. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is as per the books of accounts of the Company. (Refer Note No.39)

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

Sanjay Athavale
Partner
Membership No.83374

Pune
25th May, 2017

ANNEXURE 'A' TO THE AUDITOR'S REPORT :

(Referred to in our above report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, considering the nature of the fixed assets, the same have been physically verified by the management at reasonable intervals during the year as per the verification plan adopted by the Company, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us and the records produced to us for our verification, the discrepancies noticed during such physical verification were not material and the same have been properly dealt with in the books of account.

(c) The title deeds of immovable properties are held in the name of the Company.

(ii) The physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed during such verification.

(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 Companies Act, 2013.

(iv) According to the information and explanations given to us, the Company has not given any loans or made investments or given any guarantee or security in respect of which the provisions of Section 185 and 186 of the Companies Act, 2013 were required to be complied with.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits. As informed to us, no order has been passed against the Company by the Company Law Board, the National Company Law Tribunal, RBI, or any court or any tribunal.

(vi) The Company is maintaining cost records as prescribed under Section 148(1) of the Companies Act, 2013. However, we have not verified the same for completeness or accuracy.

(vii) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and there were no arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or excise duty or value added tax which have not been deposited on account of any dispute except :

Name of the Statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum
Service Tax	Demand received for various cases	1,203,477	2011-12; 2012-13; 2013-14; 2014-15	Commissioner Appeals, Mysore
Excise Duty	Demand received for Cenvat Availment	9,425,387	2014-15	Tribunal

(viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

(x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) Managerial remuneration for the year has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company.

(xiii) Based upon the audit procedures performed and information and explanations given by the management, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(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.

(xv) Based upon the audit procedures performed and information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them within the meaning of the provisions of Section 192 of Companies Act, 2013.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Sanjay Athavale
Partner
Membership No.83374

Pune
25th May, 2017

ANNEXURE 'B' TO THE AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kalyani Steels Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on 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 ('ICAI'). 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 over financial reporting 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, 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control 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 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 over Financial Reporting

A Company's internal financial control over financial reporting 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 control over financial reporting 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on 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.

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

Sanjay Athavale
Partner
Membership No.83374

Pune
25th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

	Notes	₹	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
I. EQUITY AND LIABILITIES :				
1. Shareholders' Funds :				
a) Share Capital	2	218,644,367		218,644,367
b) Reserves and Surplus	3	7,235,770,608		5,676,587,101
			7,454,414,975	5,895,231,468
2. Non Current Liabilities :				
a) Long Term Borrowings	4	590,743,640		1,096,114,531
b) Deferred Tax Liabilities (Net)	5	532,654,829		613,929,808
c) Other Long Term Liabilities	6	918,695,733		918,695,733
d) Long Term Provisions	10	21,410,367		15,060,458
			2,063,504,569	2,643,800,530
3. Current Liabilities :				
a) Short Term Borrowings	7	1,308,856,692		1,518,264,580
b) Trade Payables	8			
i) Due to Micro, Small and Medium Enterprises		—		—
ii) Other Trade Payables		2,360,401,031		1,447,667,897
c) Other Current Liabilities	9	851,527,238		1,023,479,018
d) Short Term Provisions	10	27,737,163		17,639,468
			4,548,522,124	4,007,050,963
TOTAL			14,066,441,668	12,546,082,961
II. ASSETS :				
1. Non Current Assets :				
a) Fixed Assets :				
i) Tangible Assets	11 (a)	4,322,405,407		4,828,976,583
ii) Intangible Assets	11 (b)	39,275,313		48,514,987
iii) Capital work-in-progress		49,166,807		3,542,960
		4,410,847,527		4,881,034,530
b) Non Current Investments	12 (a)	2,137,923,220		2,135,223,220
c) Long Term Loans and Advances	13	161,054,577		106,742,506
			6,709,825,324	7,123,000,256
2. Current Assets :				
a) Current Investments	12 (b)	657,199,670		355,954,709
b) Inventories	14	1,347,810,812		1,091,179,936
c) Trade Receivables	15	4,670,602,865		3,458,646,613
d) Cash & Bank Balances	16	222,220,920		69,898,104
e) Short Term Loans and Advances	13	336,998,472		336,817,191
f) Other Current Assets	17	121,783,605		110,586,152
			7,356,616,344	5,423,082,705
TOTAL			14,066,441,668	12,546,082,961

Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements **1 to 41**

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : 25th May, 2017

Pune
Date : 25th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Notes	₹	Year ended 31st March, 2017 ₹	Year ended 31st March, 2016 ₹
INCOME :				
Sales, gross		**17,215,329,148**		14,542,437,496
Less : Excise duty		**3,006,689,998**		2,750,571,133
Sales, net		**14,208,639,150**		11,791,866,363
Other Operating Revenue		**14,377,438**		12,795,869
Revenue from Operations (net)	**18**		**14,223,016,588**	11,804,662,232
Other Income	**19**		**131,113,234**	26,572,674
Total Revenue			**14,354,129,822**	11,831,234,906
EXPENSES :				
Cost of raw material consumed	**20**	**5,170,489,397**		4,192,671,225
Purchases of traded goods	**21**	**962,638,613**		132,998,715
(Increase) / decrease in inventories of Finished Goods, Work-in-Progress and Traded Goods	**22**	**(44,073,342)**		87,476,016
Employees benefits expense	**23**	**883,293,911**		826,756,554
Finance costs	**24**	**96,311,827**		120,290,279
Depreciation & amortisation expenses	**25**	**519,723,020**		517,278,783
Other Expenses	**26**	**4,384,121,416**		4,211,872,392
			11,972,504,842	10,089,343,964
Profit before Exceptional Items and Tax			**2,381,624,980**	1,741,890,942
Exceptional Items			**—**	—
Profit before Tax			**2,381,624,980**	1,741,890,942
Tax expenses :				
Current Tax		**902,000,000**		508,500,000
Deferred Tax		**(81,274,979)**		97,065,789
Add / (Less) : Short provision for Taxation in earlier years		**1,716,452**		532,450
			822,441,473	606,098,239
Profit after Tax			**1,559,183,507**	1,135,792,703
Earnings per Share : Basic and diluted (Face Value of ₹ 5/-)	**27**		**35.72**	26.02
Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements	**1 to 41**			

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : 25th May, 2017

Pune
Date : 25th May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	Year ended 31st March, 2017 ₹	₹	Year ended 31st March, 2016 ₹	₹
A. Cash Flow from Operating Activities :				
Profit for the Year Before Taxation		**2,381,624,980**		1,741,890,942
Add : Adjustment for Depreciation / Interest / Other Non Cash Expenses :				
Depreciation (including Leasehold Land Amortised)	**519,723,020**		517,278,783	
Bad Debts, Advances & Sundry Debit Balances written off	**—**		24,399,997	
Interest Charged (Net of Capitalised)	**96,311,827**		120,290,279	
Loss on Sale of Assets (Net)	**—**		—	
		616,034,847		661,969,059
Less : Adjustments for Dividend / Interest / Other Income :				
Dividend	**(29,267,863)**		(12,961,004)	
Profit on Sale of Assets	**(72,070)**		(19,048)	
Interest from Deposits and Loans	**(18,336,748)**		(7,829,678)	
Provision no longer Required	**(5,956,162)**		(2,883,434)	
Sundry Credit Balances appropriated	**(471,769)**		(1,356,942)	
		(54,104,612)		(25,050,106)
Operating Profit Before Working Capital Changes		**2,943,555,215**		2,378,809,895
Changes in Working Capital :				
Inventories	**(256,630,881)**		469,385,838	
Sundry Debtors	**(1,211,956,252)**		(206,644,419)	
Other Current Assets, Loans & Advances	**(19,709,028)**		88,528,132	
Trade Payables	**944,642,995**		(611,845,337)	
		(543,653,166)		(260,575,786)
Cash Generated from Operations		**2,399,902,049**		2,118,234,109
Direct Taxes Paid		**(891,565,137)**		(512,493,374)
Net Cash generated from Operating Activities (A)		**1,508,336,912**		1,605,740,735

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 (Continued)

	Year ended 31st March, 2017 ₹	Year ended 31st March, 2016 ₹
B. Cash Flow from Investment Activities :		
Purchase of Assets	**(17,915,671)**	(970,694,819)
Capital Work in Progress	**(45,623,847)**	131,007,550
Sale of Assets	**140,816**	19,048
Advance for Capital Goods for Projects	**(54,936,531)**	(5,526,871)
Loans to Others	**624,460**	(4,335,260)
(Purchase) / Sale of Investments	**(303,944,961)**	(1,722,932,959)
Dividend Received	**29,267,863**	12,961,004
Interest Received	**18,336,748**	7,829,678
Net Cash used in Investment Activities (B)	**(374,051,123)**	(2,551,672,629)
C. Cash Flow from Financing Activities :		
Proceeds from Borrowings	**(883,114,179)**	1,085,445,881
Interest Paid	**(98,817,826)**	(117,553,847)
Dividend Paid	**(30,968)**	(907,332)
Net Cash Flow from Financing Activities (C)	**(981,962,973)**	966,984,702
Net Changes in Cash & Cash Equivalents (A + B + C)	**152,322,816**	21,052,808
Cash & Cash Equivalents at the beginning of the year	**69,898,104**	48,845,296
Cash & Cash Equivalents at the end of the year	**222,220,920**	69,898,104

As per our attached Report of even date

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

Sanjay Athavale
Partner
Membership No.83374

Pune
Date : 25th May, 2017

On behalf of the Board of Directors

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : 25th May, 2017

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 :

NOTE '1' : SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY :

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

1] SYSTEM OF ACCOUNTING :

i) The Company generally follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.

ii) Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

iii) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any reservations to accounting estimates are recognised prospectively in current and future periods.

2] FIXED ASSETS AND DEPRECIATION :

A. FIXED ASSETS :

a) Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. The fixed assets manufactured by the Company are stated at manufacturing cost. Fixed Assets are shown net of accumulated depreciation (except free hold land) and amortisation.

b) Expenditure on New Projects and Expenditure during Construction etc. :
In case of new projects and in case of substantial modernisation or expansion at the existing units of the Company, expenditure incurred including interest on borrowings and financial costs of specific loans, prior to commencement of commercial production is capitalised to the cost of assets. Trial Run expenditure is also capitalised.

c) As per insertion of Paragraph 46(A) to 'Accounting Standard (AS) 11' relating to 'The Effects of Changes in Foreign Exchange Rates', exchange differences relating to the acquisition of a depreciable Fixed Assets, are added to or deducted from the cost of the Fixed Assets and shall be depreciated over the balance life of the assets instead of recognising the same as income or expenditure in the Statement of Profit and Loss.

B. DEPRECIATION :

a) LEASEHOLD LAND AND POWER LINE :

Cost of leasehold land is amortised over the period of lease and expenditures on power line is amortised over a period of ten years.

b) OTHER FIXED ASSETS :

Depreciation on Buildings, Plant & Machinery, Electrical Installations, Office Equipment, Furniture & Fittings, Computers and Vehicles is being provided on 'Straight Line Method' basis in accordance with the Schedule II of the Companies Act, 2013, except i) in the case of Blast Furnaces & Sinter Plant along with their associated equipment, the life on three shift basis is taken at 20 years instead of 10 years as prescribed in Schedule II, ii) in the case of Relining of Blast furnaces, the life is taken at 18 months; iii) Useful life of guest house furniture - two years, iv) Dust collecting system on wheels - five years. These are based on technical justification obtained by the management.

c) Depreciation on sale / deduction from Fixed Assets is provided for upto the month of sale, deduction, discardment as the case may be.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

3] FOREIGN CURRENCY TRANSACTIONS :

Foreign Currency transactions are initially recorded at exchange rates prevailing on transaction dates. All foreign currency loans, current assets and current liabilities outstanding on the date of Balance Sheet are converted at the appropriate rates of exchange prevailing on the date of the Balance Sheet except those covered by forward contracts if any, which are accounted for at the contracted rate representing the amount required to meet the liability. Exchange difference arising from foreign currency fluctuations, except on loan taken to acquire Fixed Assets, are dealt with in the Statement of Profit and Loss.

Derivative instrument to hedge foreign exchange exposures are simulated for maturity / closure at the close of the year. Losses arising on such simulation on account of fluctuations in exchange rates during the reporting period are recognised in the Statement of Profit and Loss. Gains, if any, are postponed for a recognisation on final determination.

4] TECHNICAL KNOW-HOW :

Expenditure on technical know-how in connection with production facilities is capitalised to the cost of the plant whereas process know-how is amortised over a period of six years in equal installments.

5] INVESTMENTS :

Investments are valued at cost of acquisition less diminution in the value, if determined to be of a permanent nature in respect of long term investments. Current investments are valued at cost of acquisition less diminution in the value at the close of the year, if realisable value is lower than carrying cost.

6] INVENTORY VALUATION :

Costs of inventories have been computed to include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

A. Finished goods and work in progress :

a) Finished goods and work in progress are stated at their cost or market / realisable value, whichever is lower.

b) Cost of finished goods & work in progress (including trial run product) includes all allocable overheads and in case of finished goods also excise duties, but does not include interest.

B. Raw Materials :

Raw materials are stated at their historical costs computed at the weighted average price.

C. Stores & Spares :

Stores & spares are valued at their weighted average prices.

D. Scrap is valued at estimated realisable value.

E. Raw Material in transit is stated at actual cost up to the date of Balance Sheet.

7] DEBENTURE / SHARE ISSUE EXPENSES :

a) Debenture Issue Expenses :

Debenture issue expenses incurred in respect of debentures raised by the Company will be written off against the balance in the 'Securities Premium Account' in accordance with Section 52 of the Companies Act, 2013 and in the event of inadequacy of balance in 'Securities Premium Account' the same will be written off against the profits of the Company in equal annual installments over period of ten years or over the tenure of the Debenture whichever is less, from the date of commencement of commercial production of the concerned project for which they have been raised.

b) Share Issue Expenses :

Share Issue Expenses incurred in respect of shares raised by the Company will be written off from the date of allotment against the balance in the 'Securities Premium Account' in accordance with Section 52 of the Companies Act, 2013 and in the event of inadequacy of balance in 'Securities Premium Account' the same will be written off in ten equal annual installments against the profits of the respective years.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

8] PREMIUM ON REDEMPTION OF DEBENTURES :

From the year ended 31st March, 1992 onwards, premium payable on redemption of debentures will be provided for against balance lying in the 'Securities Premium Account' on the date of redemption in accordance with Section 52 of the Companies Act, 2013. In the event of inadequacy of balance in the 'Securities Premium Account', the same will be provided for against the profits equally over the tenure of the debentures.

9] A. SALES :

i) Domestic sales are accounted for when dispatched from the point of sale, consequent to property in goods being transferred.

ii) Export sales for exports are accounted on the basis of date of Bill of Lading.

B. EXPORT INCENTIVES :

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

C. Interest is accrued over the period of loan / investment.

D. Dividend is accrued in the year in which it is declared, whereby right to receive is established.

E. Profit / Loss on sale of investment are recognised on contract date.

10] EMPLOYEE BENEFITS :

a) Provident Fund :

Benefits in the form of Provident Fund and Pension Schemes whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Statement of Profit and Loss of the year. Provident Fund Contributions are made to the Company's Provident Fund Trust and Government Provident Fund as per the eligibility of the employees. Deficits, if any, of the fund as compared to actuarial liability is to be additionally contributed by the Company and hence recognised as a liability.

b) Gratuity :

Payment for present liability of future payment of gratuity is being made to approved gratuity funds which fully covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India. The employee's gratuity is a defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and the shortfall in the fair value of the plan assets is recognised as obligation.

c) Superannuation :

Defined contributions to Life Insurance Corporation of India for employees covered under superannuation scheme are accounted at the rate of 15% of such employee's annual basic salary.

d) Privilege Leave Benefits :

Privilege leave benefits or compensated absences are considered as short term unfunded benefit and is recognised on the basis of an actuarial valuation using the Projected Unit Credit Method determined by an appointed Actuary.

e) Termination Benefits :

Termination benefits such as compensation under voluntary retirement scheme are recognised as a liability in the year of termination.

