KSL:SEC:

August 16, 2016

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,

Subject: Submission of Annual Report for F.Y. 2015-16

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a soft copy of the Annual Report for the Financial Year 2015-16.

The said report has been duly approved and adopted by the Members in the 43rd Annual General Meeting of the Company held on August 11, 2016.

Thanking you,

Yours faithfully,
For KALYANI STEELS LIMITED

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

Encl. : Annual Report for f.y. 2015-16

KALYANI STEELS LIMITED

KALYANI

DRIVING INNOVATION

43RD ANNUAL REPORT
2015-2016

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

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43RD ANNUAL GENERAL MEETING

Day	:	Thursday
Date	:	11th August, 2016
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-Third Annual Report for the year 2015-16 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 2015 as compared to that in 2014. The growth forecast for near future is slightly optimistic with World GDP expected to grow at 3.2% in 2016 and accelerate further to 3.5% in 2017.

Real GDP growth (%)

Year	2013	2014	2015	2016 (p)	2017 (p)
World	3.4	3.4	3.1	3.2	3.5
Advanced Economies	1.4	1.8	1.9	1.9	2.0
Emerging Markets	5.0	4.6	4.0	4.1	4.6

All numbers are in percentages

(p) Refers to projections

Source : IMF, World Economic Outlook, April, 2016

Advanced Economies

Global economic growth slowed down with Advanced Economies just managing to better their growth record in 2015. The Advanced Economies are expected to maintain 1.9-2.0% growth rate till 2016 and 2017. This can be attributed to soft demand, unfavorable demographic trends, low productivity growth and prolonged after-effects of the global financial crisis.

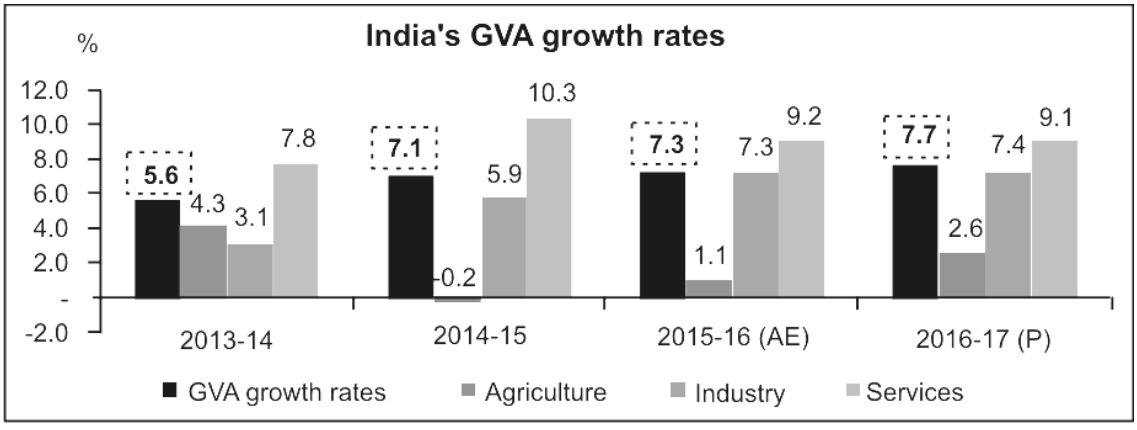
Emerging Markets

Given the situation of Advanced Economies, majority of the global growth is expected to be driven by Emerging Markets. However, the growth prospects across Emerging Markets remain uneven and generally weak. In particular, few large emerging markets including Brazil and Russia are still in recession. There are signs of distress in other commodity exporting countries due to fall in commodity prices.

In addition to this, there are concerns about the global impact of overcapacities or excesses in China's economy as it moves towards consumption led economy after almost a decade of investment fueled growth.

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 7.3% in FY 2015-16 as compared to FY 2014-15.



AE : Advance Estimates from MoSPI

P : Projections from RBI

Source :

1. MoSPI, Govt. of India, Press Note dated 8th February, 2016
2. RBI's Survey of Professional Forecasters dated 5th April, 2016

As shown in the chart, India's overall GVA growth was fuelled by Services & Industry Sectors which grew by 9.2% & 7.3% respectively in FY 2015-16. Agriculture Sector grew by 1.1% in FY 2015-16 after marginally shrinking by 0.2% in the year earlier.

Due to Government's various efforts, the "Ease of Doing Business" in India has improved with the country standing at 130th rank in 2015, as compared to 142nd in 2014 as per the World Bank.

Going forward, India's economy is expected to witness 7.7% growth in FY 2016-17. Here, Agriculture and Industry Sectors are expected to grow at 2.6% and 7.4% respectively. The Services Sector is expected to see marginal decrease in growth to 9.1%.

Due to insufficient irrigation, Indian Agriculture Sector is still largely dependent on monsoon. Fortunately in 2016, as per Indian Meteorological Department (IMD), the monsoon seasonal rainfall is likely to be 106% of the Long Period Average (LPA) i.e. above normal. This will boost the Agriculture Sector and the overall rural economy.

World Steel Industry

In 2015, World Crude Steel production decreased by 2.8% to 1,623 Million MTs from 1,670 Million MTs in 2014.

	CY 2014	CY 2015
World Crude Steel *y-o-y growth %*	1,670.2	1,622.8 *-2.8%*
China *y-o-y growth %*	822.8	803.8 *-2.3%*
EU (28 counties) *y-o-y growth %*	169.3	166.2 *-1.8%*
Japan *y-o-y growth %*	110.7	105.2 *-5.0%*
USA *y-o-y growth %*	88.2	78.9 *-10.5%*
India *y-o-y growth %*	87.3	89.6 *2.6%*

All numbers are in Million Tonnes except percentages.

Source : World Steel Association (WSA), January, 2016

In 2015, all the major steel producing countries (except India) saw a decrease in crude steel production.

China, the leading producer of steel, contributed 49.5% of the global output at 803.8 Million MTs in 2015, showing 2.3% de-growth over previous year.

The European Union (EU) recorded a decrease of 1.8% over 2014, producing 166.2 Million MTs of crude steel.

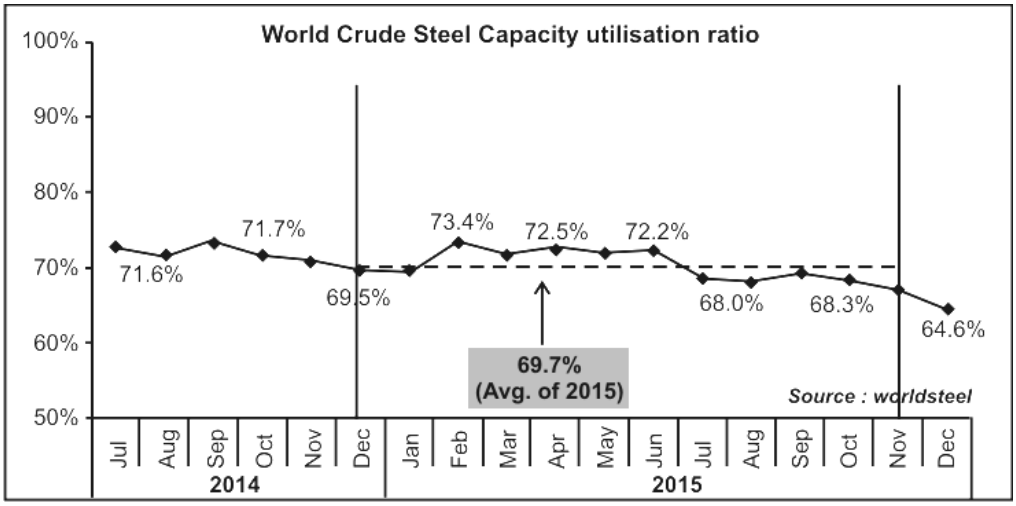
Japan's crude steel production decreased by 5% in 2015 to 105.2 Million MTs.

United States' crude steel production saw a huge decrease of 10.5% to 78.9 Million MTs.

India saw an increase in crude steel production to 89.6 Million MTs in 2015 with 2.6% growth over that in 2014.

Global Crude Steel Capacity Utilisation

Global steel industry still suffers from excess capacity and the situation worsened in 2015 as compared to 2014. Overall global capacity utilisation saw a downtrend in 2015 and touched 64.6% in December, 2015.



However, as per latest data from World Steel Association, the global capacity utilisation has seen an increasing trend in 2016 to reach 70.5% in March, 2016.

Indian Steel Industry

As per World Steel Association, crude steel production in India increased by 2.6% in 2015 as compared to 2014.

Crude Steel Production (Carbon + Alloy Steel)	CY 2014	CY 2015
Production (Million Tonnes)	87.3	89.6
Growth (%)		2.6%

Source : World Steel Association

It is interesting to note that in 2015 out of the top 10 global steel producers, only India managed to increase its crude steel production.

In 2015, Indian steel companies faced stiff competition due to dumping from China, Korea and Japan. Against this backdrop, Indian Government in February, 2016 imposed Minimum Import Price (MIP) ranging from $341 to $752 per tonne on 173 steel products (mainly flat products). Apart from the MIP, Government also raised the import duty to 10% for flat products and 7.5% for long products.

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.

Due to these positive factors, India's steel demand is expected to increase by 5.4% in both 2016 as well as 2017.

Industry Profitability Outlook

FY 2015-16 has been a challenging year for Indian Steel industry with shrinking profitability due to sluggish demand, onslaught of imports and highly leveraged balance sheets.

Even though the raw material prices have gone down in FY 2015-16, the same was not enough to maintain margins given the decrease in steel prices.

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

- Possibility of revocation of MIP : MIP has been imposed for 6 months. It is unclear whether this will be extended further. Even currently, various institutions in steel user industries have objected to this decision.
- 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.
- Increasing Iron Ore prices : Globally, Iron Ore prices have seen an uptrend recently. Even in India, especially Karnataka, the Iron Ore prices are increasing rapidly.
- Increasing Coke prices : Indian Metallurgical Coke Manufacturers' Association (IMCOM) has filed an application to Department of Commerce alleging dumping of Low Ash Metallurgical Coke originating in or exported from China and Australia. IMCOM has also demanded imposition of anti-dumping duty on Coke. If such anti-dumping duty is applied by the Indian Government, it will negatively impact companies without captive Coke ovens.

  Apart from this, recently there has been a visible increase in imported coke prices, mainly due to the increased demand in Chinese market.
- Slow demand pick-up : Even though the Government has initiated many infrastructure and policy reforms, the pick-up in steel demand in the domestic market has been slower than expected, making it difficult to improve capacity utilisation.

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

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

Marketing Initiatives

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 co-ordination 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 - ₹ 14,542 Million
- Profit before Taxation - ₹ 1,742 Million

Sales, Gross includes Manufacturing Revenue of ₹ 14,430 Million and Trading Revenue of ₹ 112 Million.

Manufacturing Revenue consists of sale of Rolled Products, As Cast Blooms and Pig Iron, Misc. Sales and Conversion Charges received. The Company sold 201,566 tonnes of 'Rolled Products' aggregating ₹ 10,530 Million, 17,157 tonnes of 'As Cast Blooms' aggregating ₹ 605 Million, 13,420 tonnes of 'Pig Iron' aggregating ₹ 248 Million, Misc. sales amounted to ₹ 148 Million and Conversion Charges received were ₹ 2,899 Million. The Manufacturing Turnover includes exports of 6,462 tonnes of Steel aggregating ₹ 442 Million.

Internal Control Systems and their adequacy

The Company has well established internal control systems commensurate with its size and nature of business. These systems have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorised use or losses and compliance with regulations. The systems provide for well-defined policies, guidelines and authorisations and approval procedures.

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

Human Resources

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

As on 31st March, 2016 the Company has 101 employees. 1,084 employees are on the role 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

Kalyani Steels has always focused on good Corporate Governance, which is a key driver of sustainable corporate growth and long-term value creation. The basic philosophy of Corporate Governance is to achieve business excellence and dedicate itself for increasing long-term shareholder value.

This chapter of the report, along with the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitutes the compliance report of the Company on Corporate Governance during the year 2015-16.

1. BOARD LEVEL ISSUES

COMPOSITION OF THE BOARD

As on 31st March, 2016, 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 2015-16, the Board of the Company met six times on 21st May, 2015, 22nd July, 2015, 13th August, 2015, 30th October, 2015, 13th February, 2016 and 2nd March, 2016. 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 :

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 2016		
		Number of Board Meetings		Last AGM	Directorships*	Committee Memberships**	Committee Chairmanships**
		Held	Attended				
Mr.B.N. Kalyani Chairman	Promoter Non-Executive	6	2	No	8	3	1
Mrs.Sunita B. Kalyani	Non-Executive	6	3	Yes	2	—	—
Mr.Amit B. Kalyani	Non-Executive	6	5	Yes	8	3	—
Mr.S.M. Kheny	Non-Executive	6	3	No	9	1	1
Mr.S.S. Vaidya	Independent	6	5	Yes	7	2	2
Mr.B.B. Hattarki	Independent	6	6	Yes	9	4	5
Mr.M.U. Takale	Independent	6	6	Yes	4	3	—
Mr.Arun P. Pawar	Independent	6	5	Yes	1	—	—
Mr.C.G. Patankar	Independent	6	4	Yes	7	3	—
Mr.R.K. Goyal Managing Director	Executive	6	6	Yes	2	3	—

* excludes directorships of private limited companies, foreign companies, companies incorporated under Section 8 of the Companies Act, 2013 and alternate directorships.

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

As mandated by Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 'Independent Director' on Kalyani Steels Limited's Board :

- is a person of integrity and possesses relevant expertise and experience;
- is or was not a promoter of the Company or its holding, subsidiary or associate company;
- is not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

- none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- who, neither himself nor any of his relatives :
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of :
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
  - (iii) holds together with his relatives two per cent or more of the total voting power of the Company; or
  - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;
  - (v) is a material supplier, service provider or customer or a lessor or lessee of the Company;
- is not less than 21 years of age.

None of the Directors is a member of more than ten Board level Committees of public limited companies in which they are Directors or a Chairman of more than five such Committees.

BOARD PROCEDURE

Information Supplied to the Board

Among others, information supplied to the Board includes :

- Annual operating plans and budgets, capital budgets and any update thereof.
- Quarterly results for the Company.
- Minutes of meetings of Audit Committee and other committees of the Board 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 2015-16.

COMMITTEES OF THE BOARD

As on 31st March, 2016 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 perusal and noting. The Company Secretary acts as the Secretary of all Committees.

AUDIT COMMITTEE

As on 31st March, 2016, the Audit Committee of Kalyani Steels comprised four Directors, 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 13th August, 2015 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 2015-16 Audit Committee met on 21st May, 2015, 22nd July, 2015, 13th August, 2015, 30th October, 2015 and 13th February, 2016 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	5	4
Mr.B.N. Kalyani	Promoter, Non-Executive	5	2
Mr.B.B. Hattarki	Independent	5	5
Mr.M.U. Takale	Independent	5	5

The Role of the Audit Committee of the Company includes of the following :

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Modified opinion(s) in the draft audit report.
- 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, 2016, 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 2015-16, the Stakeholders Relationship Committee met on 21st May, 2015, 22nd July, 2015, 30th October, 2015, and 13th February, 2016.

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

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.S.M. Kheny, Chairman	Non-Executive	4	3
Mr.R.K. Goyal	Executive	4	4
Mr.B.B. Hattarki	Independent	4	4

COMPLIANCE OFFICER

Mrs.Deepti R. Puranik, Company Secretary is the Compliance Officer for complying with requirements of Securities Laws and Listing Agreement with Stock Exchanges.

STATUS OF INVESTORS' COMPLAINTS

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

SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

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

DESIGNATED EXCLUSIVE 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, 2016, 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 2015-16, the Nomination and Remuneration Committee met on 21st May, 2015 and 30th October, 2015.

Role of Nomination and Remuneration Committee :

- Formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of 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.

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 2015-16, 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	*	38,000	—	2,500,000	2,538,000	1,118
Mrs.Sunita B. Kalyani	**	6,000	—	1,500,000	1,506,000	7,743
Mr.Amit B. Kalyani	***	16,000	—	2,200,000	2,216,000	31,694
Mr.S.M. Kheny	****	12,000	—	200,000	212,000	14
Mr.S.S. Vaidya	None	18,000	—	1,300,000	1,318,000	—
Mr.B.B. Hattarki	None	84,000	—	500,000	584,000	—
Mr.M.U. Takale	None	28,000	—	300,000	328,000	2,500
Mr.Arun Pawar	None	10,000	—	500,000	510,000	—
Mr.C.G. Patankar	None	8,000	—	1,000,000	1,008,000	4,770
Mr.R.K. Goyal	None	N.A.	39,962,932	24,000,000	63,962,932	—

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 2015-16, the Corporate Social Responsibility Committee met on 30th October, 2015.

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	1	1
Mr.M.U. Takale	Independent	1	1
Mr.R.K. Goyal	Executive	1	1

RISK MANAGEMENT COMMITTEE

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner. The Company has formulated Risk Management Policy to identify and then manage threats / risks that could have impact on the goals and objectives of the Company.

Within the framework of the Risk Management Policy, the Risk Management Committee reviews risks trends, exposure, potential impact analysis and mitigation plan. The Committee comprises of Mr.R.K. Goyal, Managing Director and Mr.Amit B. Kalyani, Director. During the year 2015-16, the Risk Management Committee met on 30th October, 2015.

The Board of Directors in their meeting held on 2nd March, 2016, have dissolved the Risk Management Committee, as the provisions of formation of Risk Management Committee, prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are not applicable to the Company.

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 13th February, 2016, 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

Mr.B.N. Kalyani, Chairman and Mr.S.M. Kheny, Director of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Mr.R.K. Goyal, has been re-appointed as Managing Director of the Company for the period of five years w.e.f. 17th January, 2016 to 16th January, 2021. Details of directors to be re-appointed / appointed, are given below :

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

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

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Bharat Forge Limited 2. BF Utilities Limited 3. Hikal Limited 4. Automotive Axles Limited 5. Kalyani Maxion Wheels Limited 6. Meritor (HVS) India Limited 7. BF-Elbit Advanced Systems Private Limited (Subsidiary of Public Company)	1. Bharat Forge Limited Stakeholders Relationship Committee - Member 2. Automotive Axles Limited Stakeholders Relationship Committee - Chairman 3. BF Utilities Limited Stakeholders Relationship Committee - Member

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

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

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Kalyani Highway Developers Limited 2. Hospet Power Limited 3. Hospet Steels Limited 4. Hikal Limited 5. Kalyani Engineering and Constructions Limited 6. Kalyani Habitat Limited 7. Kalyani Infrastructure Projects Limited 8. Nandi Highway Developers Limited	1. Hikal Limited Audit Committee - Member

- Mr.R.K. Goyal, has been re-appointed as Managing Director of the Company for the period of five years w.e.f. 17th January, 2016 to 16th January, 2021, on the terms and conditions mentioned in the Notice convening the ensuing Annual General Meeting. Mr.Goyal, born on 18th May, 1958, is an Engineering Graduate and M.B.A., having more than 30 years of rich experience, in Steel Industry. Before joining the Company in 2011, Mr.Goyal was working as Director - Strategy and Corporate Affairs in JSL Stainless Limited (renamed as Jindal Stainless Limited) and was responsible for performance management of companies in JSL Group, Overall Growth Strategy Formulation, Mining Business, Strategic Alliances, Mergers & Acquisitions and Indirect Taxation. Mr.Goyal does not hold any Equity Shares of the Company.

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

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Kalyani Investment Company Limited	1. Kalyani Investment Company Limited Audit Committee - Member Stakeholders Relationship 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 sent to the Stock Exchanges immediately after they are approved by the Board.

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

SHARE TRANSFER

The Company has constituted the 'Share Transfer Committee', to approve share transfers, transmissions, consolidation, sub-division and issue of duplicate certificates. 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
24th July, 2013	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	1*
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	—

* Special Resolution passed was : i) Revision in Remuneration of Mr.R.K. Goyal, Managing Director for the period from 1st April, 2013 to 16th January, 2016

** 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

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 and Date : Thursday, 11th August, 2016 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 on Thursday, 11th August, 2016, as an Annual Closure for the Annual General Meeting.

LISTING :

National Stock Exchange of India Limited (NSE)

BSE Limited (BSE)

STOCK CODES :

NSE : KSL

BSE : 500235

ISIN in NSDL and CDSL: INE907A01026

STOCK DATA :

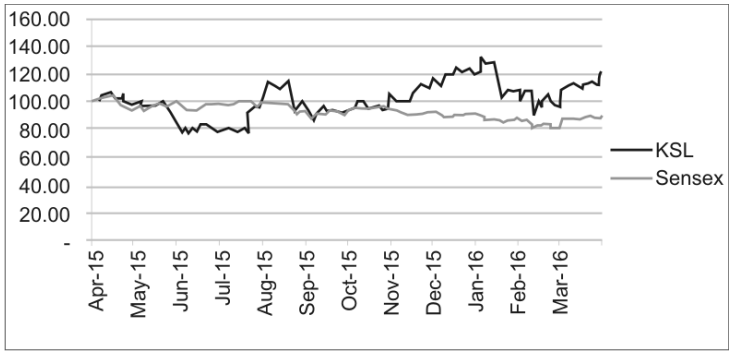
Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) during the year 2015-16 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2015	153.75	130.30	1,724,128	152.90	130.80	870,025
May, 2015	144.70	120.25	1,716,899	144.50	120.30	745,952
June, 2015	122.45	105.10	1,230,579	122.00	105.50	612,379
July, 2015	142.85	107.15	5,344,635	142.60	107.30	1,893,593
August, 2015	168.90	122.65	4,123,377	168.50	122.30	1,796,263
September, 2015	138.95	117.00	2,085,420	138.90	117.10	684,585
October, 2015	148.70	127.40	2,255,740	148.90	117.00	1,165,411
November, 2015	160.00	132.90	1,324,172	159.90	133.50	908,677
December, 2015	178.10	152.05	4,443,066	178.30	152.30	1,727,581
January, 2016	192.20	138.55	4,444,316	192.00	139.00	1,607,154
February, 2016	153.90	120.50	1,882,608	153.90	120.50	859,670
March, 2016	172.50	133.00	2,789,415	172.90	133.00	1,027,323

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 2015-16 i.e. 1st April, 2015

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, 2016

Category of the Shareholder	No. of Equity Shares held	Shareholding %
Promoters	26,455,816	60.60
Mutual Funds / UTI	596,349	1.37
Financial Institutions / Banks	29,435	0.07
Foreign Institutional Investors	235,500	0.54
Bodies Corporate	4,281,765	9.81
NRIs	220,993	0.51
Foreign Companies / Foreign Nationals	666	—
Indian Public	11,832,536	27.10
TOTAL	43,653,060	100.00

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON 31ST MARCH, 2016

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5000	37,067	7,807,489	17.89
5,001 to 10,000	135	1,021,063	2.34
10,001 to 20,000	65	915,248	2.10
20,001 to 30,000	29	717,545	1.64
30,001 to 40,000	11	387,240	0.89
40,001 to 50,000	16	722,312	1.65
50,001 to 100,000	10	804,295	1.84
100,001 and above	19	31,277,868	71.65
TOTAL	37,352	43,653,060	100.00

DEMATERIALISATION :

The Company's Equity Shares are under compulsory Demat Trading. As on 31st March, 2016, dematerialised shares accounted for 93.54% 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, 2016, compliance with the Code of Conduct of the Company laid down for them.

Place : Pune
Date : 24th May, 2016

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, 2016, as stipulated in :

- Clause 49 of the Listing Agreements of the Company with the Stock Exchanges for the period 1st April, 2015 to 30th November, 2015.
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the period 1st December, 2015 to 31st March, 2016.

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 Agreements and 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
24th May, 2016

DIRECTORS' REPORT

To,
The Members,

The Directors have pleasure in presenting the Forty-Third Annual Report on the business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2016.

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

		2015-16	2014-15
Sales, Gross	:	**14,542.437**	15,326.913
Excise Duty and Service Tax	:	**2,750.571**	3,066.997
Sales, Net	:	**11,791.866**	12,259.916
Other Operating Revenue	:	**12.796**	10.149
Other Income	:	**26.573**	23.259
Total Revenue	:	**11,831.235**	12,293.324
Total Expenditure	:	**9,451.775**	10,595.269
Finance Cost	:	**120.290**	147.740
Depreciation & amortisation expenses	:	**517.279**	310.156
Profit before Tax	:	**1,741.891**	1,240.159
Tax Expenses	:		
- Current Tax	:	**508.500**	301.000
- Deferred Tax	:	**97.066**	107.658
- Add / (Less) : Excess Provision for Taxation in earlier years	:	**0.532**	(1.638)
Profit after Tax	:	**1,135.793**	833.139

2. Dividend & Reserves

In view of the current global situation of the Steel Industry, considering most of the steel companies are making huge losses, the Company likes to preserve its resources for highly turbulent times. As a result, the Directors do not recommend any Dividend on Equity Shares for the financial year ended 31st March, 2016.

During the year under review, no transfer is proposed to the General Reserve. An amount of ₹ 5,257.322 Million is proposed to be retained as 'Surplus in the Statement of Profit and Loss'.

3. The Year in Retrospect :

The major challenge during the year was dip in global demand and subsequent surge in cheap imports. The reduction in raw material prices was not enough to set off the price difference between domestic and imported steel.