11] RESEARCH AND DEVELOPMENT EXPENDITURE :

Research and Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the company, is considered as an intangible asset.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

12] STRATEGIC ALLIANCE AT GINIGERA :

The expenses incurred by the Joint Venture Company viz. Hospet Steels Limited, formed with the specific purpose of managing and operating the composite Steel manufacturing facility at Ginigera, in the course of carrying out its objectives are, as agreed upon, to be shared by the alliance components in the pre-determined mutually agreed 'sharing ratio'. Such expenses billed for reimbursement by Hospet Steels Limited have been booked into their natural heads of accounts and presented as such in the accounts.

13] BORROWING COST :

Borrowing costs are recognised in the Statement of Profit and Loss except interest incurred on borrowings, specifically raised for projects are capitalised to the cost of the asset until such time that the asset is ready to be put to use for its intended purpose.

14] TAXATION :

Provision for Taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the Income Tax Act, 1961. Deferred tax resulting from timing difference between book profits and tax profits is accounted for at the applicable rate of tax to the extent the timing differences are expected to crystallise, in case of deferred tax liabilities with reasonable certainty and in case of deferred tax assets with virtual certainty that there would be adequate future taxable income against which deferred tax assets can be realised.

15] IMPAIRMENT OF ASSETS :

The Company tests for impairments at the close of the accounting period if and only if there are indicators that suggest a possible reduction in the recoverable value of an asset. If the recoverable value of asset, i.e. the net realisable value or the economic value in use of a cash generating unit is lower than the carrying amount of the asset, the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount becomes higher than the then carrying value, the provision to the extent of the then difference is reversed, but not higher than the amount provided for.

16] PROVISIONS :

Necessary provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

NOTE '2' : SHARE CAPITAL :

	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	**₹**	No. of Shares	₹
AUTHORISED :				
Equity Shares of ₹ 5/- each	**95,000,000**	**475,000,000**	95,000,000	475,000,000
Cumulative Redeemable Preference Shares of ₹ 100/- each	**3,010,000**	**301,000,000**	3,010,000	301,000,000
Unclassified Shares of ₹ 10/- each	**2,400,000**	**24,000,000**	2,400,000	24,000,000
ISSUED :				
Equity Shares of ₹ 5/- each	**43,759,380**	**218,796,900**	43,759,380	218,796,900
SUBSCRIBED & PAID UP :				
Equity Shares of ₹ 5/- each fully paid	**43,653,060**	**218,265,300**	43,653,060	218,265,300
Add : Forfeited Equity Shares (amount paid up)	**106,320**	**379,067**	106,320	379,067
TOTAL	**43,759,380**	**218,644,367**	43,759,380	218,644,367

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

2 (a) Terms / Rights attached to Shares :

Equity Shares :

The Company has only one class of Equity Shares having at par value of ₹ 5/- per share. Equity Shares are pari-passu in all respects and each shareholder is eligible for one vote per share held. 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 at the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

(b) The Company does not have any Holding Company. With effect from 1st October, 2015, the Company has subsidiary Company viz. Lord Ganesha Minerals Private Limited.

(c) Details of shareholders holding more than 5% Shares in the Company :

Equity Shares :

Particulars	**As at 31st March, 2017**		As at 31st March, 2016	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹ 5/- each fully paid				
Ajinkya Investment & Trading Company	**3,261,822**	**7.47**	3,261,822	7.47
Sundaram Trading & Investment Private Limited	**6,020,658**	**13.79**	6,020,658	13.79
BF Investment Limited	**17,052,421**	**39.06**	17,052,421	39.06

(d) The Company has not reserved any shares for issue under options and has not entered into any contracts / commitments for the sale of shares /disinvestment.

(e) During the period of five years immediately preceding the date of Balance Sheet, the Company has not issued any shares without payment being received in cash nor issued any bonus shares and no shares were bought back.

(f) The Company has not issued any securities, which are convertible into Equity / Preference Shares of the Company.

(g) The Board of Directors at their meeting held on 25th May, 2017, have recommended a dividend of ₹ 5/- per Equity Share of ₹ 5/- each (100%) for the financial year ended 31st March, 2017, aggregating to ₹ 218.265 Million on which Dividend Distribution Tax amounting to ₹ 44.434 Million is payable.

NOTE '3' : RESERVES AND SURPLUS :

		As at 31st March, 2017	As at 31st March, 2016
	₹	₹	₹
General Reserve		**419,265,300**	419,265,300
Surplus in the Statement of Profit and Loss			
As per last Account	**5,257,321,801**		4,121,529,098
Add : Net Profit for the year	**1,559,183,507**		1,135,792,703
Amount available for Appropriation	**6,816,505,308**		5,257,321,801
Surplus - Closing Balance		**6,816,505,308**	5,257,321,801
TOTAL		**7,235,770,608**	5,676,587,101

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

NOTE '4' : LONG-TERM BORROWINGS :

	Non-Current maturities		Current maturities	
	As at 31st March, 2017	As At 31st March, 2016	**As at 31st March, 2017**	As At 31st March, 2016
	₹	₹	**₹**	₹
SECURED :				
Foreign Currency Term Loans (See Note '4(a)') :				
Bank of Baroda	**335,215,560**	573,933,687	**233,461,105**	471,294,649
The Hongkong and Shanghai Banking Corporation Limited	**255,528,080**	522,180,844	**255,528,145**	186,030,000
TOTAL	**590,743,640**	1,096,114,531	**488,989,250**	657,324,649
Less : Shown under 'Other Current Liabilities' (See Note '9')	**—**	—	**(488,989,250)**	(657,324,649)
TOTAL	**590,743,640**	1,096,114,531	**—**	—

4 (a) Foreign Currency Term Loans :

From Bank of Baroda, London

(i) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 1,015,650/- comprising of :

a) Facility A of USD 1,015,650/- repayable in six half yearly instalments commencing from 24th month of initial drawdown i.e. repayment commenced from 22nd January, 2015 and;

b) Facility B repaid in full on 22nd October, 2016

Facility A carrying interest at 3 month USD LIBOR plus 250 bps p.a. payable six monthly.

(ii) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 7,755,000/-, repayable in 8 equal half yearly instalments i.e. repayment commenced from 22nd June, 2016, carrying interest at 6 month USD LIBOR plus 200 bps p.a. payable six monthly.

From The Hongkong and Shanghai Banking Corporation Limited

External Commercial Borrowing (ECB) Term Loan balance outstanding USD 7,881,975/-, repayable in 19 quarterly instalments, repayment commenced from 30th September, 2014, carrying interest at 3 months USD LIBOR plus 225 bps p.a. payable quarterly.

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 building 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 fixed assets / properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movable fixed assets, 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, stocks in process, semi-finished and finished goods, bills receivables and book debts.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

		As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '5' : DEFERRED TAX LIABILITIES (NET) :			
DEFERRED TAX LIABILITIES :			
On account of Timing Difference in :			
a Depreciation and amortisation		**549,699,287**	626,665,318
DEFERRED TAX ASSETS :			
On account of Timing Difference in :			
b Disallowance u/s 43B of the Income Tax Act		**15,686,600**	11,316,790
c. Provision for Doubtful Debts		**1,357,858**	1,418,720
	TOTAL	**532,654,829**	613,929,808

NOTE '6' : OTHER LONG TERM LIABILITIES :			
Trade Payables		**92,834,497**	92,834,497
Part amount received under an arrangement against sale of project promoted by the Company		**55,861,236**	55,861,236
Trade Advance from Related Party (See Note '36')		**770,000,000**	770,000,000
	TOTAL	**918,695,733**	918,695,733

NOTE '7' : SHORT TERM BORROWINGS :			
Secured :			
Cash Credit from Banks (Secured) (See Note '7(a)')		**—**	—
Unsecured :			
Foreign Currency Term Loans from Banks, under a buyer's line of credit for Import of Goods		**1,308,856,692**	681,978,515
Pre-shipment Packing Credit		**—**	56,523,565
HDFC Bank Limited FCNR(B) Loan		**—**	614,137,500
Axis Bank Limited FCNR(B) Loan		**—**	165,625,000
	TOTAL	**1,308,856,692**	1,518,264,580

Note : 7 (a)

The Fund based and Non-Fund based Limits, sanctioned to the Company by the bankers, for meeting working capital requirements, are secured by First Pari-passu charge on the Current Assets of the Company consisting of stock of raw materials, stocks in process, semi-finished and finished goods, bills receivables and book debts.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '8' : TRADE PAYABLES :		
Trade Payables (See Note below)	**2,360,401,031**	1,438,358,088
Acceptances	**—**	9,309,809
TOTAL	**2,360,401,031**	1,447,667,897

Note : The Company has not received any Registration Certificate from any vendor as to whether it is registered under the Micro, Small & Medium Enterprises Development Act, 2006.

NOTE '9' : OTHER CURRENT LIABILITIES :		
Provision for expenses	**57,770,021**	56,421,333
Creditors of Capital Goods	**133,174,006**	159,209,083
Current Maturities of Long-Term Borrowings (See Note '4')	**488,989,250**	657,324,649
Interest accrued but not due on borrowings	**9,435,322**	10,154,571
Interest accrued and due on borrowings	**—**	1,786,751
Unclaimed Dividend	**3,571,787**	3,602,755
Amount payable against purchase of Preference Shares under an arrangement	**14,839,953**	14,839,953
Advances against order	**5,424,961**	4,985,708
Employee contributions & recoveries payable	**10,050,002**	8,325,373
Statutory dues payable including Tax Deducted at Source	**128,271,936**	106,828,842
TOTAL	**851,527,238**	1,023,479,018

NOTE '10' : PROVISIONS :	Long Term		Short Term	
	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹	**As at 31st March, 2017 ₹**	As at 31st March, 2016 ₹
Provision for Employee Benefits :				
Provision for Gratuity (See Note '10(a)')	**18,305,347**	13,244,068	**—**	—
Provision for Leave Benefits (See Note '10(a)')	**—**	—	**23,916,146**	17,639,468
Provision for PF Trust (See Note '10(b)')	**3,105,020**	1,816,390	**—**	—
	21,410,367	15,060,458	**23,916,146**	17,639,468
Other Provisions :				
Provision for tax, net of advances	**—**	—	**3,821,017**	—
TOTAL	**21,410,367**	15,060,458	**27,737,163**	17,639,468

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

Details of Long Term Employee benefits determined by an appointed Actuary as regard the Company's employees are as follows :

Note 10 (a) :

A. FUNDED SCHEME :

		Gratuity	
		As at 31st March, 2017	As at 31st March, 2016
		₹	₹
i)	Amounts to be recognised in the Balance Sheet :		
	a. Present Value of Defined Benefit Obligations Funded	**46,131,945**	30,138,966
	b. Fair Value of Plan Assets	**27,826,598**	16,894,898
	c. Net Liability / (Asset) recognised in the Balance Sheet	**18,305,347**	13,244,068
ii)	Amount to be recognised in the Statement of Profit and Loss :		
	a. Current Service Cost	**4,870,850**	3,334,220
	b. Acquisition (gain) / loss	**—**	—
	c. Interest on Defined Benefit Obligations	**2,344,040**	1,551,944
	d. Expected Return on Plan Assets	**(1,772,065)**	(1,043,336)
	e. Net Actuarial Losses / (Gains) recognised in year	**8,962,142**	5,906,708
	Total included in Employees Emoluments	**14,404,967**	9,749,536
iii)	Change in Defined Benefit Obligation and Reconciliation thereof :		
	a. Present Value of Defined Benefit Obligation at the beginning of the year	**30,138,966**	19,927,984
	b. Acquisition Adjustment	**—**	—
	c. Interest Cost	**2,344,040**	1,551,944
	d. Current Service Cost	**4,870,850**	3,334,220
	e. Actuarial Losses / (Gains)	**8,952,421**	5,387,352
	f. Benefits Paid	**(174,332)**	(62,534)
	g. Present value of Defined Benefit Obligation at the close of the year	**46,131,945**	30,138,966
iv)	Change in the Fair Value of Plan Assets and the Reconciliation thereof :		
	a. Fair Value of Plan Assets at the beginning of the year	**16,894,898**	11,451,379
	b. Acquisition Adjustments	**—**	—
	c. Add : Expected return on Plan Assets	**1,772,065**	1,043,336
	d. Add / (Less) : Actuarial (Losses) / Gains	**(9,721)**	(519,356)
	e. Add : Contributions by employer	**9,343,688**	4,982,073
	f. Benefits paid	**(174,332)**	(62,534)
	g. Fair Value of Plan Assets at the close of the year	**27,826,598**	16,894,898
v)	Broad Categories of Plan Assets as a percentage of Total Assets :		
	Insurer Managed Funds	**100%**	100%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

vi) Amount for the Current Period :

Experience History

	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
	₹	₹	₹	₹	₹
Present Value of Obligation	**46,131,945**	30,138,966	19,927,984	11,307,695	9,752,144
Plan Assets	**27,826,598**	16,894,898	11,451,379	9,541,160	4,629,581
Surplus / (Deficit)	**(18,305,347)**	(13,244,068)	(8,476,605)	(1,766,535)	(5,122,563)
Experience adjustments on plan liabilities loss / (gain)	**2,567,910**	5,387,352	1,073,119	(899,432)	1,713,393
Experience adjustments on plan assets loss / (gain)	**170,818**	519,356	(130,488)	(235,108)	(137,631)

vii) Summary of the Actuarial Assumptions :

	As at 31st March, 2017	As at 31st March, 2016
Discount Rate	**7.10%**	7.80%
Expected Rate of Return on Assets	**8.25%**	7.50%
Salary Escalation Rate	**10.00%**	10.00%

B. UNFUNDED SCHEME :

	Leave Benefits	
	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
(i) Amounts to be recognised in Balance Sheet :		
a. Present Value of Defined Benefit Obligations		
(i) Unfunded	**23,916,146**	17,639,468
b. Fair Value of Plan Assets	**—**	—
c. Net Liability / (Asset) recognised in the Balance Sheet	**23,916,146**	17,639,468
(ii) Amount to be recognised in the Statement of Profit and Loss :		
a. Current Service Cost	**4,732,723**	3,421,887
b. Interest on Defined Benefit Obligations	**1,335,921**	962,021
c. Expected Return on Plan Assets	**—**	—
d. Net Actuarial Losses / (Gains) recognised in year	**1,232,588**	1,336,371
Total included in Employees Emoluments	**7,301,232**	5,720,279

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

		Leave Benefits	
		As at 31st March, 2017	As at 31st March, 2016
		₹	₹
(iii)	Change in Defined Benefit Obligation and Reconciliation thereof :		
a.	Present Value of Defined Benefit Obligation at the beginning of the year	**17,639,468**	12,748,023
b.	Interest Cost	**1,335,921**	962,021
c.	Current Service cost	**4,732,723**	3,421,887
d.	Actuarial Losses / (Gains)	**1,232,588**	1,336,371
e.	Benefits Paid	**(1,024,554)**	(828,834)
f.	Present Value of Defined Benefit Obligation at the close of the year	**23,916,146**	17,639,468
(iv)	Change in the Fair Value of Plan Assets and the Reconciliation thereof :		
a.	Fair Value of Plan Assets at the beginning of the year	**—**	—
b.	Add : Expected return on Plan Assets	**—**	—
c.	Add / (Less) : Actuarial Losses / (Gain)	**—**	—
d.	Add : Contributions	**—**	—
e.	Less : Benefits paid	**—**	—
f.	Fair Value of Plan Assets at the close of the year	**—**	—
(v)	Summary of the Actuarial Assumptions :		
	Discount Rate	**7.10%**	7.80%
	Salary Escalation Rate	**10.00%**	10.00%