With this background, the Company achieved gross sales of ₹ 14,542 Million against ₹ 15,327 Million in the previous year. However, Profits before Tax increased to ₹ 1,742 Million, against ₹ 1,240 Million in the previous year, representing growth of 40.48%. Clear focus on industry segments with critical application, targeted approach towards approvals with OEMs for niche segment products with long term partnerships, along with service level improvements helped the Company to retain its prices and margins.

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

The Board of Directors at its meeting held on 30th October, 2015 had re-appointed Mr.R.K. Goyal, as Managing Director of the Company for the period of five years from 17th January, 2016 to 16th January, 2021.

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

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 2015-16, six 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, 2016, 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, 2016 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, 2016, 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 were discussed at the meetings of the Risk Management Committee, Audit Committee and the Board of Directors of the Company.

13. Statutory Auditors and Auditor's Report

At the 41st Annual General Meeting held on 5th September, 2014, M/s P.G. Bhagwat, Chartered Accountants, Pune were appointed as Auditors of the Company, to hold office for the period of three years i.e. from the conclusion of 41st Annual General Meeting till the conclusion of the 44th Annual General Meeting to be held in 2017 and the said appointment is subject to ratification by the members at every Annual General Meeting in terms of First Proviso to Section 139 of the Companies Act, 2013.

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 ratification of their appointment from the conclusion of ensuing Annual General Meeting till the conclusion of the 44th Annual General Meeting to be held in 2017.

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 2016-17.

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.7 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 2015-16. The Secretarial Audit Report for the Financial Year ended 31st March, 2016 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, 2016, 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

During the year, Lord Ganesha Minerals Private Limited became a subsidiary of the Company.

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 : 24th May, 2016

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) Coke & Iron Ore Drying System installation completed. Due to this, the moisture carried into the blast furnace through coke and iron ore is reduced which led to reduction in fuel consumption.

b) For reducing power consumption, Variable Voltage Variable Frequency (VVVF) drives were installed in :

(1) Dedusting system at proportioning and finished sinter buildings of Sinter Plant.

(2) Fixed hot saw of Horizontal-Vertical (HV) Mill.

c) HT motor in Sinter Plant flux crusher replaced with LT motor.

d) Variable Frequency Drive (VFD) installed at Rolling Mill's hot saw to reduce power consumption.

e) Online Pre-screening of coke fines before crushing implemented to reduce the coke fines consumption at Sinter Plant.

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

Use of direct steam from power plant in Vacuum Degasser's (VD) boiler instead of use of furnace oil to generate steam.

III. The capital investment on energy conservation equipment :

No.	Plant	Investment Description	Value (₹ in Million)
1	Sinter Plant - I	VVVF Drives	8.932
2	Blast Furnace/ Sinter Plant	Coke & Iron Ore Drying System	100.376
		Total	109.308

Note : The above table shows investments capitalised as of 31st March, 2016.

B. TECHNOLOGY ABSORPTION :

I. The efforts made towards technology absorption :

a) Developed non-drainable trough in the blast furnace cast house resulting in yield improvement and manual work reduction.

b) Developed process to achieve of <8 ppm Oxygen as per customer's demand in specific grade.

c) Process for lead bearing grades modified to minimise the aluminum consumption.

d) Developed process to reduce entrapments in cold headed quality steels by reducing input silicon in hot metal.

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

a) Reduction in energy consumption in blast furnace due to reduction in input moisture by virtue of Coke & Iron Ore Drying System.

b) Increased usage of EOF slag processed metal (internally generated) and hence, decreased purchased scrap / DRI usage to reduce the overall cost of metallic charge in EOF. This was achieved by increasing EOF slag processing by 70-80% through automation.

c) Introduced self-aligned roller in Continuous Casting Machine (CCM) to avoid 'S' bend in Round sections.

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 : 14-15

(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 : 14-15

(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 : 14-15

(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 : 15-16

(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 : ₹ 1,779.840 Earned : ₹ 441.886

for and on behalf of the Board of Directors

Place : Pune
Date : 24th May, 2016

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 empowerment, environment and ecological protection, character building by providing training opportunities in sports and cultural activities etc. The CSR Policy is available on the website of the Company. (Web-link : http://www.kalyanisteels.com/profile/code-of-conduct/corporate-social-responsibility-csr/)

2. The composition of the CSR Committee :

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

3. Average Net Profit of the Company for last three financial years : ₹ 837.357 Million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 16.747 Million

   Budgeted CSR expenditure : ₹ 24.224 Million (including unspent amount of ₹ 7.477 Million for FY 2014-15)

5. Details of CSR spent during the Financial Year :

   a) Total amount spent for the financial year : ₹ 25.923 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)	1.962	1.962	1.962	Through implementing agency
3	School Building Repairs & painting	Education	Koppal (Karnataka)	0.229	0.229	0.229	Directly
4	Drinking Water Treatment Plant	Healthcare	Koppal (Karnataka)	0.421	0.421	0.421	Directly
5	Construction of Cement Concrete Roads	Infrastructure	Koppal (Karnataka)	1.916	1.916	1.916	Directly
6	Construction of RCC Drainage	Sanitation	Koppal (Karnataka)	1.395	1.395	1.395	Directly
			Total	25.923	25.923	25.923	

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 : 24th May, 2016

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
	b)	Nature of contracts / arrangements / transactions	:	Sale / supply of goods or materials - Steel, Purchase of scrap
	c)	Duration of contracts / arrangements / transactions	:	On on-going basis from 1st April, 2015
	d)	Salient terms of the contracts / arrangements / transactions including the value, if any	:	In tune with market parameters. Transaction Value not exceeding Rs.20,000 Million for each of the Financial Year.
	e)	Date(s) of approval by the Board	:	21st May, 2015
	f)	Amount paid as advance, if any	:	₹ 770 Million

for and on behalf of the Board of Directors

Place : Pune
Date : 24th May, 2016

B.N. Kalyani
Chairman

ANNEXURE - D TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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, 2016 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, 2016 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 of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

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

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May, 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;

(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) Secretarial Standards issued by The Institute of Company Secretaries of India effective from 1st July, 2015;

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s) till 30th November, 2015; and the provision of sub-regulation (4) of the Regulation 23 and Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable from 2nd September, 2015; and

(iii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st December, 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.

For SVD & Associates
Company Secretaries

S.V. Deulkar
Partner
FCS No : 1321
C P No : 965

Place : Pune
Date : 24th May, 2016

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

S. V. Deulkar
Partner
FCS No : 1321
C P No : 965

Place : Pune
Date : 24th May, 2016

ANNEXURE - E TO DIRECTORS' REPORT

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

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	2.27
2	Mrs.Sunita B. Kalyani	1.35
3	Mr.Amit B. Kalyani	1.98
4	Mr.S.M. Kheny	0.19
5	Mr.S.S. Vaidya	1.18
6	Mr.B.B. Hattarki	0.52
7	Mr.M.U. Takale	0.29
8	Mr.Arun Pawar	0.46
9	Mr.C.G. Patankar	0.90
10	Mr.R.K. Goyal	57.24

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)
		2015-16 (₹)	2014-15 (₹)	
1	Mr.B.N. Kalyani, Chairman	2,538,000	2,054,000	23.56
2	Mrs.Sunita B. Kalyani, Director	1,506,000	2,000	75,200.00
3	Mr.Amit B. Kalyani, Director	2,216,000	1,510,000	46.75
4	Mr.S.M. Kheny, Director	212,000	226,000	(6.19)
5	Mr.S.S. Vaidya, Director	1,318,000	1,222,000	7.86
6	Mr.B.B. Hattarki, Director	584,000	498,000	17.27
7	Mr.M.U. Takale, Director	328,000	222,000	47.75
8	Mr.Arun Pawar, Director	510,000	512,000	(0.39)
9	Mr.C.G. Patankar, Director	1,008,000	1,012,000	(0.40)
10	Mr.R.K. Goyal, Managing Director	63,962,932	48,692,300	31.36

Percentage increase in remuneration of Mr.B.M. Maheshwari, Chief Financial Officer is 22% and of Mrs.D.R. Puranik, Company Secretary is 20%.

c) The percentage increase in the median remuneration of employee(s) in the financial year : 9%

d) The number of permanent employees on the role of the Company : 101 Employees as on 31st March, 2016

e) The explanation on the relationship between average increase in remuneration and Company performance :

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. All these factors are considered for revision of remuneration.

f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company :

The 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. All these factors are considered by Nomination and Remuneration Committee and the Board.

g) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer :

	31-03-2016	31-03-2015
Market Capitalisation (₹ in Million)	7,355.54	5,884.43
Price Earnings Ratio	6.48	7.06

% increase in market quotation over last IPO price :

Rights issue of Equity Shares was made in the year 1994 with issue price of Rs.60/- per share. The average closing price on BSE and NSE as on 31st March, 2016 was Rs.168.33/-. The market price per share has increased by 180% as on 31st March, 2016.

h) 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 7%.

Percentage increment at 50th Percentile for Salaries of Managerial Personnel is 1%.

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.

i) The key parameters for any variable component of remuneration availed by the Directors :

Commission is the variable component in the remuneration of the Directors. As per the Nomination and Remuneration Policy of the Company, the amount of commission is calculated on the basis of performance evaluation of the Directors, the Company's overall performance and trends in the industry in general.

j) The ratio of remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year :

Not Applicable

k) The remuneration paid to the Directors is as per the Remuneration Policy of the Company.

l) Statement showing 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 sixty 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 five lakh 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	63,962,932	Permanent Employee	B.E. (HONS) MBA	34	17-01-2011	58	JSL Stainless Limited	—	N.A.
2	Mr.P.S. Ghosh, President and Chief (Projects)	11,280,043	Permanent Employee	M.Tech (Mechanical) MDP	38	02-04-2014	64	Welspun Maxsteels Limited	—	N.A.
3	Mr.Sanjay Agarwal, Sr.Vice President (Commercial & Sourcing)	9,440,952	Permanent Employee	B.Com ICWA	22	15-01-2015	47	Trident Limited	—	N.A.
4	Mr.J.P.Goyal Sr.Vice President (Electrical & Automation)	6,334,454	Permanent Employee	M. Sc. (Tech) (Instrumentation) M.B.A. (Project Management)	32	14-04-2011	58	Jindal Stainless Limited	—	N.A.
5	*Mr.Mukesh Dubey Sr.Vice President (Mechanical)	5,030,833	Permanent Employee	B. E. (Mech.) MMS (Production)	32	18-06-2015	54	Bhushan Steels Limited	—	N.A.

*Employed for part of the year

for and on behalf of the Board of Directors

Place : Pune

Date : 24th May, 2016

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, 2016
[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	49.89%
2.	Iron & Steel - Bars & Rods Iron or Non-Alloy Rolled	72149990	34.65%

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 583 228 Tal. & Dist. Koppal, Karnataka	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 (01-04-2015)				No. of Shares held at the end of the year (31-03-2016)				% 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.	26,393,701	—	26,393,701	60.46	26,407,461	—	26,407,461	60.49	0.03
e)	Banks / FI	—	—	—	—	—	—	—	—	—
f)	Any other	—	—	—	—	—	—	—	—	—
	Sub-total (A)(1)	26,442,056	—	26,442,056	60.57	26,455,816	—	26,455,816	60.60	0.03
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)	26,442,056	—	26,442,056	60.57	26,455,816	—	26,455,816	60.60	0.03
B.	**Public Shareholding**									
1.	Institutions									
a)	Mutual Funds	445,100	6,700	451,800	1.04	589,649	700	590,349	1.35	0.31
b)	Banks / FI	21,137	1,119	22,256	0.05	28,316	1,119	29,435	0.06	0.01
c)	Central Govt.	—	—	—	—	—	—	—	—	—
d)	State Govt(s)	—	—	—	—	—	—	—	—	—
e)	Venture Capital Funds	—	—	—	—	—	—	—	—	—
f)	Insurance Companies	14,350	—	14,350	0.03	—	—	—	—	(0.03)
g)	Foreign Institutional Investors	530,805	—	530,805	1.22	235,500	—	235,500	0.54	(0.68)
h)	Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i)	Others (specify)	—	—	—	—	—	—	—	—	—
	Sub-total (B)(1)	1,011,392	7,819	1,019,211	2.34	853,465	1,819	855,284	1.95	(0.39)
2.	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	1,654,876	2,236,301	3,891,177	8.92	2,059,244	2,222,521	4,281,765	9.81	0.89
ii)	Overseas	—	—	—	—	—	—	—	—	—
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto Rs.1 lakh	9,443,965	593,654	10,037,619	22.99	9,012,321	581,331	9,593,652	21.98	(1.01)
ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	1,768,584	—	1,768,584	4.05	1,913,762	—	1,913,762	4.39	0.34
c)	Others									
i)	NRI's	240,439	11,628	252,067	0.58	209,365	11,628	220,993	0.51	(0.07)
ii)	Foreign Companies / OCBs	—	666	666	—	—	666	666	—	—
iii)	Clearing Member	241,680	—	241,680	0.55	331,122	—	331,122	0.76	0.21
	Sub-total (B)(2)	13,349,544	2,842,249	16,191,793	37.09	13,525,814	2,816,146	16,341,960	37.45	0.36
	Total Public Shareholding (B) = (B)(1) + (B)(2)	14,360,936	2,850,068	17,211,004	39.43	14,379,279	2,817,965	17,197,244	39.40	(0.03)
C.	**Shares held by Custodian for GDRs & ADRs**	—	—	—	—	—	—	—	—	—
	Grand Total (A+B+C)	40,802,992	2,850,068	43,653,060	100.00	40,835,095	2,817,965	43,653,060	100.00	—