Note 10 (b) :

PROVIDENT FUND :

In case of certain employees, the Provident Fund contribution is made to Kalyani Steels Limited Provident Fund Trust. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident Fund liability based on the assumptions listed below and determined that there is shortfall as at 31st March, 2017. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are :

		As at 31st March, 2017	As at 31st March, 2016
i)	Remaining term of maturity	**7.99 Years**	8.15 Years
ii)	Expected guaranteed interest rate	**8.65%**	8.80%
iii)	Discount Rate for the remaining term of maturity of interest portfolio	**7.10%**	7.80%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

NOTE '11' : (a) TANGIBLE ASSETS :

	Gross Block				Depreciation				Net Block	
	As at 31st March, 2016 ₹	Addition ₹	Disposal/ Adjustments ₹	**As at 31st March, 2017** ₹	As at 31st March, 2016 ₹	For the year ₹	Disposal/ Adjustments ₹	**As at 31st March, 2017** ₹	**As at 31st March, 2017** ₹	As at 31st March, 2016 ₹
Freehold Land	923,487,047	3,921,384	—	**927,408,431**	—	—	—	**—**	**927,408,431**	923,487,047
Leasehold Land	25,303,064	—	(b) 25,303,064	**—**	25,303,064	—	25,303,064	**—**	**—**	—
Buildings	925,450,348	—	—	**925,450,348**	230,977,874	33,392,668	—	**264,370,542**	**661,079,806**	694,472,474
Plant and Machinery	6,462,226,717	5,353,895	13,934,756	**6,453,645,856**	3,340,886,173	454,168,499	—	**3,795,054,672**	**2,658,591,184**	3,121,340,544
Office Equipment	94,123,436	2,921,424	172,998	**96,871,862**	47,490,586	15,105,141	104,252	**62,491,475**	**34,380,387**	46,632,850
Furniture and Fixtures	30,301,124	298,900	—	**30,600,024**	8,936,934	3,574,781	—	**12,511,715**	**18,088,309**	21,364,190
Vehicles	42,334,657	5,420,068	1,122,927	**46,631,798**	20,655,179	4,242,256	1,122,927	**23,774,508**	**22,857,290**	21,679,478
March 31, 2017 Total	**8,503,226,393**	**17,915,671**	**40,533,745**	**8,480,608,319**	**3,674,249,810**	**510,483,345**	**26,530,243**	**4,158,202,912**	**4,322,405,407**	4,828,976,583
March 31, 2016 Total	7,791,527,706	926,871,768	215,173,081	8,503,226,393	3,378,583,214	510,839,677	215,173,081	3,674,249,810	4,828,976,583	—

(b) INTANGIBLE ASSETS :

	Gross Block				Depreciation				Net Block	
	As at 31st March, 2016 ₹	Addition ₹	Disposal/ Adjustments ₹	**As at 31st March, 2017** ₹	As at 31st March, 2016 ₹	For the year ₹	Disposal/ Adjustments ₹	**As at 31st March, 2017** ₹	**As at 31st March, 2017** ₹	As at 31st March, 2016 ₹
Software	55,438,051	—	—	**55,438,051**	6,923,064	9,239,674	—	**16,162,738**	**39,275,313**	48,514,987
March 31, 2017 Total	**55,438,051**	**—**	**—**	**55,438,051**	**6,923,064**	**9,239,674**	**—**	**16,162,738**	**39,275,313**	48,514,987
March 31, 2016 Total	11,615,000	43,823,051	—	55,438,051	483,958	6,439,106	—	6,923,064	48,514,987	—

a) See Note '1', Statement of Significant Accounting Policies Clause 2.

b) The Leasehold Land was converted to Freehold Land during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

		₹	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '12(a)' : NON CURRENT INVESTMENTS :				
LONG TERM				
Trade Investments (valued at cost)				
UNQUOTED :				
In Equity Shares :				
	a) Investment in Associates :			
1,000,000	Fully paid Equity Shares of ₹ 10/- each of Kalyani Mukand Limited	**10,050,000**		10,050,000
	b) Investment in Joint Venture :			
124,997	Fully paid Equity Shares of ₹ 10/- each of Hospet Steels Limited	**1,249,970**		1,249,970
	c) Investment in Subsidiary :			
1,550,000	Fully paid Equity Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	**261,928,250**		261,928,250
			273,228,220	273,228,220
In Preference Shares :				
	a) Investment in Subsidiary :			
41,913,500	(41,643,500) 1% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	**419,135,000**		416,435,000
	b) Investment in Others :			
5,926,000	10% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Baramati Speciality Steels Limited	**59,260,000**		59,260,000
132,000	8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each of Kalyani Natural Resources Private Limited	**13,200,000**		13,200,000
1,310,000	8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Kalyani Mining Ventures Private Limited	**13,100,000**		13,100,000
			504,695,000	501,995,000
In Debentures :				
13,196,000	0% Fully Convertible Debentures of ₹ 100/- each of DGM Realties Private Limited		**1,360,000,000**	1,360,000,000
	TOTAL		**2,137,923,220**	2,135,223,220
NOTE '12(b)' : CURRENT INVESTMENTS :				
In Mutual Funds :				
Unquoted :				
—	(115,089) Units of ₹ 1,000/- each of Baroda Pioneer Liquid Fund - Plan A Daily Dividend Plan	—		115,217,380
—	(399,954) Units of ₹ 100/- each of ICICI Prudential Liquid Regular Plan - Daily Dividend	—		40,020,880
—	(8,339,527) Units of ₹ 1,000/- each of HDFC Liquid Fund - Daily Dividend	—		85,048,167
—	(24,997) Units of ₹ 1,000/- each of DSP Blackrock Liquidity Fund - Institutional Plan - Daily Dividend	—		25,012,400
1,451,849	(46,198) Units of ₹ 1,000/- each of Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	**114,480,641**		70,624,450
2,260,542	(—) Units of ₹ 1,000/- each of UTI Liquid Cash Plan	**305,219,131**		—
976,145	(—) Units of ₹ 1,000/- each of Axis Liquid Fund Daily Dividend	**237,499,898**		—
—	(20,022) Units of ₹ 1,000/- each of IDFC Cash Fund - Daily Dividend	—		20,031,432
			657,199,670	355,954,709
	TOTAL		**657,199,670**	355,954,709

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

	Long Term		Short Term	
	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹	**As at 31st March, 2017** ₹	As at 31st March, 2016 ₹
NOTE '13' : LOANS AND ADVANCES :				
LOANS AND ADVANCES				
(Unsecured, considered good, unless stated otherwise)				
Capital Advances :				
Secured, by a Bank Guarantee	**—**	—	**—**	—
Other advances	**101,183,446**	46,246,915	**—**	—
	101,183,446	46,246,915	**—**	—
Security Deposits	**58,673,317**	58,673,317	**17,716,412**	19,143,325
Advances recoverable in cash or kind	**—**	—	**316,241,171**	302,695,652
Other loans and advances :				
Advance Income Tax (net of provision of taxation)	**—**	—	**—**	8,330,294
Loans to employees	**1,197,814**	1,822,274	**276,582**	814,282
Balance with Excise Department	**—**	—	**2,764,307**	5,833,638
TOTAL	**161,054,577**	106,742,506	**336,998,472**	336,817,191

		As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '14' : INVENTORIES :			
Raw materials, at cost (See Note '14(a)')		**528,162,093**	180,771,542
Work in Progress (See Note '14(b)')		**159,703,002**	133,406,873
Finished Goods, at cost or market value whichever is lower (See Note '14(c)')	**540,557,272**		489,138,877
Finished Goods - Traded	**3,708,466**		34,424,739
Scrap at estimated realisable value	**410,079**		3,334,988
		544,675,817	526,898,604
Stores, spares etc., at cost		**115,269,900**	250,102,917
TOTAL		**1,347,810,812**	1,091,179,936

	As at 31st March, 2017		As at 31st March, 2016	
	MTs	₹	MTs	₹
Note '14(a)' Details of Raw Material Inventory :				
Coke / Coal / Coke Fines	**13,715**	**212,665,127**	9,009	70,090,175
Iron Ore / Iron Ore Fines	**22,550**	**98,435,666**	10,759	30,085,560
Ferro Alloys		**129,817,710**		34,908,708
Others		**87,243,590**		45,687,099
TOTAL		**528,162,093**		180,771,542
Note '14(b)' Details of Work in Progress :				
Blooms & Rounds	**3,036**	**96,710,971**	4,754	102,248,815
Others		**62,992,031**		31,158,058
TOTAL		**159,703,002**		133,406,873
Note '14(c)' Details of Finished Goods Inventory :				
Blooms & Rounds	**49**	**1,647,942**	42	848,599
Rolled Products	**13,381**	**538,909,330**	15,897	488,290,278
Traded Goods	**59**	**3,708,466**	801	34,424,739
Others		**410,079**		3,334,988
TOTAL		**544,675,817**		526,898,604

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

	₹	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '15' : TRADE RECEIVABLES :			
Unsecured, considered good unless stated otherwise			
Outstanding for a period exceeding six months from the date they are due for payment :			
Unsecured, considered good	**63,684,656**		48,503,913
Doubtful	**3,923,538**		4,099,399
	67,608,194		52,603,312
Provision for doubtful debts	**3,923,538**		4,099,399
		63,684,656	48,503,913
Others :			
Secured, considered good	**—**		—
Unsecured, considered good	**4,606,918,209**		3,410,142,700
Doubtful	**—**		—
	4,606,918,209		3,410,142,700
Provision for doubtful debts	**—**		—
		4,606,918,209	3,410,142,700
TOTAL		**4,670,602,865**	3,458,646,613
NOTE '16' : CASH AND BANK BALANCES :			
A) Cash and Cash Equivalents :			
Cash on Hand - See Note '39'	**90,146**		903,073
Bank Balances :			
In Current & Cash Credit Accounts	**209,200,139**		56,601,907
In Fixed Deposits (Less than three months maturity)	**8,743,348**		8,174,869
		218,033,633	65,679,849
B) Other Bank Balances :			
In Fixed Deposits (maturity more than 3 months but less than 12 months) pledged in favour of Government Authorities	**615,500**		615,500
Earmarked balances with Banks (Unclaimed Dividend)	**3,571,787**		3,602,755
		4,187,287	4,218,255
TOTAL		**222,220,920**	69,898,104
NOTE '17' : OTHER CURRENT ASSETS :			
Income receivable		**4,846,066**	5,316,371
Prepaid Expenses		**19,662,401**	19,343,891
Export Incentive Receivables		**21,788**	2,326,869
VAT Receivable		**97,253,350**	83,599,021
TOTAL		**121,783,605**	110,586,152

NOTE '18' : REVENUE FROM OPERATIONS :

	₹	For the year ended 31st March, 2017 ₹	For the year ended 31st March, 2016 ₹
Sale of products			
Finished Goods	**12,812,844,654**		11,383,709,862
Traded Goods	**1,080,412,992**		112,429,798
	13,893,257,646		11,496,139,660
Job Work Sales	**3,074,451,348**		2,898,546,510
Scrap Sales	**247,620,154**		147,751,326
	17,215,329,148		14,542,437,496
Less : Excise Duty	**3,006,689,998**		2,750,571,133
		14,208,639,150	11,791,866,363
Other Operating Revenue			
Export Incentives received	**7,949,507**		8,555,493
Sundry Credit Balances Appropriated	**471,769**		1,356,942
Provision no longer required	**5,956,162**		2,883,434
		14,377,438	12,795,869
TOTAL		**14,223,016,588**	11,804,662,232

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

		For the year ended 31st March, 2017 ₹	For the year ended 31st March, 2016 ₹
Details of products sold :			
Finished goods sold :			
Pig Iron - Qty 26,686 MTs (Previous Year 13,420 MTs)		**505,813,612**	248,099,057
Blooms and Rounds - Qty 21,220 MTs (Previous Year 17,157 MTs)		**752,580,795**	605,344,383
Rolled Products - Qty 232,693 MTs (Previous Year 201,566 MTs)		**11,554,450,247**	10,530,266,422
	TOTAL	**12,812,844,654**	11,383,709,862
Traded goods sold :			
Coke - Qty 36,305 MTs (Previous Year Nil)		**620,141,373**	—
Coal - Qty Nil (Previous Year 3,200 MTs)		**—**	19,145,600
Coke Fines - Qty Nil (Previous Year 4,500 MTs)		**—**	29,209,500
Rolled Products - Qty 7,944 MTs (Previous Year 995 MTs)		**460,271,619**	64,074,698
	TOTAL	**1,080,412,992**	112,429,798
Job Work Sales :			
Hot Metal & Pig Iron - Qty 342,239 MTs (Previous Year 322,385 MTs)		**2,059,632,024**	1,938,214,431
Rolled Products - Qty 123,836 MTs (Previous Year 121,579 MTs)		**1,014,819,324**	960,332,079
	TOTAL	**3,074,451,348**	2,898,546,510
NOTE '19' : OTHER INCOME :			
Dividend Income from Investment in Mutual Funds		**29,267,863**	12,961,004
Interest from Deposits and Loans		**18,336,748**	7,829,678
Gain on Foreign Exchange, Net		**80,389,496**	—
Miscellaneous receipts		**3,047,057**	5,762,944
Profit on sale of assets		**72,070**	19,048
	TOTAL	**131,113,234**	26,572,674
NOTE '20' : COST OF RAW MATERIAL CONSUMED :			
Stock at commencement		**180,771,542**	472,136,695
Add : Purchases		**5,522,439,948**	4,044,815,824
		5,703,211,490	4,516,952,519
Less : Sale of Raw Material		**4,560,000**	143,509,752
Less : Stock at close		**528,162,093**	180,771,542
	TOTAL	**5,170,489,397**	4,192,671,225

	For the Year Ended 31st March, 2017		For the Year Ended 31st March, 2016	
	MTs	₹	MTs	₹
Details of Raw Material Consumed :				
Coke / Coal / Coke Fines	**186,967**	**2,724,611,350**	169,090	1,975,736,783
Iron Ore / Iron Ore Fines	**410,921**	**1,369,116,892**	380,701	1,186,995,854
Ferro Alloys		**902,420,757**		729,496,194
Others		**174,340,398**		300,442,394
TOTAL		**5,170,489,397**		4,192,671,225

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

		For the year ended 31st March, 2017		For the year ended 31st March, 2016	
		₹	**Percentage**	₹	Percentage
Imported & Indigenous Raw Materials Consumed :					
Imported (Direct Imports only)		**2,619,784,493**	**51%**	1,771,422,781	42%
Indigenous		**2,550,704,904**	**49%**	2,421,248,444	58%
	TOTAL	**5,170,489,397**	**100%**	4,192,671,225	100%