ii) Shareholding of Promoters

No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2015)			Shareholding at the end of the year (31-03-2016)			% 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	6,006,898	13.76	Nil	6,020,658	13.79	Nil	0.03
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	26,442,056	60.57	Nil	26,455,816	60.60	Nil	0.03

iii) Change in Promoter's Shareholding

No.	Particulars	Shareholding at the beginning of the year (01-04-2015)		Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the Year	26,442,056	60.57	—	—
	Sundaram Trading & Investment Private Limited (Off Market Purchase)				
	Off Market Purchase on 13-04-2015	13,760	0.03	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 (01-04-2015)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		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	VLS Finance Ltd*	—	—	31-07-2015	80,600	80,600	0.18
				07-08-2015	2,329	82,929	0.19
				14-08-2015	171,732	254,661	0.58
				21-08-2015	(79,089)	175,572	0.40
				28-08-2015	159,428	335,000	0.77
				31-12-2015	280,000	615,000	1.41
				08-01-2016	(5,000)	610,000	1.40
				31-03-2016	5,000	615,000	1.41
3	Gloxinia Investment and Finance Private Limited	500,000	1.15	—	—	500,000	1.15
4	Reliance Capital Trustee Co. Ltd-A/c Reliance Capital Builder Fund	445,000	1.02	31-07-2015	50,000	495,000	1.13
				07-08-2015	50,000	545,000	1.25
				21-01-2016	(87,876)	457,124	1.05
				29-01-2016	(41,758)	415,366	0.95
5	Morgan Stanley Asia (Singapore) Pte	235,500	0.54	—	—	235,500	0.54
6	Bhavna Govindbhai Desai	230,400	0.53	—	—	230,400	0.53
7	Goldman Sachs (Singapore) Pte**	203,814	0.46	08-05-2015	4,617	208,431	0.48
				03-07-2015	(5,763)	202,668	0.46
				07-08-2015	(26,313)	176,355	0.40
				28-08-2015	(19,024)	157,331	0.36
				04-09-2015	(38,822)	118,509	0.27
				11-09-2015	(32,845)	85,664	0.19
				16-10-2015	(5,595)	80,069	0.18
				20-11-2015	(5,537)	74,532	0.17
				22-01-2016	(15,026)	59,506	0.14
				12-02-2016	(2,865)	56,641	0.13
				19-02-2016	(14,600)	42,041	0.09
				26-02-2016	(25,485)	16,556	0.04
				04-03-2016	(16,556)	—	—
8	Hitesh Satishchandra Doshi	200,000	0.46	—	—	200,000	0.46
9	L and T Mutual Fund Trustee Ltd - L And T Infrastructure Fund *	—	—	18-12-2015	34,678	34,678	0.08
				25-12-2015	95,517	130,195	0.30
				31-12-2015	43,988	174,183	0.39
10	Indianivesh Capitals Limited *	—	—	03-04-2015	88,500	88,500	0.20
				23-10-2015	20,598	109,098	0.25
				30-10-2015	7,560	116,658	0.27
				31-12-2015	1,919	118,577	0.27
				15-01-2016	5,900	124,477	0.28
				05-02-2016	20,923	145,400	0.33
11	Bharat Forge Co. Ltd. General Welfare Trust No.III	140,000	0.32	—	—	140,000	0.32
12	Bharat Forge Co. Ltd. Educational Welfare Trust No.II	140,000	0.32	—	—	140,000	0.32
13	Bharat Forge Co. Ltd. Medical Welfare Trust No.IV	140,000	0.32	—	—	140,000	0.32

* Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2016.

** Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2015.

v) Shareholding of Directors and Key Managerial Personnel :

No.	Name of the Director	Shareholding at the beginning of the year (01-04-2015)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		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	4,770	0.01	—	—	4,770	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	1,937,077,141	249,180,738	—	2,186,257,879
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	8,263,128	941,762	—	9,204,890
Total (i + ii + iii)	1,945,340,269	250,122,500	—	2,195,462,769
Change in Indebtedness during the financial year				
i) Addition	195,721,733	9,180,074,008	—	9,375,795,741
ii) Reduction	379,359,694	7,910,990,166	—	8,290,349,860
Net Change	(183,637,961)	1,269,083,842	—	1,085,445,881
Indebtedness at the end 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	10,154,571	—	—	10,154,571
Total (i + ii + iii)	1,763,593,751	1,520,051,331	—	3,283,645,082

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	39,862,932	39,862,932
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	24,000,000	24,000,000
	- Others, specify	—	—
5.	Others, please specify	—	—
	Total (A)	63,962,932	63,962,932
	Ceiling as per the Act		87,094,547

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	84,000	18,000	28,000	10,000	8,000	148,000
b)	Commission	500,000	1,300,000	300,000	500,000	1,000,000	3,600,000
c)	Others, please specify	—	—	—	—	—	—
	Total (1)	584,000	1,318,000	328,000	510,000	1,008,000	3,748,000
	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	38,000	6,000	16,000	12,000		72,000
b)	Commission	2,500,000	1,500,000	2,200,000	200,000		6,400,000
c)	Others, please specify	—	—	—	—		—
	Total (2)	2,538,000	1,506,000	2,216,000	212,000		6,472,000
	Total (B) = (1 + 2)						10,220,000
	Total Managerial Remuneration						74,182,932
	Overall Ceiling as per the Act						104,513,457

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	5,656,215	3,753,186	9,409,401
b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	—	164,801	164,801
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	5,656,215	3,917,987	9,574,202

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 : 24th May, 2016

B.N. Kalyani
Chairman

ANNEXURE - G TO DIRECTORS' REPORT

FORM AOC-1

Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 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
Reporting Period for the subsidiary concerned, if different from the holding company's reporting period	:	1st April, 2015 to 31st March, 2016
Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	:	Indian Rupees
Share Capital	:	₹ 526,435,000/-
Reserves & Surplus	:	(₹ 415,187,969)
Total Assets	:	₹ 91,956,335/-
Total Liabilities	:	(₹ 19,290,696/-)
Investments	:	₹ 5,000/-
Turnover	:	₹ 213,639/-
Profit before Taxation	:	(₹ 6,394,171/-)
Profit after Taxation	:	(₹ 4,404,486/-)
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	31-03-2016	31-03-2016
2.	Shares of Associate / Joint Venture held by the Company on the year end		
	No. of shares held	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%
3.	Description of how there is significant influence	Note - A	Note - A
4.	Reason why the associate / joint venture is not consolidated	Consolidated	Note - B
5.	Networth attributable to Shareholding as per latest Audited Balance Sheet	(₹ 7,835,803/-)	—
6.	Profit / (Loss) for the year		
	Considered in Consolidation	(₹ 1,368,445/-)	—
	Not Considered in Consolidation	(₹ 1,368,993/-)	—

Notes :

A. There is Significant Influence due to percentage (%) of Share Capital.

B. Based on materiality or where control is intended to be temporary.

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, 2016, 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 Rule 7 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, 2016, 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 Rule 7 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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.

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

Sanjay Athavale
Partner
Membership No.83374

Pune
24th May, 2016

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	1,182,269	2005-06	Tribunal
Excise Duty	Demand received for Cenvat Availment	9,425,387 1,55,434	2014-15 2013-14	Tribunal 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
24th May, 2016

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, 2016 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, 2016, 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
24th May, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Notes	₹	₹	As at 31st March, 2015 ₹
I. EQUITY AND LIABILITIES :				
1. Shareholders' Funds :				
a) Share Capital	2	218,644,367		218,644,367
b) Reserves and Surplus	3	5,676,587,101		4,540,794,398
			5,895,231,468	4,759,438,765
2. Non Current Liabilities :				
a) Long Term Borrowings	4	1,096,114,531		1,570,563,541
b) Deferred Tax Liabilities (Net)	5	613,929,808		516,864,019
c) Other Long Term Liabilities	6	918,695,733		918,695,733
d) Long Term Provisions	10	15,060,458		9,715,228
			2,643,800,530	3,015,838,521
3. Current Liabilities :				
a) Short Term Borrowings	7	1,518,264,580		249,180,738
b) Trade Payables	8			
i) Due to Micro, Small and Medium Enterprises		—		—
ii) Other Trade Payables		1,447,667,897		2,099,206,428
c) Other Current Liabilities	9	1,023,479,018		705,622,725
d) Short Term Provisions	10	17,639,468		12,748,023
			4,007,050,963	3,066,757,914
		TOTAL	12,546,082,961	10,842,035,200
II. ASSETS :				
1. Non Current Assets :				
a) Fixed Assets :				
i) Tangible Assets	11 (a)	4,828,976,583		4,412,944,492
ii) Intangible Assets	11 (b)	48,514,987		11,131,042
iii) Capital work-in-progress		3,542,960		114,205,807
iv) Intangible Asset under development		—		20,344,703
		4,881,034,530		4,558,626,044
b) Non Current Investments	12 (a)	2,135,223,220		768,244,970
c) Long Term Loans and Advances	13	106,742,506		96,880,375
			7,123,000,256	5,423,751,389
2. Current Assets :				
a) Current Investments	12 (b)	355,954,709		—
b) Inventories	14	1,091,179,936		1,560,565,773
c) Trade Receivables	15	3,458,646,613		3,276,402,191
d) Cash & Bank Balances	16	69,898,104		48,845,296
e) Short Term Loans and Advances	13	336,817,191		421,696,240
f) Other Current Assets	17	110,586,152		110,774,311
			5,423,082,705	5,418,283,811
		TOTAL	12,546,082,961	10,842,035,200
Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements	1 to 40			

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 : 24th May, 2016

Pune
Date : 24th May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Notes	₹	₹	Previous Year ₹
INCOME :				
Sales, gross		**14,542,437,496**		15,326,913,278
Less : Excise duty & Service Tax		**2,750,571,133**		3,066,997,132
Sales, net		**11,791,866,363**		12,259,916,146
Other Operating Revenue		**12,795,869**		10,149,120
Revenue from Operations (net)	**18**		**11,804,662,232**	12,270,065,266
Other Income	**19**		**26,572,674**	23,258,991
Total Revenue			**11,831,234,906**	12,293,324,257
EXPENSES :				
Cost of raw material consumed	**20**	**4,192,671,225**		5,708,966,034
Purchases of traded goods	**21**	**132,998,715**		71,935,186
(Increase) / decrease in inventories of Finished Goods, Work-in-Progress and Traded Goods	**22**	**87,476,016**		70,121,910
Employees benefits expense	**23**	**826,756,554**		664,149,526
Finance costs	**24**	**120,290,279**		147,740,067
Depreciation & amortisation expenses	**25**	**517,278,783**		310,156,355
Other Expenses	**26**	**4,211,872,392**		4,080,095,858
			10,089,343,964	11,053,164,936
Profit before Exceptional Items and Tax			**1,741,890,942**	1,240,159,321
Exceptional Items			**—**	—
Profit before Tax			**1,741,890,942**	1,240,159,321
Tax expenses :				
Current Tax		**508,500,000**		301,000,000
Deferred Tax		**97,065,789**		107,658,688
Add / (Less) : Excess provision for Taxation in earlier years		**532,450**		(1,638,792)
			606,098,239	407,019,896
Profit after Tax			**1,135,792,703**	833,139,425
Earnings per Share : Basic and diluted (Face Value of ₹ 5/-)	**27**		**26.02**	19.09
Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements	**1 to 40**			

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 : 24th May, 2016

Pune
Date : 24th May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

		Year ended 31st March, 2016		Year ended 31st March, 2015
	₹	₹	₹	₹
A. Cash Flow from Operating Activities :				
Profit for the Year Before Taxation		**1,741,890,942**		1,240,159,321
Add : Adjustment for Depreciation / Interest / Other Non Cash Expenses :				
Depreciation (including Leasehold Land Amortised)	**517,278,783**		310,156,355	
Bad Debts, Advances & Sundry Debit Balances written off	**24,399,997**		33,089,485	
Interest Charged (Net of Capitalised)	**120,290,279**		147,740,067	
Loss on Sale of Assets (Net)	**—**		291,743	
		661,969,059		491,277,650
Less : Adjustments for Dividend / Interest / Other Income :				
Dividend	**(12,961,004)**		(993,863)	
Profit on Sale of Assets	**(19,048)**		(150,531)	
Interest from Deposits and Loans	**(7,829,678)**		(20,029,690)	
Provision no longer Required	**(2,883,434)**		(2,808,822)	
Sundry Credit Balances appropriated	**(1,356,942)**		(1,060,297)	
		(25,050,106)		(25,043,203)
Operating Profit Before Working Capital Changes		**2,378,809,895**		1,706,393,768
Changes in Working Capital :				
Inventories	**469,385,838**		148,740,126	
Sundry Debtors	**(206,644,419)**		6,758,388	
Other Current Assets, Loans & Advances	**88,528,132**		(124,211,872)	
Trade Payables	**(611,845,337)**		(316,254,032)	
		(260,575,786)		(284,967,390)
Cash Generated from Operations		**2,118,234,109**		1,421,426,378
Direct Taxes Paid		**(512,493,374)**		(279,781,683)
Net Cash generated from Operating Activities (A)		**1,605,740,735**		1,141,644,695

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016 (Continued)

	Year ended 31st March, 2016 ₹	Year ended 31st March, 2015 ₹
B. Cash Flow from Investment Activities :		
Purchase of Assets	**(970,694,819)**	(1,423,352,262)
Capital Work in Progress	**131,007,550**	(33,877,310)
Sale of Assets	**19,048**	188,999
Advance for Capital Goods for Projects	**(5,526,871)**	433,010,827
Loans to Companies	**(4,335,260)**	391,148,214
(Purchase) / Sale of Investments	**(1,722,932,959)**	(456,685,000)
Dividend Received	**12,961,004**	993,863
Interest Received	**7,829,678**	20,029,690
Net Cash used in Investment Activities (B)	**(2,551,672,629)**	(1,068,542,979)
C. Cash Flow from Financing Activities :		
Proceeds from Borrowings	**1,085,445,881**	123,383,589
Interest Paid	**(117,553,847)**	(162,771,162)
Dividend Paid	**(907,332)**	(152,830,807)
Net Cash Flow from Financing Activities (C)	**966,984,702**	(192,218,380)
Net Changes in Cash & Cash Equivalents (A + B + C)	**21,052,808**	(119,116,664)
Cash & Cash Equivalents at the beginning of the year as on 31st March, 2015	**48,845,296**	167,961,960
Cash & Cash Equivalents at the end as on 31st March, 2016	**69,898,104**	48,845,296

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 : 24th May, 2016

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 : 24th May, 2016

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 :

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, 2016 (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, 2016 (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. 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 salary.

d) Privilege Leave Benefits :

Privilege leave benefits or compensated absences are considered as long 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, 2016 (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, 2016		As at 31st March, 2015	
	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, 2016 (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, 2016**		As at 31st March, 2015	
	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**	6,006,898	13.76
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.

NOTE '3' : RESERVES AND SURPLUS :

		As at 31st March, 2016	As at 31st March, 2015
	₹	₹	₹
General Reserve			
As per last Account	**419,265,300**		419,265,300
Add : Transferred from Statement of Profit and Loss	**—**		—
		419,265,300	419,265,300
Surplus in the Statement of Profit and Loss			
As per last Account	**4,121,529,098**		3,340,722,445
Add : Net Profit for the year	**1,135,792,703**		833,139,425
Amount available for Appropriation	**5,257,321,801**		4,173,861,870
Less : Transferred from Fixed Assets (net of taxes) as per Note 7(b) of Schedule II of Companies Act, 2013	**—**		52,332,772
Surplus - Closing Balance		**5,257,321,801**	4,121,529,098
TOTAL		**5,676,587,101**	4,540,794,398

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

NOTE '4' : LONG-TERM BORROWINGS :

	Non-Current maturities		Current maturities	
	As at 31st March, 2016	As At 31st March, 2015	**As at 31st March, 2016**	As At 31st March, 2015
	₹	₹	**₹**	₹
SECURED :				
Foreign Currency Term Loans (See Note '4(a)') :				
Bank of Baroda	**573,933,687**	902,386,654	**471,294,649**	270,505,920
The Hongkong and Shanghai Banking Corporation Limited	**522,180,844**	668,176,887	**186,030,000**	96,007,680
TOTAL	**1,096,114,531**	1,570,563,541	**657,324,649**	366,513,600
Less : Shown under 'Other Current Liabilities' (See Note '9')	**—**	—	**(657,324,649)**	(366,513,600)
TOTAL	**1,096,114,531**	1,570,563,541	**—**	—

4 (a) Foreign Currency Term Loans :

From Bank of Baroda, London

(i) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 5,437,032/- comprising of :

a) Facility A of USD 3,049,390/- 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 of USD 2,387,642/- repayable in four half yearly instalments commencing from 27th month of initial drawdown i.e. repayment commenced from 22nd April, 2015.

Both Facility A and Facility B 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 10,340,000/-, repayable in 8 equal half yearly instalments starting 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 10,689,975/-, 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, 2016 (continued) :

		As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
NOTE '5' : DEFERRED TAX LIABILITIES (NET) :			
DEFERRED TAX LIABILITIES :			
On account of Timing Difference in :			
a Depreciation and amortisation		**626,665,318**	523,907,758
DEFERRED TAX ASSETS :			
On account of Timing Difference in :			
b Disallowance u/s 43B of the Income Tax Act		**11,316,790**	4,030,870
c. Provision for Doubtful Debts		**1,418,720**	3,012,869
	TOTAL	**613,929,808**	516,864,019

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		**681,978,515**	249,180,738
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	**1,518,264,580**	249,180,738

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, 2016 (continued) :

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
NOTE '8' : TRADE PAYABLES :		
Trade Payables (See Note below)	**1,438,358,088**	2,092,941,997
Acceptances	**9,309,809**	6,264,431
TOTAL	**1,447,667,897**	2,099,206,428

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	**56,421,333**	38,336,501
Creditors of Capital Goods	**159,209,083**	158,240,562
Current Maturities of Long-Term Borrowings (See Note '4')	**657,324,649**	366,513,600
Interest accrued but not due on borrowings	**10,154,571**	9,204,890
Interest accrued and due on borrowings	**1,786,751**	—
Unclaimed Dividend	**3,602,755**	4,510,087
Amount payable against purchase of Preference Shares under an arrangement	**14,839,953**	14,839,953
Advances against order	**4,985,708**	3,663,307
Employee contributions & recoveries payable	**8,325,373**	9,565,861
Statutory dues payable including Tax Deducted at Source	**106,828,842**	100,747,964
TOTAL	**1,023,479,018**	705,622,725

NOTE '10' : PROVISIONS :	Long Term		Short Term	
	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹	**As at 31st March, 2016** ₹	As at 31st March, 2015 ₹
Provision for Employee Benefits :				
Provision for Gratuity (See Note '10(a)')	**13,244,068**	8,476,605	**—**	—
Provision for Leave Benefits (See Note '10(a)')	**—**	—	**17,639,468**	12,748,023
Provision for PF Trust (See Note '10(b)')	**1,816,390**	1,238,623	**—**	—
TOTAL	**15,060,458**	9,715,228	**17,639,468**	12,748,023

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (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, 2016	As at 31st March, 2015
		₹	₹
i)	Amounts to be recognised in the Balance Sheet :		
	a. Present Value of Defined Benefit Obligations Funded	**30,138,966**	19,927,984
	b. Fair Value of Plan Assets	**16,894,898**	11,451,379
	c. Net Liability / (Asset) recognised in the Balance Sheet	**13,244,068**	8,476,605
ii)	Amount to be recognised in the Statement of Profit and Loss :		
	a. Current Service Cost	**3,334,220**	3,092,968
	b. Acquisition (gain) / loss	**—**	730,312
	c. Interest on Defined Benefit Obligations	**1,551,944**	1,073,655
	d. Expected Return on Plan Assets	**(1,043,336)**	(741,046)
	e. Net Actuarial Losses / (Gains) recognised in year	**5,906,708**	2,873,294
	Total included in Employees Emoluments	**9,749,536**	7,029,183
iii)	Change in Defined Benefit Obligation and Reconciliation thereof :		
	a. Present Value of Defined Benefit Obligation at the beginning of the year	**19,927,984**	11,307,695
	b. Acquisition Adjustment	**—**	1,449,884
	c. Interest Cost	**1,551,944**	1,073,655
	d. Current Service Cost	**3,334,220**	3,092,968
	e. Actuarial Losses / (Gains)	**5,387,352**	3,003,782
	f. Benefits Paid	**(62,534)**	—
	g. Present value of Defined Benefit Obligation at the close of the year	**30,138,966**	19,927,984
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	**11,451,379**	9,541,160
	b. Acquisition Adjustments	**—**	719,572
	c. Add : Expected return on Plan Assets	**1,043,336**	741,046
	d. Add / (Less) : Actuarial (Losses) / Gains	**(519,356)**	130,488
	e. Add : Contributions by employer	**4,982,073**	319,113
	f. Benefits paid	**(62,534)**	—
	g. Fair Value of Plan Assets at the close of the year	**16,894,898**	11,451,379
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, 2016 (continued) :

vi) Amount for the Current Period :

Experience History

	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
	₹	₹	₹	₹	₹
Present Value of Obligation	**30,138,966**	19,927,984	11,307,695	9,752,144	16,135,527
Plan Assets	**16,894,898**	11,451,379	9,541,160	4,629,581	14,216,394
Surplus / (Deficit)	**(13,244,068)**	(8,476,605)	(1,766,535)	(5,122,563)	(1,919,133)
Experience adjustments on plan liabilities loss / (gain)	**5,387,352**	1,073,119	(899,432)	1,713,393	1,716,213
Experience adjustments on plan assets loss / (gain)	**519,356**	(130,488)	(235,108)	(137,631)	(320,775)

vii) Summary of the Actuarial Assumptions :

	As at 31st March, 2016	As at 31st March, 2015
Discount Rate	**7.80%**	7.80%
Expected Rate of Return on Assets	**7.50%**	7.50%
Salary Escalation Rate	**10.00%**	10.00%

B. UNFUNDED SCHEME :

	Leave Benefits	
	As at 31st March, 2016	As at 31st March, 2015
	₹	₹
(i) Amounts to be recognised in Balance Sheet :		
a. Present Value of Defined Benefit Obligations		
(i) Unfunded	**17,639,468**	12,748,023
b. Fair Value of Plan Assets	**—**	—
c. Net Liability / (Asset) recognised in the Balance Sheet	**17,639,468**	12,748,023
(ii) Amount to be recognised in the Statement of Profit and Loss :		
a. Current Service Cost	**3,421,887**	3,174,292
b. Interest on Defined Benefit Obligations	**962,021**	694,652
c. Expected Return on Plan Assets	**—**	—
d. Net Actuarial Losses / (Gains) recognised in year	**1,336,371**	2,210,806
Total included in Employees Emoluments	**5,720,279**	6,079,750

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

		Leave Benefits	
		As at 31st March, 2016	As at 31st March, 2015
		₹	₹
(iii)	Change in Defined Benefit Obligation and Reconciliation thereof :		
a.	Present Value of Defined Benefit Obligation at the beginning of the year	**12,748,023**	8,432,868
b.	Interest Cost	**962,021**	694,652
c.	Current Service cost	**3,421,887**	3,174,292
d.	Actuarial Losses / (Gains)	**1,336,371**	2,210,806
e.	Benefits Paid	**(828,834)**	(1,764,595)
f.	Present Value of Defined Benefit Obligation at the close of the year	**17,639,468**	12,748,023
(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)	Broad Categories of Plan Assets as a percentage of Total Assets :		
	Insurer Managed Funds	**100%**	100%
(vi)	Summary of the Actuarial Assumptions :		
	Discount Rate	**7.80%**	7.80%
	Expected Rate of Return on Assets	**7.50%**	7.50%
	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, 2016. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are :

		As at 31st March, 2016	As at 31st March, 2015
i)	Remaining term of maturity	**8.15 Years**	8.67 Years
ii)	Expected guaranteed interest rate	**8.80%**	8.75%
iii)	Discount Rate for the remaining term of maturity of interest portfolio	**7.80%**	7.80%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

NOTE '11' : (a) TANGIBLE ASSETS :