		For the year ended 31st March, 2017 ₹	For the year ended 31st March, 2016 ₹
NOTE '21' : PURCHASES OF TRADED GOODS :			
Coke		**609,114,809**	—
Coal		**—**	17,413,680
Coke Fines		**—**	27,957,365
Rolled Products		**353,523,804**	87,627,670
	TOTAL	**962,638,613**	132,998,715
NOTE '22' : (INCREASE) / DECREASE IN INVENTORIES :			
Inventories at the end of the year			
Work-in-progress		**159,703,002**	133,406,873
Finished Goods		**540,557,272**	489,138,877
Traded Goods		**3,708,466**	34,424,739
Scrap		**410,079**	3,334,988
		704,378,819	660,305,477
Inventories at the beginning of the year			
Work-in-progress		**133,406,873**	268,051,412
Finished Goods		**489,138,877**	476,017,729
Traded Goods		**34,424,739**	—
Scrap		**3,334,988**	3,712,352
		660,305,477	747,781,493
	TOTAL	**(44,073,342)**	87,476,016
NOTE '23' : EMPLOYEES BENEFITS EXPENSE :			
Salary, wages, bonus etc.		**807,893,140**	755,187,887
Contribution to Provident and other Funds etc.		**57,567,807**	51,419,287
Welfare expenses		**17,832,964**	20,149,380
	TOTAL	**883,293,911**	826,756,554
NOTE '24' : FINANCE COSTS :			
Interest expenses		**74,221,024**	89,654,700
Other borrowings costs		**22,090,803**	30,635,579
	TOTAL	**96,311,827**	120,290,279
NOTE '25' : DEPRECIATION & AMORTISATION EXPENSES			
Leasehold land amortised		**—**	165,979
Depreciation		**519,723,020**	517,112,804
	TOTAL	**519,723,020**	517,278,783

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

		For the year ended 31st March, 2017 ₹	For the year ended 31st March, 2016 ₹
NOTE '26' : OTHER EXPENSES :			
Stores and spares consumed		**890,164,820**	756,349,748
Job work and Manufacturing Charges		**1,664,686,632**	1,505,509,647
Power and Fuel		**891,604,648**	791,327,142
Building and Road repairs		**13,120,040**	15,811,900
Machinery repairs		**56,390,388**	99,957,452
(Increase) / decrease of excise duty on Inventory		**(16,380,877)**	19,065,765
Rent		**2,927,036**	2,918,930
Rates & Taxes		**56,245**	39,686
Insurance		**13,310,336**	11,994,912
Legal & Professional charges		**31,907,668**	59,021,215
Miscellaneous expenses		**158,529,329**	234,405,273
CSR Expenditure (See Note '38')		**25,975,233**	25,923,392
Donations		**500,000**	—
Freight Outward		**507,897,773**	471,468,009
Brokerage and Discount		**14,951,978**	2,808,638
Commission on sales		**8,740,697**	3,698,955
Payment to Auditor (Refer details below)		**4,470,654**	4,627,242
Directors' Fees and Travelling Expenses		**1,505,558**	2,027,155
Directors' Commission		**42,625,000**	34,100,000
Loss on Foreign Exchange Fluctuation		**—**	100,380,937
Facility charges under Strategic Alliance		**68,535,838**	67,892,940
Prior Period Expenditure		**2,602,420**	2,543,454
	TOTAL	**4,384,121,416**	4,211,872,392
Payment to Auditor :			
As Statutory Auditors		**3,000,000**	3,000,000
In Other capacity :			
Tax Audit Fee		**600,000**	500,000
Limited Review		**360,000**	360,000
Certification		**343,889**	356,000
		4,303,889	4,216,000
For expenses		**166,765**	411,242
	TOTAL	**4,470,654**	4,627,242

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '27' : EARNINGS PER EQUITY SHARE :		
Earning per Share : (Face Value of ₹ 5/-)		
Net Profit after Taxation	**1,559,183,507**	1,135,792,703
Number of Shares Issued and Subscribed	**43,653,060**	43,653,060
Basic and Diluted	**35.72**	26.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '28' : CONTINGENT LIABILITIES :		
Contingent Liabilities not provided for in respect of :		
a) Claims against the Company not acknowledged as debts	**1,977,351**	1,977,351
b) Customs Duty, Excise Duty & Service Tax - Matter under dispute	**37,472,095**	42,982,888
c) Iron Ore Supplier - Rate Difference Claim - Disputed	**255,198,766**	255,198,766
d) Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	**33,487,315**	33,487,315
e) Guarantees given by the Company on behalf of other Companies for purchase of shares - USD 12,615,003/-	**817,939,134**	835,743,949
f) Guarantees given by Company's Bankers on behalf of the Company to Government Authorities	**2,422,244**	1,461,680
g) Others	**825,000**	825,000
NOTE '29' : CAPITAL AND OTHER COMMITMENTS :		
1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	**218,005,859**	75,485,297
2. Other Commitments on account of :		
a) Purchase of Raw Material through E-Auction	**55,518,025**	17,870,800
b) Supply of Gases - Minimum Take Over Price	**719,118,558**	787,285,674
TOTAL	**992,642,442**	880,641,771
NOTE '30' : CIF VALUE OF IMPORTS :		
Direct imports only : (including goods in Bonded Warehouse, if any)		
i) Raw material :		
- Coke	**1,779,226,483**	1,221,726,183
- Coke Fines	**41,849,176**	26,497,369
- Coal	**223,511,022**	108,016,722
- Ferro Alloys	**334,941,398**	145,639,313
ii) Goods Traded in :		
- Coke	**643,467,362**	—
- Coal	**—**	17,413,680
- Coke Fines	**—**	27,957,365
iii) Capital Goods	**12,276,625**	152,049,176
NOTE '31' : EXPENDITURE IN FOREIGN CURRENCY :		
Interest	**54,457,685**	77,111,741
Testing Charges	**1,108,568**	1,826,345
Legal & Professional	**—**	1,016,026
Others	**1,312,502**	585,917
NOTE '32' : EARNINGS IN FOREIGN CURRENCY :		
F.O.B. value of Exports	**201,199,368**	441,886,015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '33' : EXCHANGE DIFFERENCE GAIN / (LOSS) ON ACCOUNT OF FLUCTUATIONS IN FOREIGN CURRENCY RATES :		
Amount to be recognised in Balance Sheet	**(13,934,756)**	108,219,732
Recognised in the Statement of Profit and Loss	**(80,389,496)**	100,380,937

NOTE '34' : FOREIGN EXCHANGE DERIVATIVES / FORWARD CONTRACTS HEDGED AND EXPOSURES NOT HEDGED AT CLOSE OF THE YEAR :

A) Foreign Exchange Derivatives / Forward Contracts hedged :

Nature of Contracts	Currency	Particulars	**31st March, 2017**	31st March, 2016
i) Forward Contracts	USD	Buyer's Credit	**—**	—
	USD	Sale	**—**	—
	USD	Interest	**—**	—

All derivatives / forward contracts stated above are for the purpose of hedging the underlying foreign currency exposure.

B) Import / Exports not hedged :

Nature of Instrument	Currency	**31st March, 2017**	31st March, 2016
i) Buyer's Credit	USD	**20,186,381**	10,294,015
ii) Payables	USD	**17,809,632**	4,557,478
iii) Payables	EURO	**14,465**	14,465
iv) Receivable	USD	**496,785**	1,160,580
v) Interest	USD	**65,709**	30,084
vi) Loan	USD	**16,652,625**	26,467,007

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

NOTE '35' : INFORMATION ON JOINT VENTURE :

i Jointly Controlled Entity :

Sr. No.	Name of the Company	Country of Incorporation	Percentage of ownership interest	
			2016-17	2015-16
1	Hospet Steels Limited	India	**49.99%**	49.99%

		2016-17 ₹	2015-16 ₹
ii	Share of the Company in the contingent liabilities incurred by jointly controlled entity	**—**	—
iii	Share of the Company in capital commitments which have been incurred jointly with the venture	**—**	—

iv Interest in Equity and Liabilities, Assets, Income and Expenses with respect to Jointly Controlled Entity are as below :

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
Equity and Liabilities :		
Shareholders Funds	**(4,406,833)**	(3,917,118)
Non Current Liabilities	**6,963,307**	6,281,755
Current Liabilities	**84,958,427**	101,129,317
Assets :		
Fixed Assets (net)	**1,410,512**	2,192,714
Deferred Tax Assets (net)	**3,112,517**	2,826,020
Long Term Loans & Advances	**65,087**	90,415
Current Assets	**82,926,785**	98,384,805

	2016-17 ₹	2015-16 ₹
Income :		
Other Income	**—**	—
Reimbursement of Expenses	**619,930,971**	583,901,334
Expenses :		
Employee Benefits expense	**330,510,492**	321,854,968
Other Expenses	**289,474,362**	263,016,323
Finance costs	**14,601**	7,547
Depreciation & amortisation expense	**638,345**	1,010,170
Provision for Taxation	**69,384**	94,043
Deferred Tax	**(286,498)**	(713,270)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

NOTE '36' : Disclosure of transactions with Related Parties as required by the Accounting Standard 18 as prescribed by Companies (Accounting Standards) Rules, 2006 :

Name of the Related Party and nature of relationship	Nature of Transactions	2016-17		2015-16	
		Transaction Value	**Outstanding amount carried in the Balance Sheet**	Transaction Value	Outstanding amount carried in the Balance Sheet
		₹	₹	₹	₹
A) Associates :					
Kalyani Mukand Limited	Contribution to Equity (1,000,000 shares of ₹ 10/- each)	**—**	**10,050,000**	—	10,050,000
	Advance Given	**94,000**	**280,665**	186,665	186,665
B) Subsidiary					
Lord Ganesha Minerals Private Limited	Finance provided	**—**	**—**	—	—
	Preference Shares subscribed	**2,700,000**	**—**	5,600,000	—
	Equity Shares subscribed	**—**	**—**	251,300,000	—
	Preference Shares (41,913,500 (41,643,500) shares of ₹ 10/- each)	**—**	**419,135,000**	—	416,435,000
	Equity Shares (1,550,000 (1,550,000) shares of ₹ 10/- each)	**—**	**261,300,000**	—	261,300,000
C) Joint Venture :					
Hospet Steels Limited	Reimbursement of Expenses	**719,893,781**	**(86,387,053)**	675,568,201	(75,118,396)
	Contribution to Equity (124,997 (124,997) shares of ₹ 10/- each)	**—**	**1,249,970**	—	1,249,970
D) Companies under Common Control :					
1. Bharat Forge Limited	Sales (net of rejections)	**3,949,287,726**	**1,129,420,035**	3,601,101,663	851,450,926
	Purchases	**6,321,197**	**(11,442,833)**	14,653,422	(5,478,684)
	Interest paid on Trade Advance	**22,500,000**	**—**	22,561,644	—
	Reimbursement of Expenses Paid	**227,025**	**—**	87,879	—
	Rent Paid	**—**	**—**	162,000	—
	Trade Advance received	**—**	**770,000,000**	—	770,000,000
2. Kalyani Carpenter Special Steels Private Limited	Sales (net of rejections)	**808,192,736**	**122,526,491**	741,125,407	63,987,728
	Purchases	**209,535,308**	**149,005,555**	108,999,916	(86,788,292)
	Conversion Charges paid	**118,896,500**	**—**	69,574,540	—
	Reimbursement of Expenses paid	**46,734,321**	**—**	3,781,390	—
	Interest received on Advance	**11,728,049**	**—**	—	—
	Reimbursement of Expenses received	**14,390,749**	**—**	3,060,295	—
	Trade Advance given	—	**—**	110,000,000	—
	Trade Advance Refund	—	**—**	(110,000,000)	—
	Advance against conversion charges	**300,000,000**	**—**	—	—
	Advance adjusted against conversion charges	**(150,994,445)**	**—**	—	—
3. Kalyani Investment Company Limited	Reimbursement of Expenses received	**7,769,317**	**514,006**	7,704,587	1,375,653
	Interest Paid on ICD	—	**—**	1,667,467	—
	Inter Corporate Deposit given	**—**	**—**	500,000,000	—
	Inter Corporate Deposit Refund	**—**	**—**	(500,000,000)	—
E) Key Managerial Personnel and their relatives :					
Mr.R.K Goyal Managing Director	Remuneration	**73,619,840**	**(19,925,707)**	63,962,932	(25,298,444)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

NOTE '37' : Disclosures required as per Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

Name of the Company	Loans and Advances				Investments	
	Amount outstanding as on		Maximum balance outstanding during the year		Amount outstanding as at	
	31st March, 2017	31st March, 2016	**2016-17**	2015-16	**31st March, 2017**	31st March, 2016
	₹	₹	₹	₹	₹	₹
Associates :						
Kalyani Mukand Limited	**—**	—	**—**	—	**10,050,000**	10,050,000
Hospet Steels Limited	**—**	—	**—**	—	**1,249,970**	1,249,970
Subsidiary :						
Lord Ganesha Minerals Private Limited	**—**	—	**2,320,924**	5,600,000	**681,063,250**	678,363,250

Notes :

1. There are no loans and advances in the nature of loans, to firms /companies in which directors are interested.

NOTE '38' : CSR Expenditure :

a) Corporate Social Responsibility (CSR), gross amount required to be spent by the Company during the year ₹ 25,844,278/- (Previous Year ₹ 24,223,508/-)

b) Amount spent during the year on :

Sr. No.	Particulars	FY 2016-17			FY 2015-16		
		In cash ₹	**Yet to be paid in cash ₹**	**Total ₹**	In cash ₹	Yet to be paid in cash ₹	Total ₹
1	Promotion of education Donation	**22,393,100**	**—**	**22,393,100**	22,191,243	—	22,191,243
2	Health and hygiene Miscellaneous expenses	**2,064,345**	**—**	**2,064,345**	421,200	—	421,200
3	Infrastructure Miscellaneous expenses	**1,095,532**	**—**	**1,095,532**	1,916,378	—	1,916,378
4	Sanitation Miscellaneous expenses	**87,256**	**—**	**87,256**	1,394,571	—	1,394,571
5	Welfare of Disabled	**335,000**	**—**	**335,000**	—	—	—
	Total	**25,975,233**	**—**	**25,975,233**	25,923,392	—	25,923,392

NOTE '39' : Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in Hand as on 8.11.2016	362,000	28,483	390,483
(+) Permitted receipts	—	522,932	522,932
(-) Permitted Payments	(10,500)	(491,635)	(502,135)
(-) Amount deposited in Banks	(351,500)	(500)	(352,000)
Closing cash in Hand as on 30.12.2016	—	59,280	59,280

NOTE '40' : The Company has entered into agreements in the nature of lease / leave and license agreement with different lessors / licensors for the purpose of establishment of premises and accommodation of executives. These are generally in the nature of operating lease / leave and license and period of agreements is generally for one year and renewable / cancellable at the option of the lessee or lessor. In view of above there are no disclosures required as per Accounting Standard 19 "Leases" as prescribed by Companies (Accounting Standard) Rules, 2006.

Note '41' : Previous Year Figures : Previous year figures have been regrouped and reclassified wherever necessary to make them comparable with current period.

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : 25th May, 2017

Pune
Date : 25th May, 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KALYANI STEELS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Kalyani Steels Limited (herein referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") & a Joint controlled company , comprising of the consolidated Balance Sheet as at March 31, 2017, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Although the Holding Company has an Associate Company, the same has not been included in the accompanying consolidated financial statements and we are informed by the management that the financial statements of that Associate Company are not available for consolidation (refer Note No. 32(2)).

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Joint controlled company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Rules of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its Joint controlled 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; the selection and application of appropriate accounting policies; making judgments and estimates that are responsible and prudent; and the design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the 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 Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Group and its Jointly controlled company as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the subsidiary and the jointly controlled company whose financial statements reflect total assets of ₹ 264,584,497/- as at 31st March, 2017, total revenues of ₹ NIL and net cash flows amounting to ₹ 13,617,673 for the year ended on that date, as considered in the consolidated financial statements. 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 financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and jointly controlled company, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and jointly controlled company, is based solely on the reports of the other auditors.

Our opinion on the consolidated 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section143(3) of the Act, we report, to the extent applicable, 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 financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated 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 and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Rules of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and the jointly controlled company, none of the directors of the Group companies and its jointly controlled company is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

   (f) In our opinion there are no financial transactions or matters which have any adverse effect on the functioning of the Group and its associate.