	Gross Block				Depreciation					Net Block	
	As at 31st March, 2015	Addition	Disposal/ Adjustments	**As at 31st March, 2016**	As at 31st March, 2015	For the year	Adjusted against Reserves	Disposal/ Adjustments	**As at 31st March, 2016**	**As at 31st March, 2016**	As at 31st March, 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Freehold Land	645,677,007	277,810,040	—	**923,487,047**	—	—	(c) —	—	—	**923,487,047**	645,677,007
Leasehold Land	25,303,064	—	—	**25,303,064**	25,137,085	(b) 165,979	—	—	**25,303,064**	**—**	165,979
Buildings	880,954,328	44,496,020	—	**925,450,348**	197,666,041	33,311,833	—	—	**230,977,874**	**694,472,474**	683,288,287
Plant and Machinery	6,096,682,456	576,308,113	210,763,852	**6,462,226,717**	3,095,707,402	(d) 455,942,623	—	210,763,852	**3,340,886,173**	**3,121,340,544**	3,000,975,054
Office Equipment	29,748,860	12,678,135	(51,696,441)	**94,123,436**	3,355,182	14,918,002	—	(29,217,402)	**47,490,586**	**46,632,850**	26,393,678
Furniture and Fixtures	72,290,250	14,116,544	56,105,670	**30,301,124**	39,706,870	2,856,695	—	33,626,631	**8,936,934**	**21,364,190**	32,583,380
Vehicles	40,871,741	1,462,916	—	**42,334,657**	17,010,634	3,644,545	—	—	**20,655,179**	**21,679,478**	23,861,107
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**	4,412,944,492
March 31, 2015 Total	6,441,145,941	1,411,737,261	61,355,496	7,791,527,706	3,050,656,036	309,672,397	79,280,066	61,025,285	3,378,583,214	4,412,944,492	—

(b) INTANGIBLE ASSETS :

	Gross Block				Depreciation					Net Block	
	As at 31st March, 2015	Addition	Disposal/ Adjustments	**As at 31st March, 2016**	As at 31st March, 2015	For the year	Adjusted against Reserves	Disposal/ Adjustments	**As at 31st March, 2016**	**As at 31st March, 2016**	As at 31st March, 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Software	11,615,000	43,823,051	—	**55,438,051**	483,958	6,439,106	—	—	**6,923,064**	**48,514,987**	11,131,042
March 31, 2016 Total	**11,615,000**	**43,823,051**	**—**	**55,438,051**	**483,958**	**6,439,106**	**—**	**—**	**6,923,064**	**48,514,987**	11,131,042
March 31, 2015 Total	—	11,615,000	—	11,615,000	—	483,958	—	—	483,958	11,131,042	—

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

b) Represents amortisation of premium paid on Leasehold Land over the lease period.

c) Amount transferred to opening retained earnings as per note 7(b) of Schedule 2 of Companies Act, 2013.

d) Depreciation includes amount of Impairment charge of ₹ 23,180,752/- as per AS 28 - "Impairment of Asset ".

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

		₹	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
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
—	(1,000,000) Fully paid Equity Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	—		10,000,000
	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**		—
			273,228,220	21,299,970
In Preference Shares :				
	a) Investment in Associates :			
—	(4,100,000) 1% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	—		41,000,000
—	(41,083,500) 1% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	—		410,835,000
	b) Investment in Subsidiary :			
41,643,500	(—) 1% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	**416,435,000**		—
	c) Investment in Others :			
—	(19,000,000) 11% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of KSL Holdings Private Limited	—		190,000,000
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	(3,265,000) 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Kalyani Mining Ventures Private Limited	**13,100,000**		32,650,000
			501,995,000	746,945,000
In Debentures :				
13,196,000	(—) 0% Fully Convertible Debentures of ₹ 100/- each of DGM Realties Private Limited		**1,360,000,000**	—
	TOTAL		**2,135,223,220**	768,244,970
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**		—
46,198	(—) Units of ₹ 1,000/- each of Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	**70,624,450**		—
20,022	(—) Units of ₹ 1,000/- each of IDFC Cash Fund - Daily Dividend	**20,031,432**		—
			355,954,709	—
	TOTAL		**355,954,709**	—

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

	Long Term		Short Term	
	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹	**As at 31st March, 2016** ₹	As at 31st March, 2015 ₹
NOTE '13' : LOANS AND ADVANCES :				
LOANS AND ADVANCES				
(Unsecured, considered good, unless stated otherwise)				
Capital Advances :				
Secured, by a Bank Guarantee	**—**	—	**—**	—
Other advances	**46,246,915**	40,720,044	**—**	—
	46,246,915	40,720,044	**—**	—
Security Deposits	**58,673,317**	53,636,682	**19,143,325**	19,417,101
Advances recoverable in cash or kind	**—**	—	**302,695,652**	375,821,298
Other loans and advances :				
Advance Income Tax (net of provision of taxation)	**—**	—	**8,330,294**	4,869,371
Loans to employees	**1,822,274**	2,523,649	**814,282**	2,758,942
Balance with Excise Department	**—**	—	**5,833,638**	18,829,528
TOTAL	**106,742,506**	96,880,375	**336,817,191**	421,696,240

			As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
NOTE '14' : INVENTORIES :				
Raw materials, at cost (includes in transit ₹ Nil (31st March, 2015 : ₹ Nil) (See Note '14(a)')			**180,771,542**	472,136,695
Work in Progress (See Note '14(b)')			**133,406,873**	268,051,412
Finished Goods, at cost or market value whichever is lower (See Note '14(c)')		**489,138,877**		476,017,728
Finished Goods - Traded		**34,424,739**		—
Scrap at estimated realisable value		**3,334,988**		3,712,353
			526,898,604	479,730,081
Stores, spares etc., at cost			**250,102,917**	340,647,585
TOTAL			**1,091,179,936**	1,560,565,773

	As at 31st March, 2016		As at 31st March, 2015	
	MTs	₹	MTs	₹
Note '14(a)' Details of Raw Material Inventory :				
Coke / Coke Fines	**7,324**	**56,956,742**	15,213	189,003,634
Iron Ore / Iron Ore Fines	**10,759**	**30,085,560**	25,037	117,090,979
Ferro Alloys		**34,908,708**		75,667,628
Others		**58,820,532**		90,374,454
TOTAL		**180,771,542**		472,136,695
Note '14(b)' Details of Work in Progress :				
Blooms & Rounds	**4,754**	**102,248,815**	7,549	224,088,702
Others		**31,158,058**		43,962,710
TOTAL		**133,406,873**		268,051,412
Note '14(c)' Details of Finished Goods Inventory :				
Blooms & Rounds	**42**	**848,599**	40	1,060,473
Rolled Products	**15,897**	**488,290,278**	12,319	474,957,256
Traded Goods	**801**	**34,424,739**	—	—
Others		**3,334,988**		3,712,352
TOTAL		**526,898,604**		479,730,081

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

	₹	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
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	**48,503,913**		37,065,921
Doubtful	**4,099,399**		8,927,693
	52,603,312		45,993,614
Provision for doubtful debts	**4,099,399**		8,927,693
		48,503,913	37,065,921
Others :			
Secured, considered good	**—**		—
Unsecured, considered good	**3,410,142,700**		3,239,336,270
Doubtful	**—**		—
	3,410,142,700		3,239,336,270
Provision for doubtful debts	**—**		—
		3,410,142,700	3,239,336,270
TOTAL		**3,458,646,613**	3,276,402,191
NOTE '16' : CASH AND BANK BALANCES :			
A) Cash and Cash Equivalents :			
Cash on Hand	**903,073**		560,565
Bank Balances :			
In Current & Cash Credit Accounts	**56,601,907**		36,356,554
In Fixed Deposits (Less than three months maturity)	**8,174,869**		6,802,590
		65,679,849	43,719,709
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)	**3,602,755**		4,510,087
		4,218,255	5,125,587
TOTAL		**69,898,104**	48,845,296
NOTE '17' : OTHER CURRENT ASSETS :			
Income receivable		**5,316,371**	6,993,332
Prepaid Expenses		**19,343,891**	26,065,736
Export Incentive Receivables		**2,326,869**	5,919,572
VAT Receivable		**83,599,021**	71,795,671
TOTAL		**110,586,152**	110,774,311

NOTE '18' : REVENUE FROM OPERATIONS :

	₹	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
Sale of products			
Finished Goods	**11,383,709,862**		12,390,927,038
Traded Goods	**112,429,798**		72,904,488
	11,496,139,660		12,463,831,526
Job Work Sales	**2,898,546,510**		2,759,546,353
Sale of Services	**—**		20,224,800
Scrap Sales	**147,751,326**		83,310,599
	14,542,437,496		15,326,913,278
Less : Excise Duty & Service Tax	**2,750,571,133**		3,066,997,132
		11,791,866,363	12,259,916,146
Other Operating Revenue			
Export Incentives received	**8,555,493**		6,280,001
Sundry Credit Balances Appropriated	**1,356,942**		1,060,297
Provision no longer required	**2,883,434**		2,808,822
		12,795,869	10,149,120
TOTAL		**11,804,662,232**	12,270,065,266

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

		For the period ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
Details of products sold :			
Finished goods sold :			
Pig Iron - Qty 13,420 MTs (Previous Year 2,312 MTs)		**248,099,057**	67,038,380
Blooms and Rounds - Qty 17,157 MTs (Previous Year 16,047 MTs)		**605,344,383**	647,805,575
Rolled Products - Qty 201,566 MTs (Previous Year 201,770 MTs)		**10,530,266,422**	11,676,083,083
	TOTAL	**11,383,709,862**	12,390,927,038
Traded goods sold :			
Coal - Qty 3,200 MTs (Previous Year 9,000 MTs)		**19,145,600**	65,448,000
Coke Fines - Qty 4,500 MTs (Previous Year Nil MTs)		**29,209,500**	—
Rolled Products - Qty 995 MTs (Previous Year 115 MTs)		**64,074,698**	7,456,488
	TOTAL	**112,429,798**	72,904,488
Job Work Sales :			
Hot Metal & Pig Iron - Qty 322,385 MTs (Previous Year 310,768 MTs)		**1,938,214,431**	1,898,453,372
Rolled Products - Qty 121,579 MTs (Previous Year 118,884 MTs)		**960,332,079**	861,092,981
	TOTAL	**2,898,546,510**	2,759,546,353
NOTE '19' : OTHER INCOME :			
Dividend :			
From Trade Investments		**—**	—
Others		**12,961,004**	993,863
		12,961,004	993,863
Interest from Deposits and Loans		**7,829,678**	20,029,690
Miscellaneous receipts		**5,762,944**	2,084,907
Profit on sale of assets		**19,048**	150,531
	TOTAL	**26,572,674**	23,258,991
NOTE '20' : COST OF RAW MATERIAL CONSUMED :			
Stock at commencement		**472,136,695**	564,337,500
Add : Purchases		**4,044,815,824**	5,640,889,885
		4,516,952,519	6,205,227,385
Less : Sale of Raw Material		**143,509,752**	24,124,656
Less : Stock at close		**180,771,542**	472,136,695
	TOTAL	**4,192,671,225**	5,708,966,034

	For the Year Ended 31st March, 2016		For the Year Ended 31st March, 2015	
	MTs	**₹**	MTs	₹
Details of Raw Material Consumed :				
Coke / Coke Fines	**153,753**	**1,846,420,616**	147,913	2,119,845,540
Iron Ore / Iron Ore Fines	**380,701**	**1,186,995,854**	370,536	1,767,413,363
Ferro Alloys		**729,496,194**		971,860,234
Others		**429,758,561**		849,846,897
TOTAL		**4,192,671,225**		5,708,966,034

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	₹	Percentage	₹	Percentage
Imported & Indigenous Raw Materials Consumed :				
Imported (Direct Imports only)	**1,771,422,781**	**42%**	2,668,322,953	47%
Indigenous	**2,421,248,444**	**58%**	3,040,643,081	53%
TOTAL	**4,192,671,225**	**100%**	5,708,966,034	100%

	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
NOTE '21' : PURCHASES OF TRADED GOODS :		
Coal	**17,413,680**	64,622,700
Coke Fines	**27,957,365**	—
Rolled Products	**87,627,670**	7,312,486
TOTAL	**132,998,715**	71,935,186
NOTE '22' : (INCREASE) / DECREASE IN INVENTORIES :		
Inventories at the end of the period		
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
Inventories at the beginning of the year		
Work-in-progress	**268,051,412**	272,696,366
Finished Goods	**476,017,729**	525,195,338
Traded Goods	**—**	—
Scrap	**3,712,352**	20,011,699
	747,781,493	817,903,403
TOTAL	**87,476,016**	70,121,910
NOTE '23' : EMPLOYEES BENEFITS EXPENSE :		
Salary, wages, bonus etc.	**755,187,887**	613,265,581
Contribution to Provident and other Funds etc.	**51,419,287**	35,449,013
Welfare expenses	**20,149,380**	15,434,932
TOTAL	**826,756,554**	664,149,526
NOTE '24' : FINANCE COSTS :		
Interest expenses	**89,654,700**	90,750,557
Other borrowings costs	**30,635,579**	56,989,510
TOTAL	**120,290,279**	147,740,067
NOTE '25' : DEPRECIATION & AMORTISATION EXPENSES		
Leasehold land amortised	**165,979**	610,821
Depreciation	**517,112,804**	309,545,534
TOTAL	**517,278,783**	310,156,355