   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and its associate and the operating effectiveness of such controls, refer to our separate report in Annexure.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group & Joint controlled company - Refer Note 28 to the consolidated financial statements.

      ii. The Group & Joint controlled company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      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 its Joint controlled company.

      iv. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is as per the books of accounts of the Company. (Refer Note No. 31)

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

Sanjay Athavale
Partner
Membership No.83374

Pune
25th May, 2017

ANNEXURE - TO THE AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of Kalyani Steels Limited (hereinafter referred to as "the Holding Company") and its subsidiary company and its jointly controlled company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary company and its jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control 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 Matters 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 over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 jointly controlled company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Sanjay Athavale
Partner
Membership No.83374

Pune
Date : 25th May, 2017

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

	Notes	₹	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
I. EQUITY AND LIABILITIES :				
1. Shareholders' Funds :				
a) Share Capital	2	218,644,367		218,644,367
b) Reserves and Surplus	3	7,227,607,505		5,671,547,932
			7,446,251,872	5,890,192,299
2. Minority Interest			317,934	1,082,707
3. Non Current Liabilities :				
a) Long Term Borrowings	4	590,743,640		1,096,114,531
b) Deferred Tax Liabilities (Net)	5	508,339,153		590,358,420
c) Other Long Term Liabilities	6	918,695,733		918,695,733
d) Long Term Provisions	10	28,373,675		21,342,213
			2,046,152,201	2,626,510,897
4. Current Liabilities :				
a) Short Term Borrowings	7	1,308,856,692		1,518,264,580
b) Trade Payables	8			
i) Due to Micro, Small and Medium Enterprises		83,233		83,233
ii) Other Trade Payables		2,373,071,521		1,454,831,581
		2,373,154,754		1,454,914,814
c) Other Current Liabilities	9	877,829,556		1,049,056,234
d) Short Term Provisions	10	27,406,913		17,953,457
			4,587,247,915	4,040,189,085
TOTAL			14,079,969,922	12,557,974,988
II. ASSETS :				
1. Non Current Assets :				
a) Fixed Assets :				
i) Tangible Assets	11 (a)	4,325,163,090		4,832,712,071
ii) Intangible Assets	11 (b)	39,299,937		48,631,832
iii) Capital work-in-progress		72,309,416		26,685,567
		4,436,772,443		4,908,029,470
b) Goodwill arising on consolidation		568,326,845		568,326,845
c) Non Current Investments	12 (a)	1,455,615,000		1,455,615,000
d) Long Term Loans and Advances	13	220,477,853		166,191,110
			6,681,192,141	7,098,162,425
2. Current Assets :				
a) Current Investments	12 (b)	657,199,670		355,954,709
b) Inventories	14	1,347,810,812		1,091,179,936
c) Trade Receivables	15	4,670,602,865		3,458,646,613
d) Cash & Bank Balances	16	253,640,271		94,711,216
e) Short Term Loans and Advances	13	343,785,109		345,884,934
f) Other Current Assets	17	125,739,054		113,435,155
			7,398,777,781	5,459,812,563
TOTAL			14,079,969,922	12,557,974,988

Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements **1 to 34**

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : 25th May, 2017

Pune
Date : 25th May, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Notes	₹	Year ended 31st March, 2017 ₹	Year ended 31st March, 2016 ₹
INCOME :				
Sales, gross		**17,215,329,148**		14,542,437,496
Less : Excise duty		**3,006,689,998**		2,750,571,133
Sales, net		**14,208,639,150**		11,791,866,363
Other Operating Revenue		**14,377,438**		12,999,582
Revenue from Operations (net)	**18**		**14,223,016,588**	11,804,865,945
Other Income	**19**		**131,113,234**	26,580,999
Total Revenue			**14,354,129,822**	11,831,446,944
EXPENSES :				
Cost of raw material consumed	**20**	**5,170,489,397**		4,192,671,225
Purchases of traded goods	**21**	**962,638,613**		132,998,715
(Increase) / decrease in inventories of Finished Goods, Work-in-Progress and Traded Goods	**22**	**(44,073,342)**		87,476,016
Employees benefits expense	**23**	**1,214,047,745**		1,148,694,538
Finance costs	**24**	**96,478,807**		120,795,781
Depreciation & amortisation expenses	**25**	**520,649,188**		518,442,449
Other Expenses	**26**	**4,676,769,950**		4,476,191,197
Share in Reimbursement of Joint Venture		**(619,930,971)**		(583,901,334)
			11,977,069,387	10,093,368,587
Profit before Exceptional Items and Tax			**2,377,060,435**	1,738,078,357
Exceptional Items			**—**	—
Profit before Tax			**2,377,060,435**	1,738,078,357
Tax expenses :				
Current Tax		**902,000,000**		508,500,000
Share in Current tax of Joint Venture		**69,384**		100,910
Deferred Tax		**(81,732,769)**		95,076,104
Share in deferred tax of Joint Venture		**(286,498)**		(713,270)
Short / (Excess) provision for Taxation in earlier years		**1,715,518**		532,450
Share in excess provision for taxation of Joint Venture		**—**		(6,868)
			821,765,635	603,489,326
Profit after Tax			**1,555,294,800**	1,134,589,031
Share of Profit / (Loss) of Minority			**764,773**	(37,074)
Profit for the year after minority interest			**1,556,059,573**	1,134,551,957
Earnings per Share : Basic and diluted (Face Value of ₹ 5/-)	**27**		**35.65**	25.99
Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements	**1 to 34**			

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale	Mrs.D.R. Puranik	B.M. Maheshwari	R.K. Goyal	B.N. Kalyani
Partner	Company Secretary	Chief Financial Officer	Managing Director	Chairman
Membership No.83374				

Pune
Date : 25th May, 2017

Pune
Date : 25th May, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

		Year ended 31st March, 2017		Year ended 31st March, 2016
	₹	₹	₹	₹
A. Cash Flow from Operating Activities :				
Profit for the Year Before Taxation		**2,377,060,435**		1,738,078,357
Add : Adjustment for Depreciation / Interest / Other Non Cash Expenses :				
Depreciation (including Leasehold Land Amortised)	**520,649,188**		518,442,449	
Bad Debts, Advances & Sundry Debit Balances written off	**—**		24,399,997	
Interest Charged (Net of Capitalised)	**96,478,807**		120,795,781	
Loss on Sale of Assets (Net)	**—**		—	
		617,127,995		663,638,227
Less : Adjustments for Dividend / Interest / Other Income :				
Dividend	**(29,267,863)**		(12,961,004)	
Profit on Sale of Assets	**(72,070)**		(19,048)	
Interest from Deposits and Loans	**(18,336,748)**		(7,838,003)	
Provision no longer Required	**(5,956,162)**		(2,902,159)	
Sundry Credit Balances appropriated	**(471,769)**		(1,541,930)	
		(54,104,612)		(25,262,144)
Operating Profit Before Working Capital Changes		**2,940,083,818**		2,376,454,440
Changes in Working Capital :				
Inventories	**(256,630,881)**		469,385,838	
Sundry Debtors	**(1,211,956,252)**		(206,644,419)	
Other Current Assets, Loans & Advances	**(19,177,747)**		88,194,138	
Trade Payables	**951,589,969**		(611,185,721)	
		(536,174,911)		(260,250,164)
Cash Generated from Operations		**2,403,908,907**		2,116,204,276
Direct Taxes Paid		**(891,667,959)**		(513,137,007)
Net Cash generated from Operating Activities (A)		**1,512,240,948**		1,603,067,269

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017 (Continued)

	Year ended 31st March, 2017 ₹	Year ended 31st March, 2016 ₹
B. Cash Flow from Investment Activities :		
Purchase of Assets	**(17,915,671)**	(970,694,819)
Capital Work in Progress	**(45,623,847)**	131,007,550
Sale of Assets	**284,673**	19,048
Advance for Capital Goods for Projects	**(54,936,531)**	(5,526,871)
Loans to Others	**649,786**	(4,335,260)
(Purchase) / Sale of Investments including		
Advance for Purchase of Shares	**(301,244,961)**	(1,721,748,720)
Dividend Received	**29,267,863**	12,961,004
Interest Received	**18,336,748**	7,838,003
Net Cash used in Investment Activities (B)	**(371,181,940)**	(2,550,480,065)
C. Cash Flow from Financing Activities :		
Proceeds from Borrowings	**(883,114,179)**	1,085,445,881
Interest Paid	**(98,984,806)**	(118,059,349)
Dividend Paid	**(30,968)**	(907,332)
Net Cash Flow from Financing Activities (C)	**(982,129,953)**	966,479,200
Net Changes in Cash & Cash Equivalents (A + B + C)	**158,929,055**	19,066,404
Cash & Cash Equivalents at the beginning of the year	**94,711,216**	75,644,812
Cash & Cash Equivalents at the end of the year	**253,640,271**	94,711,216

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : 25th May, 2017

Pune
Date : 25th May, 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 :

NOTE '1' : BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES :

1] ACCOUNTING CONVENTION :

The Consolidated Financial Statements of the Company has been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and relevant provisions of the 2013 Act as applicable. The Financial Statements have been prepared on accrual basis under the historical cost convention.

2] PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements relates to Kalyani Steels Limited (the 'Company'), its Subsidiary Company and Joint Venture. The Consolidated Financial Statements have been prepared on the following basis :

a) The Financial Statements of the Subsidiary Company and Joint Venture used in the consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2017.

b) The Financial Statements of the Company and its Subsidiary Company has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-company balances, intra-company transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

c) The excess of cost to the Company of its investments in the Subsidiary Company over its share of equity of the Subsidiary Company, at the dates on which the investments in the Subsidiary Company was made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements.

d) Minority Interest in the net assets of the Consolidated Subsidiary consist of the amount of equity attributable to the minority shareholder at the date on which investments in the Subsidiary Company was made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiary attributable to minority interest is identified and adjusted against the profit after tax of the Company in order to arrive at the income attributable to shareholders of the Company.

e) Goodwill arise on consolidation is not amortised but tested for impairment.

f) Following Subsidiary Company and Joint Venture have been considered in the preparation of the Consolidated Financial Statements :

Name of Entity	Relationship	Country of Incorporation	Ownership held by	% of holding and voting power as at March 31, 2017
Lord Ganesha Minerals Private Limited	Subsidiary	India	Company	77.50%
Hospet Steels Limited	Joint Venture	India	Company	49.99%

g) The Consolidated Financial Statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented to the extent possible, for all significant matters in the same manner as the Company's separate Financial Statements.

3] USE OF ESTIMATES :

The preparation of the Financial Statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

4] FIXED ASSETS AND DEPRECIATION :

A. FIXED ASSETS :

a) Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. The fixed assets manufactured by the Company are stated at manufacturing cost. Fixed Assets are shown net of accumulated depreciation (except free hold land) and amortisation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

b) Expenditure on New Projects and Expenditure during Construction etc. :

In case of new projects and in case of substantial modernisation or expansion at the existing units of the Company, expenditure incurred including interest on borrowings and financial costs of specific loans, prior to commencement of commercial production is capitalised to the cost of assets. Trial Run expenditure is also capitalised.

c) As per insertion of Paragraph 46(A) to 'Accounting Standard (AS) 11' relating to 'The Effects of Changes in Foreign Exchange Rates', exchange differences relating to the acquisition of a depreciable Fixed Assets, are added to or deducted from the cost of the Fixed Assets and shall be depreciated over the balance life of the assets instead of recognising the same as income or expenditure in the Statement of Profit and Loss.

B. DEPRECIATION :

a) LEASEHOLD LAND AND POWER LINE :

Cost of leasehold land is amortised over the period of lease and expenditures on power line is amortised over a period of ten years.

b) OTHER FIXED ASSETS :

Depreciation on Buildings, Plant & Machinery, Electrical Installations, Office Equipment, Furniture & Fittings, Computers and Vehicles is being provided on 'Straight Line Method' basis in accordance with the Schedule II of the Companies Act, 2013, except i) in the case of Blast Furnaces & Sinter Plant along with their associated equipment, the life on three shift basis is taken at 20 years instead of 10 years as prescribed in Schedule II; ii) in the case of Relining of Blast furnaces, the life is taken at 18 months; iii) Useful life of guest house furniture - two years; and iv) Dust collecting system on wheels - five years. These are based on technical justification obtained by the management.

c) Depreciation on sale / deduction from Fixed Assets is provided for upto the month of sale, deduction, discardment as the case may be.

5] FOREIGN CURRENCY TRANSACTIONS :

Foreign Currency transactions are initially recorded at exchange rates prevailing on transaction dates. All foreign currency loans, current assets and current liabilities outstanding on the date of Balance Sheet are converted at the appropriate rates of exchange prevailing on the date of the Balance Sheet except those covered by forward contracts, if any, which are accounted for at the contracted rate representing the amount required to meet the liability. Exchange difference arising from foreign currency fluctuations, except on loan taken to acquire Fixed Assets, are dealt with in the Statement of Profit and Loss.

Derivative instrument to hedge foreign exchange exposures are simulated for maturity / closure at the close of the year. Losses arising on such simulation on account of fluctuations in exchange rates during the reporting period are recognised in the Statement of Profit and Loss. Gains, if any, are postponed for a recognisation on final determination.

6] TECHNICAL KNOW-HOW :

Expenditure on technical know-how in connection with production facilities is capitalised to the cost of the plant whereas process know-how is amortised over a period of six years in equal installments.

7] INVESTMENTS :

Investments are valued at cost of acquisition less diminution in the value, if determined to be of a permanent nature in respect of long term investments. Current investments are valued at cost of acquisition less diminution in the value at the close of the year, if realisable value is lower than carrying cost.

8] INVENTORY VALUATION :

Costs of inventories have been computed to include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

A. Finished goods and work in progress :

a) Finished goods and work in progress are stated at their cost or Market / realisable value, whichever is lower.

b) Cost of finished goods & work in progress (including trial run product) includes all allocable overheads and in case of finished goods also excise duties, but does not include interest.

B. Raw Materials :

Raw materials are stated at their historical costs computed at the weighted average price.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

C. Stores & Spares :

Stores and spares are valued at their weighted average prices.

D. Scrap is valued at estimated realisable value.

E. Raw Material in transit is stated at actual cost up to the date of Balance Sheet.

9] DEBENTURE / SHARE ISSUE EXPENSES :

a) Debenture Issue Expenses :

Debenture issue expenses incurred in respect of debentures raised by the Company will be written off against the balance in the 'Securities Premium Account' in accordance with Section 52 of the Companies Act, 2013 and in the event of inadequacy of balance in 'Securities Premium Account' the same will be written off against the profits of the Company in equal annual installments over period of ten years or over the tenure of the Debenture whichever is less, from the date of commencement of commercial production of the concerned project for which they have been raised.

b) Share Issue Expenses :

Share Issue Expenses incurred in respect of shares raised by the Company will be written off from the date of allotment against the balance in the 'Securities Premium Account' in accordance with Section 52 of the Companies Act, 2013 and in the event of inadequacy of balance in 'Securities Premium Account' the same will be written off in ten equal annual installments against the profits of the respective years.

10] PREMIUM ON REDEMPTION OF DEBENTURES :

From the year ended 31st March, 1992 onwards, premium payable on redemption of debentures will be provided for against balance lying in the 'Securities Premium Account' on the date of redemption in accordance with Section 52 of the Companies Act, 2013. In the event of inadequacy of balance in the 'Securities Premium Account', the same will be provided for against the profits equally over the tenure of the debentures.

11] A. SALES :

i) Domestic sales are accounted for when dispatched from the point of sale, consequent to property in goods being transferred.

ii) Export sales for exports are accounted on the basis of date of Bill of Lading.

B. EXPORT INCENTIVES :

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

C. Interest is accrued over the period of loan / investment.

D. Dividend is accrued in the year in which it is declared, whereby right to receive is established.

E. Profit / Loss on sale of investment are recognised on contract date.

12] EMPLOYEE BENEFITS :

a) Provident Fund :

Benefits in the form of Provident Fund and Pension Schemes whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Statement of Profit and Loss of the year. Provident Fund Contributions are made to the Company's Provident fund Trust and Government Provident Fund as per the eligibility of the employees. Deficits, if any, of the fund as compared to actuarial liability is to be additionally contributed by the Company and hence recognised as a liability.

b) Gratuity :

Payment for present liability of future payment of gratuity is being made to approved gratuity funds which fully covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India. The employee's gratuity is a defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and the shortfall in the fair value of the plan assets is recognised as obligation.

c) Superannuation :

Defined contributions to Life Insurance Corporation of India for employees covered under superannuation scheme are accounted at the rate of 15% of such employee's annual basic salary.

d) Privilege Leave Benefits :

Privilege leave benefits or compensated absences are considered as short term unfunded benefit and is recognised on the basis of an actuarial valuation using the Projected Unit Credit Method determined by an appointed Actuary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

e) Termination Benefits :

Termination benefits such as compensation under voluntary retirement scheme are recognised as a liability in the year of termination.

13] RESEARCH AND DEVELOPMENT EXPENDITURE :

Research and Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the Company, is considered as an intangible asset.

14] STRATEGIC ALLIANCE AT GINIGERA :

The expenses incurred by the Joint Venture Company viz. Hospet Steels Limited, formed with the specific purpose of managing and operating the composite Steel manufacturing facility at Ginigera, in the course of carrying out its objectives are, as agreed upon, to be shared by the alliance components in the pre-determined mutually agreed 'sharing ratio'. Such expenses billed for reimbursement by Hospet Steels Limited have been booked into their natural heads of accounts and presented as such in the accounts.

15] BORROWING COST :

Borrowing costs are recognised in the Statement of Profit and Loss except interest incurred on borrowings, specifically raised for projects are capitalised to the cost of the asset until such time that the asset is ready to be put to use for its intended purpose.

16] TAXATION :

Provision for Taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the Income Tax Act, 1961. Deferred tax resulting from timing difference between book profits and tax profits is accounted for at the applicable rate of tax to the extent the timing differences are expected to crystallise, in case of deferred tax liabilities with reasonable certainty and in case of deferred tax assets with virtual certainty that there would be adequate future taxable income against which deferred tax assets can be realised.

17] IMPAIRMENT OF ASSETS :

The Company tests for impairments at the close of the accounting period if and only if there are indicators that suggest a possible reduction in the recoverable value of an asset. If the recoverable value of Asset, i.e. the net realisable value or the economic value in use of a cash generating unit is lower than the carrying amount of the asset, the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount becomes higher than the then carrying value, the provision to the extent of the then difference is reversed, but not higher than the amount provided for.

18] PROVISIONS :

Necessary provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

NOTE '2' : SHARE CAPITAL :

	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	**₹**	No. of Shares	₹
AUTHORISED :				
Equity Shares of ₹ 5/- each	**95,000,000**	**475,000,000**	95,000,000	475,000,000
Cumulative Redeemable Preference Shares of ₹ 100/- each	**3,010,000**	**301,000,000**	3,010,000	301,000,000
Unclassified Shares of ₹ 10/- each	**2,400,000**	**24,000,000**	2,400,000	24,000,000
ISSUED :				
Equity Shares of ₹ 5/- each	**43,759,380**	**218,796,900**	43,759,380	218,796,900
SUBSCRIBED & PAID UP :				
Equity Shares of ₹ 5/- each fully paid	**43,653,060**	**218,265,300**	43,653,060	218,265,300
Add : Forfeited Equity Shares (amount paid up)	**106,320**	**379,067**	106,320	379,067
TOTAL	**43,759,380**	**218,644,367**	43,759,380	218,644,367

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

2 (a) Terms / Rights attached to Shares :

Equity Shares : The Company has only one class of Equity Shares having at par value of ₹ 5/- per share. Equity Shares are pari-passu in all respects and each shareholder is eligible for one vote per share held. 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 at the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

(b) The Company does not have any Holding Company. With effect from 1st October, 2015, the Company has subsidiary Company viz. Lord Ganesha Minerals Private Limited.

(c) Details of shareholders holding more than 5% Shares in the Company :

Equity Shares :

Particulars	**As at 31st March, 2017**		As at 31st March, 2016	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹ 5/- each fully paid				
Ajinkya Investment & Trading Company	**3,261,822**	**7.47**	3,261,822	7.47
Sundaram Trading & Investment Private Limited	**6,020,658**	**13.79**	6,020,658	13.79
BF Investment Limited	**17,052,421**	**39.06**	17,052,421	39.06

(d) The Company has not reserved any shares for issue under options and has not entered into any contracts / commitments for the sale of shares /disinvestment.

(e) During the period of five years immediately preceding the date of Balance Sheet, the Company has not issued any shares without payment being received in cash nor issued any bonus shares and no shares were bought back.

(f) The Company has not issued any securities, which are convertible into Equity / Preference Shares of the Company.

(g) The Board of Directors at their meeting held on 25th May, 2017, have recommended a dividend of ₹ 5/- per Equity Share of ₹ 5/- each (100%) for the financial year ended 31st March, 2017, aggregating to ₹ 218.265 Million on which Dividend Distribution Tax amounting to ₹ 44.434 Million is payable.

NOTE '3' : RESERVES AND SURPLUS :

		As at 31st March, 2017	As at 31st March, 2016
	₹	₹	₹
General Reserve		**419,265,300**	419,265,300
Surplus in the Consolidated Statement of Profit and Loss			
Balance as per last standalone financial statements	**5,252,282,632**		4,117,730,675
Add : Net Profit for the year	**1,556,059,573**		1,134,551,957
Amount available for Appropriation	**6,808,342,205**		5,252,282,632
Surplus - Closing Balance		**6,808,342,205**	5,252,282,632
TOTAL		**7,227,607,505**	5,671,547,932

NOTE '4' : LONG-TERM BORROWINGS :

	Non-Current Maturities		Current Maturities	
	As at 31st March 2017	As at 31st March, 2016	**As at 31st March 2017**	As at 31st March, 2016
	₹	₹	₹	₹
SECURED :				
Foreign Currency Term Loans (See Note '4(a)') :				
Bank of Baroda	**335,215,560**	573,933,687	**233,461,105**	471,294,649
The Hongkong and Shanghai Banking Corporation Limited	**255,528,080**	522,180,844	**255,528,145**	186,030,000
	590,743,640	1,096,114,531	**488,989,250**	657,324,649
Less : Shown under 'Other Current Liabilities' (See Note '9')	**—**	—	**(488,989,250)**	(657,324,649)
TOTAL	**590,743,640**	1,096,114,531	**—**	—

4 (a) Foreign Currency Term Loans :

From Bank of Baroda, London

(i) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 1,015,650/- comprising of :

a) Facility A of USD 1,015,650/- repayable in six half yearly instalments commencing from 24th month of initial drawdown i.e. repayment commenced from 22nd January, 2015 and;

b) Facility B repaid in full on 22nd October, 2016

Facility A carrying interest at 3 month USD LIBOR plus 250 bps p.a. payable six monthly.

(ii) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 7,755,000/-, repayable in 8 equal half yearly instalments i.e. repayment commenced from 22nd June, 2016, carrying interest at 6 month USD LIBOR plus 200 bps p.a. payable six monthly.

From The Hongkong and Shanghai Banking Corporation Limited

External Commercial Borrowing (ECB) Term Loan balance outstanding USD 7,881,975/-, repayable in 19 quarterly instalments, repayment commenced from 30th September, 2014, carrying interest at 3 months USD LIBOR plus 225 bps p.a. payable quarterly.

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 building 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 fixed assets / properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movable fixed assets, 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, stocks in process, semi-finished and finished goods, bills receivables and book debts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '5' : DEFERRED TAX LIABILITIES (NET) :		
DEFERRED TAX LIABILITIES :		
On account of Timing Difference in :		
a Depreciation and amortisation	**548,852,319**	625,920,063
DEFERRED TAX ASSETS :		
On account of Timing Difference in :		
b Disallowance u/s 43B of the Income Tax Act	**17,904,808**	13,317,885
c. Provision for Doubtful Debts	**1,357,858**	1,418,720
d. Carried Forward Loss	**21,250,500**	20,825,038
TOTAL	**508,339,153**	590,358,420
NOTE '6' : OTHER LONG TERM LIABILITIES :		
Trade Payables	**92,834,497**	92,834,497
Part amount received under an arrangement against sale of project promoted by the Company	**55,861,236**	55,861,236
Trade Advance from Related Party (See Note '30')	**770,000,000**	770,000,000
TOTAL	**918,695,733**	918,695,733
NOTE '7' : SHORT TERM BORROWINGS :		
Secured :		
Cash Credit from Banks (Secured) (See Note '7(a)')	**—**	—
Unsecured :		
Foreign Currency Term Loans from Banks, under a buyer's line of credit for Import of Goods	**1,308,856,692**	681,978,515
Pre-shipment Packing Credit	**—**	56,523,565
HDFC Bank Limited FCNR(B) Loan	**—**	614,137,500
Axis Bank Limited FCNR(B) Loan	**—**	165,625,000
TOTAL	**1,308,856,692**	1,518,264,580

Note : 7 (a)
The Fund based and Non-Fund based Limits, sanctioned to the Company by the bankers, for meeting working capital requirements, are secured by First Pari-passu charge on the Current Assets of the Company consisting of stock of raw materials, stocks in process, semi-finished and finished goods, bills receivables and book debts.

NOTE '8' : TRADE PAYABLES :		
Trade Payables	**2,274,156,794**	1,364,670,109
Share in trade payables of Joint Venture		
a) Due to Micro & Small Enterprises (Refer Note '8A')	**83,233**	83,233
b) Others	**98,914,727**	80,851,663
Acceptances	**—**	9,309,809
TOTAL	**2,373,154,754**	1,454,914,814

Note 8A : Details of dues to Micro & Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
i) Principal Amount due	**83,233**	83,233
ii) Interest payable under the Micro, Small and Medium Enterprises Development Act, 2006	**—**	—
The amount of interest paid by the Company in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year ended March 31, 2017	**—**	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	**—**	—
The amount of interest accrued and remaining unpaid at the end of the accounting year	**—**	—
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 such enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**—**	—

Note : The above information has been furnished to the extent such parties have been identified by the Company.

NOTE '9' : OTHER CURRENT LIABILITIES :		
Provision for expenses	**57,770,021**	56,421,333
Creditors of Capital Goods	**133,174,006**	159,209,083
Current Maturities of Long-Term Borrowings (See Note '4')	**488,989,250**	657,324,649
Interest accrued but not due on borrowings	**9,435,322**	10,154,571
Interest accrued and due on borrowings	**—**	1,786,751
Unclaimed Dividend	**3,571,787**	3,602,755
Amount payable against purchase of Preference Shares under an arrangement	**14,839,953**	14,839,953
Advances against order	**5,424,961**	4,985,708
Employee contributions & recoveries payable	**10,050,002**	8,325,373
Share in employee contributions & recoveries payable of Joint Venture	**21,596,761**	21,313,649
Statutory dues payable including Tax Deducted at Source	**128,278,804**	106,840,406
Share in statutory dues payable including tax deducted at source of Joint Venture	**4,698,689**	4,252,003
TOTAL	**877,829,556**	1,049,056,234

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

NOTE '10' : PROVISIONS :

	Long Term		Short Term	
	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹	**As at 31st March, 2017** ₹	As at 31st March, 2016 ₹
Provision for Employee Benefits :				
Provision for Gratuity	**18,305,347**	13,244,068	**—**	—
Provision for Leave Benefits	**—**	—	**23,941,267**	17,652,160
Share in provision for leave benefits of joint venture	**6,963,308**	6,281,755	**215,360**	194,281
Provision for PF Trust	**3,105,020**	1,816,390	**—**	—
	28,373,675	21,342,213	**24,156,627**	17,846,441
Other Provisions :				
Provision for tax, net of advances	**—**	—	**3,176,704**	—
Share in provision for tax (net of advances) of Joint Venture	**—**	—	**73,582**	107,016
	—	—	**3,250,286**	107,016
TOTAL	**28,373,675**	21,342,213	**27,406,913**	17,953,457

NOTE '11' : (a) TANGIBLE ASSETS :

	Gross Block				Depreciation				Net Block	
	As at 31st March, 2016 ₹	Addition ₹	Disposal / Adjustments ₹	**As at 31st March, 2017** ₹	As at 31st March, 2016 ₹	For the year ₹	Disposal / Adjustments ₹	**As at 31st March, 2017** ₹	**As at 31st March, 2017** ₹	As at 31st March, 2016
Freehold Land	923,487,047	3,921,384	—	**927,408,431**	—	—	—	**—**	**927,408,431**	923,487,047
			(b)							
Leasehold Land	25,303,064	—	25,303,064	**—**	25,303,064	—	25,303,064	**—**	**—**	—
Buildings	925,450,348	—	—	**925,450,348**	230,977,874	33,392,668	—	**264,370,542**	**661,079,806**	694,472,474
Plant and Machinery	6,464,953,426	5,353,895	13,934,756	**6,456,372,565**	3,342,096,562	454,401,447	—	**3,796,498,009**	**2,659,874,556**	3,122,856,864
Office Equipment	94,179,482	2,921,424	172,998	**96,927,908**	47,546,632	15,105,141	104,252	**62,547,521**	**34,380,387**	46,632,850
Share in office equipment of Joint venture	4,184,235	—	2,272,616	**1,911,619**	3,924,905	96,135	2,195,465	**1,825,575**	**86,044**	259,330
Furniture and Fixtures	30,853,658	298,900	—	**31,152,558**	9,350,172	3,625,652	—	**12,975,824**	**18,176,734**	21,503,486
Share in furniture & fixtures of Joint venture	6,627,031	—	1,334,104	**5,292,927**	5,031,047	381,521	1,267,398	**4,145,170**	**1,147,757**	1,595,984
Vehicles	42,847,802	5,420,068	1,122,927	**47,144,943**	21,164,321	4,246,260	1,122,927	**24,287,654**	**22,857,289**	21,683,481
Share in vehicles of Joint venture	1,890,249	—	—	**1,890,249**	1,669,694	68,469	—	**1,738,163**	**152,086**	220,555
March 31, 2017 Total	**8,519,776,342**	**17,915,671**	**44,140,465**	**8,493,551,548**	**3,687,064,271**	**511,317,293**	**29,993,106**	**4,168,388,458**	**4,325,163,090**	4,832,712,071
March 31, 2016 Total	7,808,077,655	926,871,768	215,173,081	8,519,776,342	3,390,341,634	511,895,718	215,173,081	3,687,064,271	4,832,712,071	—

(b) INTANGIBLE ASSETS :

	Gross Block				Depreciation				Net Block	
	As at 31st March, 2016 ₹	Addition ₹	Disposal / Adjustments ₹	**As at 31st March, 2017** ₹	As at 31st March, 2016 ₹	For the year ₹	Disposal / Adjustments ₹	**As at 31st March, 2017** ₹	**As at 31st March, 2017** ₹	**As at 31st March, 2016**
Software	55,438,051	—	—	**55,438,051**	6,923,064	9,239,674	—	**16,162,738**	**39,275,313**	48,514,987
Share in Software of Joint Venture	823,048	—	—	**823,048**	706,203	92,221	—	**798,424**	**24,624**	116,845
March 31, 2017 Total	**56,261,099**	**—**	**—**	**56,261,099**	**7,629,267**	**9,331,895**	**—**	**16,961,162**	**39,299,937**	48,631,832
March 31, 2016 Total	12,438,048	43,823,051	—	56,261,099	1,082,534	6,546,733	—	7,629,267	48,631,832	—

a) See Note '1', Statement of Significant Accounting Policies Clause 2.