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

		For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
NOTE '26' : OTHER EXPENSES :			
Stores and spares consumed		**756,349,748**	683,235,780
Job work and Manufacturing Charges		**1,505,509,647**	1,476,421,296
Power and Fuel		**791,327,142**	900,661,546
Building and Road repairs		**15,811,900**	23,396,664
Machinery repairs		**99,957,452**	93,841,512
(Increase) / decrease of excise duty on Inventory		**19,065,765**	337,311
Rent		**2,918,930**	6,597,054
Rates & Taxes		**39,686**	137,844
Insurance		**11,994,912**	9,800,158
Legal & Professional charges		**59,021,215**	36,205,235
Miscellaneous expenses		**234,405,273**	196,139,512
CSR Expenditure (See Note '39')		**25,923,392**	2,651,640
Donations		**—**	20,194,035
Freight Outward		**471,468,009**	436,296,987
Brokerage and Discount		**2,808,638**	6,149,897
Commission on sales		**3,698,955**	6,508,466
Payment to Auditor (Refer details below)		**4,627,242**	3,627,844
Directors' Fees and Travelling Expenses		**2,027,155**	1,728,565
Directors' Commission		**34,100,000**	21,000,000
Loss on Foreign Exchange Fluctuation		**100,380,937**	88,406,969
Loss on Assets sold or scrapped		**—**	291,743
Facility charges under Strategic Alliance		**67,892,940**	65,581,931
Prior Period Expenditure		**2,543,454**	883,869
	TOTAL	**4,211,872,392**	4,080,095,858
Payment to Auditor :			
As Statutory Auditors		**3,000,000**	2,500,000
In Other capacity :			
Tax Audit Fee		**500,000**	500,000
Limited Review		**360,000**	300,000
Certification		**356,000**	248,000
		4,216,000	3,548,000
For expenses		**411,242**	79,844
	TOTAL	**4,627,242**	3,627,844

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
NOTE '27' : EARNINGS PER EQUITY SHARE :		
Earning per Share : (Face Value of ₹ 5/-)		
Net Profit after Taxation	**1,135,792,703**	833,139,425
Number of Shares Issued and Subscribed	**43,653,060**	43,653,060
Basic and Diluted	**26.02**	19.09

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
NOTE '28' : CONTINGENT LIABILITIES :		
Contingent Liabilities not provided for in respect of :		
a) Claims against the Company not acknowledged as debts	**1,977,351**	2,718,858
b) Customs Duty, Excise Duty & Service Tax - Matter under dispute	**42,982,888**	25,128,296
c) Customers' Bill Discounting	**—**	411,325,445
d) Iron Ore Supplier - Rate Difference Claim - Disputed	**255,198,766**	255,198,766
e) Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	**33,487,315**	33,487,315
f) Guarantees given by the Company on behalf of other Companies for purchase of shares - USD 12,615,003/-	**835,743,949**	—
g) Guarantees given by Company's Bankers on behalf of the Company to Government Authorities	**1,461,680**	—
h) Others	**825,000**	1,404,328
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)	**75,485,297**	253,475,203
2. Other Commitments on account of :		
a) Purchase of Raw Material through E-Auction	**17,870,800**	157,918,056
b) Supply of Gases - Minimum Take Over Price	**787,285,674**	855,452,790
TOTAL	**880,641,771**	1,266,846,049
NOTE '30' : CIF VALUE OF IMPORTS :		
Direct imports only : (including goods in Bonded Warehouse, if any)		
i) Raw material :		
- Coke / Coke Fines	**1,248,223,552**	1,824,636,288
- Coal	**108,016,722**	117,546,175
- Ferro Alloys	**145,639,313**	327,948,515
ii) Goods Traded in :		
- Coal	**17,413,680**	64,622,700
- Coke Fines	**27,957,365**	—
iii) Capital Goods	**152,049,176**	363,239,001
NOTE '31' : EXPENDITURE IN FOREIGN CURRENCY :		
Interest	**77,111,741**	68,425,064
Testing Charges	**1,826,345**	1,667,853
Legal & Professional	**1,016,026**	87,926
Others	**585,917**	526,695
NOTE '32' : EARNINGS IN FOREIGN CURRENCY :		
F.O.B. value of Exports	**441,886,015**	332,038,887

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
NOTE '33' : EXCHANGE DIFFERENCE GAIN / (LOSS) ON ACCOUNT OF FLUCTUATIONS IN FOREIGN CURRENCY RATES :		
Amount to be recognised in Balance Sheet	**108,219,732**	49,941,460
Recognised in the Statement of Profit and Loss	**100,380,937**	88,406,969

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, 2016**	31st March, 2015
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, 2016**	31st March, 2015
i) Buyer's Credit	USD	**10,294,015**	3,986,573
ii) Payables	USD	**4,571,943**	11,189,080
iii) Receivable	USD	**1,160,580**	804,614
iv) Interest	USD	**30,084**	19,229
v) Loan	USD	**26,467,007**	30,990,785

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

NOTE '35' : INFORMATION ON JOINT VENTURE :

i Jointly Controlled Entity :

Sr. No.	Name of the Company	Country of Incorporation	Percentage of ownership interest	
			2015-16	2014-15
1	Hospet Steels Limited	India	**49.99%**	49.99%

		2015-16 ₹	2014-15 ₹
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	**—**	55,489

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

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
Equity and Liabilities :		
Shareholders Funds	**(3,917,118)**	(2,548,673)
Non Current Liabilities	**6,281,755**	4,367,092
Current Liabilities	**101,129,317**	79,140,435
Assets :		
Fixed Assets (net)	**2,192,714**	3,202,884
Deferred Tax Assets (net)	**2,826,020**	2,112,749
Long Term Loans & Advances	**90,415**	150,350
Current Assets	**98,384,805**	75,492,871

	2015-16 ₹	2014-15 ₹
Income :		
Other Income	**—**	3,500,445
Reimbursement of Expenses	**583,901,334**	525,389,145
Expenses :		
Employee Benefits expense	**321,854,968**	267,221,855
Other Expenses	**263,016,323**	255,202,695
Finance costs	**7,547**	97,253
Depreciation & amortisation expense	**1,010,170**	2,950,417
Provision for Taxation	**94,043**	915,228
Deferred Tax	**(713,270)**	167,453

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (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	2015-16		2014-15	
		Transaction Value	**Outstanding amount carried in the Balance Sheet**	Transaction Value	Outstanding amount carried in the Balance Sheet
		₹	₹	₹	₹
A) Associates :					
1. Kalyani Mukand Limited	Contribution to Equity (1,000,000 shares of ₹ 10/- each)	**—**	**10,050,000**	—	10,050,000
	Advance Given	**186,665**	**186,665**	—	—
2. Lord Ganesha Minerals Private Limited	Preference Shares subscribed	**—**	**—**	410,835,000	—
	Contribution to Equity (1,000,000 shares of ₹ 10/- each)	**—**	**—**	—	10,000,000
	Preference Shares (4,100,000 shares of ₹ 10/- each)	**—**	**—**	—	41,000,000
	Preference Shares (41,083,500 shares of ₹ 10/- each)	**—**	**—**	—	410,835,000
B) Subsidiary Lord Ganesha Minerals Private Limited	Preference Shares subscribed	**5,600,000**	**—**	—	—
	Equity Shares subscribed	**251,300,000**	**—**	—	—
	Preference Shares (41,643,500 shares of ₹ 10/- each)	**—**	**416,435,000**	—	—
	Equity Shares (1,550,000 shares of ₹ 10/- each)	**—**	**261,300,000**	—	—
C) Joint Venture : Hospet Steels Limited	Reimbursement of Expenses	**675,568,201**	**(75,118,396)**	626,949,477	(69,132,219)
	Contribution to Equity (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)	**3,601,101,663**	**851,450,926**	4,133,164,547	707,720,334
	Purchases	**14,653,422**	**(5,478,684)**	19,130,514	(7,232,359)
	Interest paid on Trade Advance	**22,561,644**	**—**	22,500,000	—
	Reimbursement of Expenses Paid	**87,879**	**—**	403,766	—
	Rent Paid	**162,000**	**—**	126,000	—
	Trade Advance received	**—**	**770,000,000**	—	770,000,000
2. Kalyani Carpenter Special Steels Private Limited	Sales (net of rejections)	**741,125,407**	**63,987,728**	174,142,250	23,584,773
	Purchases	**108,999,916**	**(86,788,292)**	18,817,478	(75,569,084)
	Conversion Charges paid	**69,574,540**	**—**	120,386,310	—
	Reimbursement of Expenses paid	**3,781,390**	**—**	1,554,766	—
	Interest received on ICD	**—**	**—**	3,951,109	—
	Reimbursement of Expenses received	**3,060,295**	**—**	22,908	—
	Trade Advance given	**110,000,000**	**—**	—	—
	Trade Advance Refund	**(110,000,000)**	**—**	—	—
	Inter Corporate Deposit given	**—**	**—**	350,000,000	—
	Inter Corporate Deposit Refund	**—**	**—**	(350,000,000)	—
3. Kalyani Investment Company Limited	Reimbursement of Expenses received	**7,704,587**	**1,375,653**	41,956	23,557
	Management and administrative Services received	**—**	**—**	20,224,800	5,056,200
	Interest Paid on ICD	**1,667,467**	**—**	4,178,062	—
	Inter Corporate Deposit given	**500,000,000**	**—**	207,000,000	—
	Inter Corporate Deposit Refund	**(500,000,000)**	**—**	(207,000,000)	—
4. BF Investments Limited	Dividend Paid on equity shares	**—**	**—**	51,157,263	—
E) Key Managerial Personnel and their relatives :					
1. Mr.R.K Goyal Managing Director	Remuneration	**63,962,932**	**(25,298,444)**	48,692,300	(15,330,861)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (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, 2016	31st March, 2015	**2015-16**	2014-15	**31st March, 2016**	31st March, 2015
	₹	₹	**₹**	₹	**₹**	₹
Associates :						
Kalyani Mukand Limited	**—**	—	**—**	—	**10,050,000**	10,050,000
Hospet Steels Limited	**—**	—	**—**	—	**1,249,970**	1,249,970
Lord Ganesha Minerals Private Limited	**—**	—	**—**	410,835,000	**—**	461,835,000
Subsidiary :						
Lord Ganesha Minerals Private Limited	**—**	—	**5,600,000**	—	**678,363,250**	—
Other Companies * $						
India International Infrastructure Engineers Limited	**—**	—	**—**	300,000	**—**	—
Advances in the nature of loans * $						
KSL Group Welfare Trust	**—**	—	**—**	1,000,000	**—**	—

Notes :

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

* 2. No repayment schedule.

$ 3. Interest free.

NOTE '38' :

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 '39' : CSR Expenditure :

a) Corporate Social Responsibility (CSR), gross amount required to be spent by the Company during the year ₹ 24,223,508/- includes unspent amount of ₹ 7,476,360/- for the previous year. (Previous Year ₹ 10,128,000/-)

b) Amount spent during the year on :

Sr. No.	Particulars	**FY 2015-16**			FY 2014-15		
		In cash ₹	**Yet to be paid in cash ₹**	**Total ₹**	In cash ₹	Yet to be paid in cash ₹	Total ₹
1	Promotion of education Donation	**22,191,243**	**—**	**22,191,243**	1,786,355	—	1,786,355
2	Health and hygiene Miscellaneous expenses	**1,815,771**	**—**	**1,815,771**	865,285	—	865,285
3	Infrastructure Miscellaneous expenses	**1,916,378**	**—**	**1,916,378**	—	—	—
		25,923,392	**—**	**25,923,392**	2,651,640	—	2,651,640

NOTE '40' :

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 : 24th May, 2016

Pune
Date : 24th May, 2016

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 jointly controlled company, comprising of the consolidated Balance Sheet as at March 31, 2016, 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").

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 "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 jointly controlled company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its jointly 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, 2016 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 ₹ 192,624,269/- as at 31st March, 2016, total revenues of ₹ 212,038/- and net cash flows amounting to (₹ 1,986,405/-) 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, insofar 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 Section 143(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 Rule 7 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, 2016 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, 2016 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 & jointly controlled company - Refer Note '28' to the consolidated financial statements.

      ii. The Group & jointly 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 jointly controlled company.

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

Sanjay Athavale
Partner
Membership No.83374

Pune
24th May, 2016

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, 2016, 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, 2016, 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.