b) The Leasehold Land was converted to Freehold Land during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

			As at 31st March, 2017	As at 31st March, 2016
		₹	₹	₹
NOTE '12(A)' : NON CURRENT INVESTMENTS :				
Trade Investments (valued at cost)				
UNQUOTED :				
In Equity Shares :				
	a) Investment in Associates :			
1,000,000	Fully paid Equity Shares of ₹ 10/- each of Kalyani Mukand Limited		**10,050,000**	10,050,000
In Preference Shares :				
	a) Investment in Others :			
5,926,000	10% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Baramati Speciality Steels Limited	**59,260,000**		59,260,000
132,000	8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each of Kalyani Natural Resources Private Limited	**13,200,000**		13,200,000
1,310,000	8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Kalyani Mining Ventures Private Limited	**13,100,000**		13,100,000
			85,560,000	85,560,000
In Debentures :				
13,196,000	0% Fully Convertible Debentures of ₹ 100/- each of DGM Realties Private Limited		**1,360,000,000**	1,360,000,000
	Other : National Saving Certificate		**5,000**	5,000
	TOTAL		**1,455,615,000**	1,455,615,000

NOTE '12(B)' : CURRENT INVESTMENTS :				
In Mutual Funds : Unquoted :				
—	(115,089) Units of ₹ 1,000/- each of Baroda Pioneer Liquid Fund - Plan A - Daily Dividend Plan	—		115,217,380
—	(399,954) Units of ₹ 100/- each of ICICI Prudential Liquid Regular Plan - Daily Dividend	—		40,020,880
—	(8,339,527) Units of ₹ 1,000/- each of HDFC Liquid Fund - Daily Dividend	—		85,048,167
—	(24,997) Units of ₹ 1,000/- each of DSP Blackrock Liquidity Fund - Institutional Plan - Daily Dividend	—		25,012,400
1,451,849	(46,198) Units of ₹ 1,000/- each of Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	**114,480,641**		70,624,450
2,260,542	(—) Units of ₹ 1,000/- each of UTI Liquid Cash Plan	**305,219,131**		—
976,145	(—) Units of ₹ 1,000/- each of Axis Liquid Fund Daily Dividend	**237,499,898**		—
—	(20,022) Units of ₹ 1000/- each of IDFC Cash Fund - Daily Dividend	—		20,031,432
			657,199,670	355,954,709
	TOTAL		**657,199,670**	355,954,709

	Long Term		Short Term	
	As at 31st March, 2017	As at 31st March, 2016	**As at 31st March, 2017**	As at 31st March, 2016
	₹	₹	₹	₹
NOTE '13' : LOANS AND ADVANCES :				
LOANS AND ADVANCES				
(Unsecured, considered good, unless stated otherwise)				
Capital Advances :				
Secured, by a Bank Guarantee	—	—	—	—
Other advances	**101,183,446**	46,246,915	—	—
	101,183,446	46,246,915	—	—
Security Deposits	**58,673,317**	58,673,317	**17,716,412**	19,143,325
Share in security deposits of Joint venture	**65,087**	63,587	—	—
Advances recoverable in cash or kind	**59,358,189**	59,358,189	**320,975,012**	309,189,363
Share in advances recoverable in cash or kind of Joint Venture	—	26,828	**1,032,909**	727,308
Other Loans and Advances :				
Advance Income Tax (net of provision of taxation)	—	—	—	8,973,673
Loans to employees	**1,197,814**	1,822,274	**276,582**	814,282
Balance with Excise Department	—	—	**2,764,307**	5,833,638
Share in Balance with Excise Department of Joint Venture	—	—	**1,019,887**	1,203,345
TOTAL	**220,477,853**	166,191,110	**343,785,109**	345,884,934

			As at 31st March, 2017	As at 31st March, 2016
		₹	₹	₹
NOTE '14' : INVENTORIES :				
Raw materials, at cost (See Note '14(a)')			**528,162,093**	180,771,542
Work in Progress (See Note '14(b)')			**159,703,002**	133,406,873
Finished Goods, at cost or market value whichever is lower (See Note '14(c)')		**540,557,272**		489,138,877
Finished Goods - Traded		**3,708,466**		34,424,739
Scrap at estimated realisable value		**410,079**		3,334,988
			544,675,817	526,898,604
Stores, spares etc., at cost			**115,269,900**	250,102,917
	TOTAL		**1,347,810,812**	1,091,179,936

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

		As at 31st March, 2017		As at 31st March, 2016	
		MTs	**₹**	MTs	₹
Note '14(a)' Details of Raw Material Inventory :					
Coke / Coal / Coke Fines		**13,715**	**212,665,127**	9,009	70,090,175
Iron Ore / Iron Ore Fines		**22,550**	**98,435,666**	10,759	30,085,560
Ferro Alloys			**129,817,710**		34,908,708
Others			**87,243,590**		45,687,099
	TOTAL		**528,162,093**		180,771,542
Note '14(b)' Details of Work in Progress :					
Blooms & Rounds		**3,036**	**96,710,971**	4,754	102,248,815
Others			**62,992,031**		31,158,058
	TOTAL		**159,703,002**		133,406,873
Note '14(c)' Details of Finished Goods Inventory :					
Blooms & Rounds		**49**	**1,647,942**	42	848,599
Rolled Products		**13,381**	**538,909,330**	15,897	488,290,278
Traded Goods		**59**	**3,708,466**	801	34,424,739
Others			**410,079**		3,334,988
	TOTAL		**544,675,817**		**526,898,604**

			As at 31st March, 2017	As at 31st March, 2016
		₹	**₹**	₹
NOTE '15' : TRADE RECEIVABLES :				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment :				
Unsecured, considered good		**63,684,656**		48,503,913
Doubtful		**3,923,538**		4,099,399
		67,608,194		52,603,312
Provision for doubtful debts		**3,923,538**		4,099,399
			63,684,656	48,503,913
Others :				
Secured, considered good		**—**		—
Unsecured, considered good		**4,606,918,209**		3,410,142,700
Doubtful		**—**		—
		4,606,918,209		3,410,142,700
Provision for doubtful debts		**—**		—
			4,606,918,209	3,410,142,700
	TOTAL		**4,670,602,865**	3,458,646,613
NOTE '16' : CASH AND BANK BALANCES :				
A) Cash and Cash Equivalents :				
Cash on Hand (See Note '31')		**90,146**		903,073
Bank Balances :				
In Current & Cash Credit Accounts		**209,451,577**		57,255,737
Share in Current accounts of Joint Venture		**31,167,913**		24,159,282
In Fixed Deposits (Less than three months maturity)		**8,743,348**		8,174,869
			249,452,984	90,492,961
Other Bank Balances :				
In Fixed Deposits (maturity more than 3 months but less than 12 months) pledged in favour of Government Authorities		**615,500**		615,500
Earmarked balances with Banks (Unclaimed Dividend)		**3,571,787**		3,602,755
			4,187,287	4,218,255
	TOTAL		**253,640,271**	94,711,216
NOTE '17' : OTHER CURRENT ASSETS :				
Income receivable			**4,846,066**	5,316,371
Prepaid Expenses			**19,674,901**	19,343,891
Share in prepaid expenses in Joint Venture			**3,942,949**	2,849,003
Export Incentive Receivables			**21,788**	2,326,869
VAT Receivable			**97,253,350**	83,599,021
	TOTAL		**125,739,054**	113,435,155

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

NOTE '18' : REVENUE FROM OPERATIONS :

		For the year ended 31st March, 2017	For the year ended 31st March, 2016
	₹	₹	₹
Sale of products			
Finished Goods	**12,812,844,654**		11,383,709,862
Traded Goods	**1,080,412,992**		112,429,798
	13,893,257,646		11,496,139,660
Job Work Sales	**3,074,451,348**		2,898,546,510
Scrap Sales	**247,620,154**		147,751,326
	17,215,329,148		14,542,437,496
Less : Excise Duty	**3,006,689,998**		2,750,571,133
		14,208,639,150	11,791,866,363
Other Operating Revenue			
Export Incentives received	**7,949,507**		8,555,493
Sundry Credit Balances Appropriated	**471,769**		1,541,930
Provision no longer required	**5,956,162**		2,902,159
		14,377,438	12,999,582
TOTAL		**14,223,016,588**	11,804,865,945
Details of products sold :			
Finished goods sold :			
Pig Iron - Qty 26,686 MTs (Previous Year 13,420 MTs)		**505,813,612**	248,099,057
Blooms and Rounds - Qty 21,220 MTs (Previous Year 17,157 MTs)		**752,580,795**	605,344,383
Rolled Products - Qty 232,693 MTs (Previous Year 201,566 MTs)		**11,554,450,247**	10,530,266,422
TOTAL		**12,812,844,654**	11,383,709,862
Traded goods sold :			
Coke - Qty 36,305 MTs (Previous Year Nil)		**620,141,373**	—
Coal - Qty Nil (Previous Year 3,200 MTs)		**—**	19,145,600
Coke Fines - Qty Nil (Previous Year 4,500 MTs)		**—**	29,209,500
Rolled Products - Qty 7,944 MTs (Previous Year 995 MTs)		**460,271,619**	64,074,698
TOTAL		**1,080,412,992**	112,429,798
Job Work Sales :			
Hot Metal & Pig Iron - Qty 342,239 MTs (Previous Year 322,385 MTs)		**2,059,632,024**	1,938,214,431
Rolled Products - Qty 123,836 MTs (Previous Year 121,579 MTs)		**1,014,819,324**	960,332,079
TOTAL		**3,074,451,348**	2,898,546,510

NOTE '19' : OTHER INCOME :

Dividend Income from Investment in Mutual Funds	**29,267,863**	12,961,004
Interest from Deposits and Loans	**18,336,748**	7,838,003
Gain on Foreign Exchange, Net	**80,389,496**	—
Miscellaneous receipts	**3,047,057**	5,762,944
Profit on sale of assets	**72,070**	19,048
TOTAL	**131,113,234**	26,580,999

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

	For the year ended 31st March, 2017 ₹	For the year ended 31st March, 2016 ₹
NOTE '20' : COST OF RAW MATERIAL CONSUMED :		
Stock at commencement	**180,771,542**	472,136,695
Add : Purchases	**5,522,439,948**	4,044,815,824
	5,703,211,490	4,516,952,519
Less : Sale of Raw Material	**4,560,000**	143,509,752
Less : Stock at close	**528,162,093**	180,771,542
TOTAL	**5,170,489,397**	4,192,671,225

	For the Year Ended 31st March, 2017		For the Year Ended 31st March, 2016	
	MTs	**₹**	MTs	₹
Details of Raw Material Consumed :				
Coke / Coal / Coke Fines	**186,967**	**2,724,611,350**	169,090	1,975,736,783
Iron Ore / Iron Ore Fines	**410,921**	**1,369,116,892**	380,701	1,186,995,854
Ferro Alloys		**902,420,757**		729,496,194
Others		**174,340,398**		300,442,394
TOTAL		**5,170,489,397**		4,192,671,225

	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
	₹	**Percentage**	₹	Percentage
Imported & Indigenous Raw Materials Consumed :				
Imported (Direct Imports only)	**2,619,784,493**	**51%**	1,771,422,781	42%
Indigenous	**2,550,704,904**	**49%**	2,421,248,444	58%
TOTAL	**5,170,489,397**	**100%**	4,192,671,225	100%

	For the year ended 31st March, 2017 ₹	For the year ended 31st March, 2016 ₹
NOTE '21' : PURCHASES OF TRADED GOODS :		
Coke	**609,114,809**	—
Coal	**—**	17,413,680
Coke Fines	**—**	27,957,365
Rolled Products	**353,523,804**	87,627,670
TOTAL	**962,638,613**	132,998,715
NOTE '22' : (INCREASE) / DECREASE IN INVENTORIES :		
Inventories at the end of the year		
Work-in-progress	**159,703,002**	133,406,873
Finished Goods	**540,557,272**	489,138,877
Traded Goods	**3,708,466**	34,424,739
Scrap	**410,079**	3,334,988
	704,378,819	660,305,477
Inventories at the beginning of the year		
Work-in-progress	**133,406,873**	268,051,412
Finished Goods	**489,138,877**	476,017,729
Traded Goods	**34,424,739**	—
Scrap	**3,334,988**	3,712,352
	660,305,477	747,781,493
TOTAL	**(44,073,342)**	87,476,016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

		For the year ended 31st March, 2017 ₹	For the year ended 31st March, 2016 ₹
NOTE '23' : EMPLOYEES BENEFITS EXPENSE :			
Salary, wages, bonus etc.		**808,093,509**	755,247,551
Share in salary, wages, bonus of Joint Venture		**273,271,902**	264,597,329
Contribution to Provident and other Funds etc.		**57,595,780**	51,432,640
Share in contribution to provident & other funds of Joint Venture		**30,177,918**	28,194,744
Welfare expenses		**17,847,964**	20,159,380
Share in welfare expenses of Joint Venture		**27,060,672**	29,062,894
	TOTAL	**1,214,047,745**	1,148,694,538
NOTE '24' : FINANCE COSTS :			
Interest expenses		**74,221,024**	89,654,700
Other borrowings costs		**22,243,182**	31,133,534
Share in Finance Cost of Joint Venture		**14,601**	7,547
	TOTAL	**96,478,807**	120,795,781
NOTE '25' : DEPRECIATION & AMORTISATION EXPENSES			
Leasehold land amortised		**—**	165,979
Depreciation		**520,010,843**	517,266,300
Share in depreciation & amortisation expenditure of Joint Venture		**638,345**	1,010,170
	TOTAL	**520,649,188**	518,442,449
NOTE '26' : OTHER EXPENSES :			
Stores and spares consumed		**890,164,820**	756,349,748
Job work and Manufacturing Charges		**1,664,686,632**	1,505,509,647
Share in Job work & Manufacturing charges of Joint Venture		**225,579,531**	205,105,137
Power and Fuel		**891,604,648**	791,327,142
Share in Power & Fuel of Joint Venture		**80,862**	127,750
Building and Road repairs		**13,120,040**	15,811,900
Share in Building & Road repairs charges of Joint Venture		**9,048,932**	7,951,089
Machinery repairs		**56,390,388**	99,957,452
Share in Machinery repairs of Joint Venture		**19,169,709**	18,552,649
(Increase) / decrease of excise duty on Inventory		**(16,380,877)**	19,065,765
Rent		**3,017,798**	2,960,330
Rates & Taxes		**56,245**	39,686
Share in Rates & Taxes of Joint Venture		**464,021**	281,095
Insurance		**13,310,336**	11,994,912
Legal & Professional charges		**32,004,251**	59,301,785
Share in Legal & Professional charges of Joint Venture		**6,308,897**	4,382,531
Miscellaneous expenses		**161,491,157**	235,360,785
Share in Miscellaneous expenses of Joint Venture		**28,723,556**	26,510,909
CSR Expenditure		**25,975,233**	25,923,392
Donations		**500,000**	—
Freight Outward		**507,897,773**	471,468,009
Brokerage and Discount		**14,951,978**	2,808,638
Commission on sales		**8,740,697**	3,698,955
Payment to Auditor		**4,495,654**	4,652,242
Share in Payment to Auditor of Joint Venture		**98,853**	105,163
Directors' Fees and Travelling Expenses		**1,505,558**	2,027,155
Directors' Commission		**42,625,000**	34,100,000
Loss on Foreign Exchange Fluctuation		**—**	100,380,937
Facility charges under Strategic Alliance		**68,535,838**	67,892,940
Prior Period Expenditure		**2,602,420**	2,543,454
	TOTAL	**4,676,769,950**	4,476,191,197

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE '27' : EARNINGS PER EQUITY SHARE :		
Earning per Share : (Face Value of ₹ 5/-)		
Net Profit after Taxation	**1,556,059,573**	1,134,551,957
Number of Shares Issued and Subscribed	**43,653,060**	43,653,060
Basic and Diluted	**35.65**	25.99
NOTE '28' : CONTINGENT LIABILITIES :		
Contingent Liabilities not provided for in respect of :		
a) Claims against the Company not acknowledged as debts	**1,977,351**	1,977,351
b) Customs Duty, Excise Duty & Service Tax - Matter under dispute	**37,472,095**	42,982,888
c) Iron Ore Supplier - Rate Difference Claim - Disputed	**255,198,766**	255,198,766
d) Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	**33,487,315**	33,487,315
e) Guarantees given by the Company on behalf of other Companies for purchase of shares - USD 12,615,003/-	**817,939,134**	835,743,949
f) Guarantees given by Company's Bankers on behalf of the Company to Government Authorities	**2,422,244**	1,461,680
g) Others	**825,000**	825,000
h) Share in Joint Venture's additional bonus for FY 2014-15	**1,338,945**	1,338,945
NOTE '29' : CAPITAL AND OTHER COMMITMENTS :		
1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	**218,005,859**	75,485,297
2. Other Commitments on account of :		
a) Purchase of Raw Material through E-Auction	**55,518,025**	17,870,800
b) Supply of Gases - Minimum Take Over Price	**719,118,558**	787,285,674
TOTAL	**992,642,442**	880,641,771

NOTE '30' :

Disclosure of Transactions with Related Parties as required by the Accounting Standard 18 as prescribed by Companies (Accounting Standards) Rules, 2006 :

	Name of the Related Party and nature of relationship	Nature of Transactions	2016-17		2015-16	
			Transaction Value ₹	**Outstanding amount carried in the Balance Sheet ₹**	Transaction Value ₹	Outstanding amount carried in the Balance Sheet ₹
A)	Associates :					
	Kalyani Mukand Limited	Contribution to Equity (1,000,000 shares of ₹ 10/- each)	**—**	**10,050,000**	—	10,050,000
		Advance given	**94,000**	**280,665**	186,665	186,665
B)	Companies under Common Control :					
1.	Bharat Forge Limited	Sales (net of rejections)	**3,949,287,726**	**1,129,420,035**	3,601,101,663	851,450,926
		Purchases	**6,321,197**	**(11,442,833)**	14,653,422	(5,478,684)
		Interest paid on Trade Advance	**22,500,000**	**—**	22,561,644	—
		Reimbursement of Expenses paid	**227,025**	**—**	87,879	—
		Rent paid	—	**—**	162,000	—
		Trade Advance received	—	**770,000,000**	—	770,000,000
2.	Kalyani Carpenter Special Steels Private Limited	Sales (net of rejections)	**808,192,736**	**122,526,491**	741,125,407	63,987,728
		Purchases	**209,535,308**	**149,005,555**	108,999,916	(86,788,292)
		Conversion Charges paid	**118,896,500**	**—**	69,574,540	—
		Reimbursement of Expenses paid	**46,734,321**	**—**	3,781,390	—
		Interest received on Advance	**11,728,049**	**—**	—	—
		Reimbursement of Expenses received	**14,390,749**	**—**	3,060,295	—
		Trade Advance given	**—**	**—**	110,000,000	—
		Trade Advance Refund	**—**	**—**	(110,000,000)	—
		Advance against conversion charges	**300,000,000**	**—**	—	—
		Advance adjusted against conversion charges	**(150,994,445)**	**—**	—	—
3.	Kalyani Investment Company Limited	Reimbursement of Expenses received	**7,769,317**	**514,006**	7,704,587	1,375,653
		Interest Paid on ICD	**—**	**—**	1,667,467	—
		Inter Corporate Deposit given	**—**	**—**	500,000,000	—
		Inter Corporate Deposit Refund	**—**	**—**	(500,000,000)	—
C)	Key Managerial Personnel and their relatives :					
	Mr.R.K Goyal Managing Director	Remuneration	**73,619,840**	**(19,925,707)**	63,962,932	(25,298,444)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (continued) :

NOTE '31' : Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016

₹

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in Hand as on 8.11.2016	502,222	149,601	651,823
(+) Permitted receipts	—	783,509	783,509
(-) Permitted Payments	(10,500)	(725,596)	(736,096)
(-) Amount deposited in Banks	(491,722)	(500)	(492,222)
Closing cash in Hand as on 30.12.2016	—	207,014	207,014

NOTE '32' : Disclosures required as per Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

Name of the Company	Loans and Advances				Investments	
	Amount outstanding as on		Maximum balance outstanding during the year		Amount outstanding as at	
	31st March, 2017 ₹	31st March, 2016 ₹	**2016-17** ₹	2015-16 ₹	**31st March, 2017** ₹	31st March, 2016 ₹
Associates :						
Kalyani Mukand Limited	**—**	—	**—**	—	**10,050,000**	10,050,000

Note :

1. There are no loans and advances in the nature of loans, to firms /companies in which directors are interested.
2. However, since the Company's investments in an associate viz. Kalyani Mukand Limited (KML) has been committed for sale to a third party, subject to obtaining approvals for transfer of certain rights available with KML, the same has not been consolidated as a part of these Consolidated Financial Statements of Kalyani Steels Limited.

NOTE '33' : Additional information pursuant to Schedule III to Companies Act, 2013 :

Name of the Company	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount ₹	As % of Consolidated Profit or Loss	Amount ₹
Parent Company :				
Kalyani Steels Limited	100.11%	7,454,414,975	100.20%	1,559,183,507
Indian Subsidiary :				
Lord Ganesha Minerals Private Limited	1.48%	110,548,039	(0.22%)	(3,398,991)
Indian Joint Venture :				
Hospet Steels Limited	(0.06%)	(4,406,833)	(0.03%)	(489,716)
Less : Inter Company Elimination	(1.53%)	(113,986,375)	—	—
Less : Minority Interest	—	(317,934)	0.05%	764,773
Total	100.00%	7,446,251,872	100.00%	1,556,059,573

NOTE '34' : Previous Year Figures :
Previous year figures have been regrouped and reclassified wherever necessary to make them comparable with current period.

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company Secretary

B.M. Maheshwari
Chief Financial Officer

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : 25th May, 2017

Pune
Date : 25th May, 2017

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KALYANI

DRIVING INNOVATION

KALYANI STEELS LIMITED

MUNDHWA, PUNE - 411 036
MAHARASHTRA, INDIA.

PRABODH
2447503

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-FOURTH Annual General Meeting of the Members of Kalyani Steels Limited will be held on Tuesday, the 1st day of August, 2017, 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 Financial Statements of the Company for the financial year ended 31st March, 2017 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 31st March, 2017 and the Report of the Auditors thereon.

2. To declare dividend on Equity Shares for the financial year 2016-17.

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.

5. 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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the retiring Auditors, M/s.P.G. Bhagwat, Chartered Accountants, Pune (Firm Registration No.101118W), be and are hereby re-appointed as Auditors of the Company to hold the office for the period of five years i.e. from the conclusion of this Meeting until the conclusion of the Forty-Ninth Annual General Meeting of the Company to be held in 2022 (subject to ratification of their appointment at every Annual General Meeting), on such remuneration plus applicable taxes thereon and reimbursement of out of pocket expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors, based on the recommendation of the Audit Committee."

SPECIAL BUSINESS

6. 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 thereon 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 31st March, 2018."

By Order of the Board of Directors
For Kalyani Steels Limited

Pune
25th May, 2017

Mrs.Deepti R. Puranik
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 No.6 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 Wednesday, 26th July, 2017 to Tuesday, 1st August, 2017 (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 Thursday, 10th August, 2017 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 the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL), as of the end of the day on Tuesday, 25th July, 2017.

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 Tuesday, 25th July, 2017.

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 Directors 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, has 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 E-mail Updation Form available at Company's web-site www.kalyanisteels.com and submit the same to the Registrar and Transfer Agent of the Company, at their address given below.

The Notice of the Annual General Meeting along with the Annual Report 2016-17 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 by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members, holding shares as on 25th July, 2017 being the Cut-off date, facility to exercise their right to vote at the Forty-Fourth 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 the venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

ii) 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.

iii) 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.

iv) The e-voting commences on Saturday, 29th July, 2017 (9.00 a.m.) and ends on Monday, 31st July, 2017 (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 25th July, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote is cast by the member, the member shall not be allowed to change it subsequently.

The process and manner for remote e-voting are as under :

A) Member receiving an E-mail from NSDL (for members whose E-mail IDs are registered with the Company / Depository Participant(s)) :

a) Open E-mail and open PDF file viz. "kalyanisteels e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and Password / PIN for remote e-voting. Please note that the password is an initial password.

b) Launch internet browser by typing the URL : https://www.evoting.nsdl.com

c) Click on Shareholder Login

d) Put User ID and Password as initial Password / PIN noted in Step (i) above. Click Login.

e) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

f) Home page of remote e-Voting opens. Click on remote e-voting : Active Voting Cycles.

g) Select "EVEN" (e-voting Event Number) of "Kalyani Steels Limited."

h) Now you are ready for remote e-voting as Cast Vote page opens.

i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

j) Upon confirmation, the message "Vote cast successfully" will be displayed.

k) Once you have voted on the resolution, you will not be allowed to modify your vote.

l) 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. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through E-mail to evoting@kalyanisteels.com with a copy marked to evoting@nsdl.co.in

B) Member receiving physical copy of the Notice of AGM (for members whose E-mail IDs are not registered with the Company / Depository Participant(s) or members requesting physical copy) :

i) Initial password is provided as below at the bottom of the Attendance Slip for the AGM

e-voting Event Number ("EVEN")	USER ID	PASSWORD

ii) Please follow all steps from Serial No.A(b) to Serial No.A(l) above, to cast vote.

C) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Notice and holding shares as on the Cut-off date i.e. 25th July, 2017, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or contact the Company / Registrar & Transfer Agent.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or contact NSDL at the toll free No.1800-222-990.

v) In case of any queries, you may refer the Frequently asked Questions (FAQs) for members and remote e-voting user manual for members available at the Downloads section of www.evoting.nsdl.com or call on toll free no. 1800-222-990.

vi) 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).

vii) The voting rights of members shall be in proportion to shares held by them as on the Cut-off of 25th July, 2017.

viii) 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.

ix) Mr.S.V. Deulkar, Partner of SVD &Associates, Company Secretaries (Membership No. FCS 1321 & CP No. 965) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

x) 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 make 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 mentioned under Item No.6 in the accompanying Notice dated 25th May, 2017

ITEM NO.6

The Board of Directors at their meeting held on 25th May, 2017, based on the recommendation of the Audit Committee, have 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 31st March, 2018, 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.6 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
25th May, 2017

Mrs.Deepti R. Puranik
Company Secretary

KALYANI STEELS LIMITED

CIN : L27104MH1973PLC016350
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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-Fourth Annual General Meeting of the Company, to be held on Tuesday, the 1st day of August, 2017 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-Fourth Annual General Meeting dated 25th May, 2017)	Vote *(Optional See Note 4)		
		For	Against	Abstain
ORDINARY BUSINESS :				
1.	To consider and adopt : a) Audited Financial Statements for the financial year ended 31st March, 2017 and the Reports of the Board of Directors and Auditors thereon. b) Audited Consolidated Financial Statements for the financial year ended 31st March, 2017 and the Report of the Auditors thereon.			
2.	To declare dividend on Equity Shares for the financial year 2016-17.			
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.			
5.	Re-appointment of M/s.P.G. Bhagwat, Chartered Accountants, Pune as Auditors of the Company.			
SPECIAL BUSINESS :				
6.	Approve the Remuneration of the Cost Auditors.			

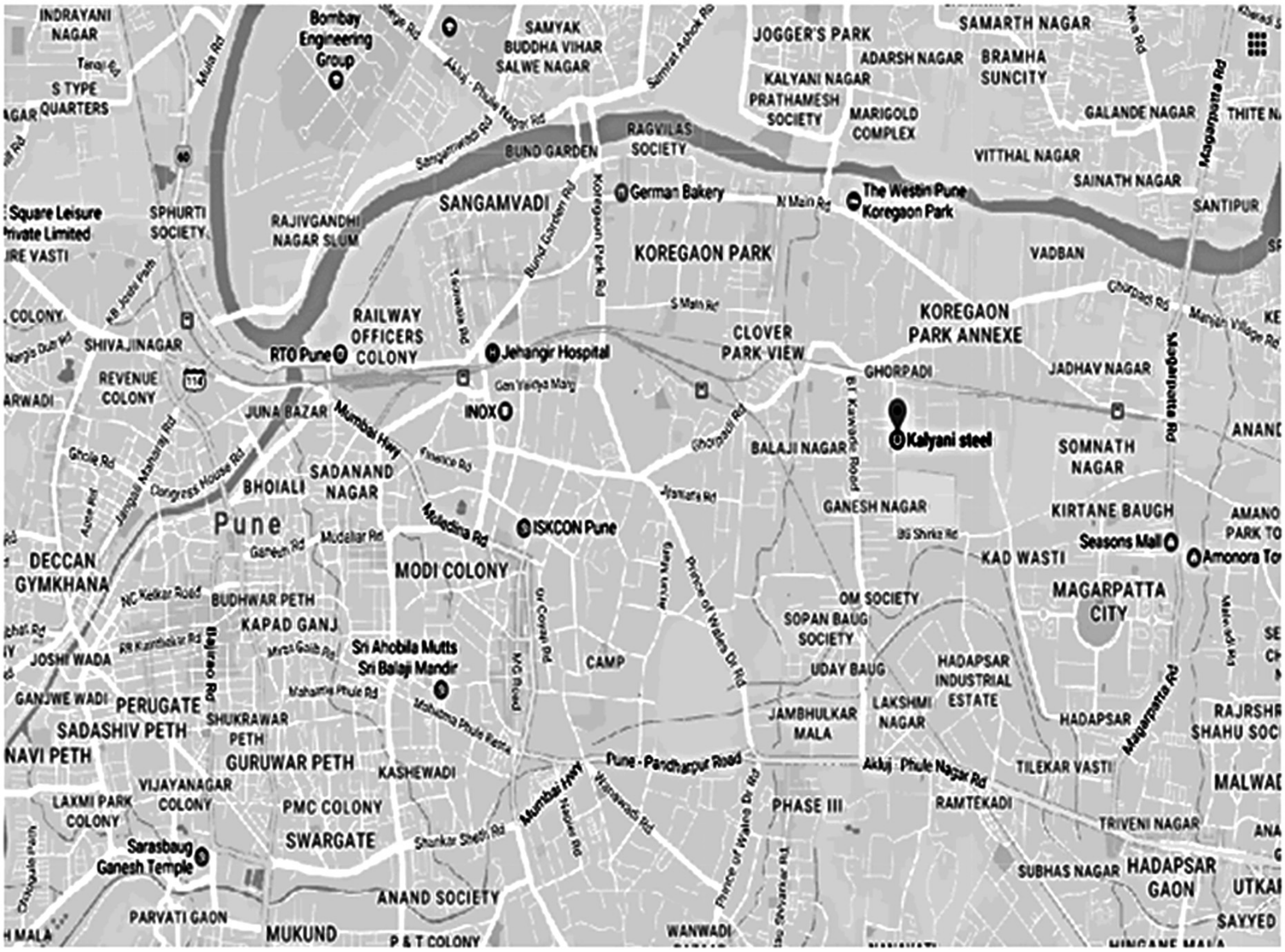
Signed this ..... day of 2017

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', 'Against' or 'Abstain' 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-Fourth Annual General Meeting venue