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 insofar 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
24th May, 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

	Notes	₹	₹
I. EQUITY AND LIABILITIES :			
1. Shareholders' Funds :			
a) Share Capital	2	218,644,367	
b) Reserves and Surplus	3	5,671,547,932	
			5,890,192,299
2. Minority Interest			1,082,707
3. Non Current Liabilities :			
a) Long Term Borrowings	4	1,096,114,531	
b) Deferred Tax Liabilities (Net)	5	590,358,420	
c) Other Long Term Liabilities	6	918,695,733	
d) Long Term Provisions	10	21,342,213	
			2,626,510,897
4. Current Liabilities :			
a) Short Term Borrowings	7	1,518,264,580	
b) Trade Payables	8		
i) Due to Micro, Small and Medium Enterprises		—	
ii) Other Trade Payables		1,453,319,461	
c) Other Current Liabilities	9	1,050,651,587	
d) Short Term Provisions	10	17,953,457	
			4,040,189,085
TOTAL			12,557,974,988
II. ASSETS :			
1. Non Current Assets :			
a) Fixed Assets :			
i) Tangible Assets	11 (a)	4,832,712,071	
ii) Intangible Assets	11 (b)	48,631,832	
iii) Capital work-in-progress		26,685,567	
		4,908,029,470	
b) Goodwill arising on consolidation		568,326,845	
c) Non Current Investments	12 (a)	1,455,615,000	
d) Long Term Loans and Advances	13	166,191,110	
			7,098,162,425
2. Current Assets :			
a) Current Investments	12 (b)	355,954,709	
b) Inventories	14	1,091,179,936	
c) Trade Receivables	15	3,458,646,613	
d) Cash & Bank Balances	16	94,711,216	
e) Short-Term Loans and Advances	13	345,884,934	
f) Other Current Assets	17	113,435,155	
			5,459,812,563
TOTAL			12,557,974,988
Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements	1 to 31		

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 : 24th May, 2016

Pune
Date : 24th May, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Notes	₹	₹
INCOME :			
Sales, gross		14,542,437,496	
Less : Excise duty		2,750,571,133	
Sales, net		11,791,866,363	
Other Operating Revenue		12,999,582	
Revenue from Operations (net)	18		11,804,865,945
Other Income	19		26,580,999
Total Revenue			11,831,446,944
EXPENSES :			
Cost of raw material consumed	20	4,192,671,225	
Purchases of traded goods	21	132,998,715	
(Increase) / decrease in inventories of Finished Goods, Work-in-Progress and Traded Goods	22	87,476,016	
Employees benefits expense	23	1,148,694,538	
Finance costs	24	120,795,781	
Depreciation & amortisation expenses	25	518,442,449	
Other Expenses	26	4,476,191,197	
Share in Reimbursement of Joint Venture		(583,901,334)	
			10,093,368,587
Profit before Exceptional Items and Tax			1,738,078,357
Exceptional Items			—
Profit before Tax			1,738,078,357
Tax expenses :			
Current Tax		508,500,000	
Share in Current tax of Joint Venture		100,910	
Deferred Tax		95,076,104	
Share in deferred tax of Joint Venture		(713,270)	
Short / (Excess) provision for Taxation in earlier years		532,450	
Share in excess provision for taxation of Joint Venture		(6,868)	
			603,489,326
Profit after Tax			1,134,589,031
Share of Profit / (Loss) of Minority			(37,074)
Profit for the year after minority interest			1,134,551,957
Earnings per Share : Basic and diluted (Face Value of ₹ 5/-)	27		25.99
Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements	1 to 31		

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 : 24th May, 2016

Pune
Date : 24th May, 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st March, 2016 ₹	₹
A. Cash Flow from Operating Activities :		
Profit for the Year Before Taxation		**1,738,078,357**
Add : Adjustment for Depreciation / Interest / Other Non Cash Expenses :		
Depreciation (including Leasehold Land Amortised)	**518,442,449**	
Bad Debts, Advances & Sundry Debit Balances written off	**24,399,997**	
Interest Charged (Net of Capitalised)	**120,795,781**	
Loss on Sale of Assets (Net)	**—**	
		663,638,227
Less : Adjustments for Dividend / Interest / Other Income :		
Dividend	**(12,961,004)**	
Profit on Sale of Assets	**(19,048)**	
Interest from Deposits and Loans	**(7,838,003)**	
Provision no longer Required	**(2,902,159)**	
Sundry Credit Balances appropriated	**(1,541,930)**	
		(25,262,144)
Operating Profit Before Working Capital Changes		**2,376,454,440**
Changes in Working Capital :		
Inventories	**469,385,838**	
Sundry Debtors	**(230,743,031)**	
Other Current Assets, Loans & Advances	**88,194,138**	
Trade Payables	**(587,087,110)**	
		(260,250,165)
Cash Generated from Operations		**2,116,204,275**
Direct Taxes Paid		**(513,137,007)**
Net Cash generated from Operating Activities (A)		**1,603,067,268**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016 (Continued)

	Year ended 31st March, 2016 ₹
B. Cash Flow from Investment Activities :	
Purchase of Assets	**(970,694,819)**
Capital Work in Progress	**131,007,550**
Sale of Assets	**19,048**
Advance for Capital Goods for Projects	**(5,526,871)**
Loans to Companies	**(4,335,260)**
(Purchase) / Sale of Investments including	
Advance for Purchase of Shares	**(1,721,748,720)**
Dividend Received	**12,961,004**
Interest Received	**7,838,003**
Net Cash used in Investment Activities (B)	**(2,550,480,065)**
C. Cash Flow from Financing Activities :	
Proceeds from Borrowings	**1,085,445,882**
Interest Paid	**(118,059,349)**
Dividend Paid	**(907,332)**
Net Cash Flow from Financing Activities (C)	**966,479,201**
Net Changes in Cash & Cash Equivalents (A + B + C)	**19,066,404**
Cash & Cash Equivalents at the beginning of the year as on 31st March, 2015	**75,644,812**
Cash & Cash Equivalents at the end as on 31st March, 2016	**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 : 24th May, 2016

Pune
Date : 24th May, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 :

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, 2016.

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, 2016
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, 2016 (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, 2016 (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. 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 salary.

d) Privilege Leave Benefits :

Privilege leave benefits or compensated absences are considered as long 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, 2016 (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, 2016	
	No. of Shares	₹
AUTHORISED :		
Equity Shares of ₹ 5/- each	95,000,000	475,000,000
Cumulative Redeemable Preference Shares of ₹ 100/- each	3,010,000	301,000,000
Unclassified Shares of ₹ 10/- each	2,400,000	24,000,000
ISSUED :		
Equity Shares of ₹ 5/- each	43,759,380	218,796,900
SUBSCRIBED & PAID UP :		
Equity Shares of ₹ 5/- each fully paid	43,653,060	218,265,300
Add : Forfeited Equity Shares (amount paid up)	106,320	379,067
TOTAL	43,759,380	218,644,367

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (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, 2016	
	No. of Shares	% holding in the class
Equity Shares of ₹ 5/- each fully paid		
Ajinkya Investment & Trading Company	3,261,822	7.47
Sundaram Trading & Investment Private Limited	6,020,658	13.79
BF Investment Limited	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.

NOTE '3' : RESERVES AND SURPLUS :

	₹	As at 31st March, 2016 ₹
General Reserve		
As per last Account	419,265,300	
Add : Transferred from Statement of Profit and Loss	—	
		419,265,300
Surplus in the Consolidated Statement of Profit and Loss		
Balance as per last standalone financial statements	4,117,730,675	
Add : Net Profit for the year	1,134,551,957	
Amount available for Appropriation	5,252,282,632	
Surplus - Closing Balance		5,252,282,632
TOTAL		5,671,547,932

NOTE '4' : LONG-TERM BORROWINGS :

	Non-Current Maturities As at 31st March 2016 ₹	Current Maturities As at 31st March, 2016 ₹
SECURED :		
Foreign Currency Term Loans (See Note '4(a)') :		
Bank of Baroda	573,933,687	471,294,649
The Hongkong and Shanghai Banking Corporation Limited	522,180,844	186,030,000
	1,096,114,531	657,324,649
Less : Shown under 'Other Current Liabilities' (See Note '9')	—	(657,324,649)
TOTAL	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 5,437,032/- comprising of :

a) Facility A of USD 3,049,390/- 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 of USD 2,387,642/- repayable in four half yearly instalments commencing from 27th month of initial drawdown i.e. repayment commenced from 22nd April, 2015.

Both Facility A and Facility B 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 10,340,000/-, repayable in 8 equal half yearly instalments starting 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 10,689,975/-, 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, 2016 (continued) :

	As at 31st March, 2016 ₹
NOTE '5' : DEFERRED TAX LIABILITIES (NET) :	
DEFERRED TAX LIABILITIES :	
On account of Timing Difference in :	
a Depreciation and amortisation	**605,095,025**
DEFERRED TAX ASSETS :	
On account of Timing Difference in :	
b Disallowance u/s 43B of the Income Tax Act	**13,317,885**
c. Provision for Doubtful Debts	**1,418,720**
TOTAL	**590,358,420**
NOTE '6' : OTHER LONG TERM LIABILITIES :	
Trade Payables	**92,834,497**
Part amount received under an arrangement against sale of project promoted by the Company	**55,861,236**
Trade Advance from Related Party (See Note '30')	**770,000,000**
TOTAL	**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	**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	**1,518,264,580**

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 (See Note below)	**1,364,670,109**
Share in trade payables of Joint Venture	**79,339,543**
Acceptances	**9,309,809**
TOTAL	**1,453,319,461**

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	**56,421,333**
Share in provision for expenses in Joint Venture	**1,595,353**
Creditors of Capital Goods	**159,209,083**
Current Maturities of Long-Term Borrowings (See Note '4')	**657,324,649**
Interest accrued but not due on borrowings	**10,154,571**
Interest accrued and due on borrowings	**1,786,751**
Unclaimed Dividend	**3,602,755**
Amount payable against purchase of Preference Shares under an arrangement	**14,839,953**
Advances against order	**4,985,708**
Employee contributions & recoveries payable	**8,325,373**
Share in employee contributions & recoveries payable of Joint Venture	**21,313,649**
Statutory dues payable including Tax Deducted at Source	**106,840,406**
Share in statutory dues payable including tax deducted at source of Joint Venture	**4,252,003**
TOTAL	**1,050,651,587**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

NOTE '10' : PROVISIONS :

	Long Term	Short Term
	As at 31st March, 2016 ₹	As at 31st March, 2016 ₹
Provision for Employee Benefits :		
Provision for Gratuity	13,244,068	—
Provision for Leave Benefits	—	17,652,160
Share in provision for leave benefits of joint venture	6,281,755	194,281
Provision for PF Trust	1,816,390	—
	21,342,213	17,846,441
Other Provisions :		
Share in provision for tax (net of advances) of Joint Venture	—	107,016
	—	107,016
TOTAL	21,342,213	17,953,457

NOTE '11' : (a) TANGIBLE ASSETS :

	Gross Block				Depreciation				Net Block
	As at 31st March, 2015 ₹	Addition ₹	Disposal / Adjustments ₹	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹	For the year ₹	Disposal / Adjustments ₹	As at 31st March, 2016 ₹	As at 31st March, 2016 ₹
Freehold Land	645,677,007	277,810,040	—	923,487,047	—	—	—	—	923,487,047
Leasehold Land	25,303,064	—	—	25,303,064	25,137,085	(b) 165,979	—	25,303,064	-—
Buildings	880,954,328	44,496,020	—	925,450,348	197,666,041	33,311,833	—	230,977,874	694,472,474
Plant and Machinery	6,099,409,165	576,308,113	210,763,852	6,464,953,426	3,096,801,316	(c) 456,059,098	210,763,852	3,342,096,562	3,122,856,864
Office Equipment	29,804,906	12,678,135	(51,696,441)	94,179,482	3,411,228	14,918,002	(29,217,402)	47,546,632	46,632,850
Share in office equipment of Joint venture	4,184,235	—	—	4,184,235	3,708,897	216,008	—	3,924,905	259,330
Furniture and Fixtures	72,842,784	14,116,544	56,105,670	30,853,658	40,094,672	2,882,131	33,626,631	9,350,172	21,503,486
Share in furniture & fixtures of Joint venture	6,627,031	—	—	6,627,031	4,412,981	618,066	—	5,031,047	1,595,984
Vehicles	41,384,886	1,462,916	—	42,847,802	17,508,189	3,656,132	—	21,164,321	21,683,481
Share in vehicles of Joint venture	1,890,249	—	—	1,890,249	1,601,225	68,469	—	1,669,694	220,555
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, 2015 ₹	Addition ₹	Disposal / Adjustments ₹	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹	For the year ₹	Disposal / Adjustments ₹	As at 31st March, 2016 ₹	As at 31st March, 2016 ₹
Software	11,615,000	43,823,051	—	55,438,051	483,958	6,439,106	—	6,923,064	48,514,987
Share in software of Joint venture	823,048	—	—	823,048	598,576	107,627	—	706,203	116,845
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) Represents amortisation of premium paid on Leasehold Land over the lease period.

c) Depreciation includes amount of Impairment charge of ₹ 23,180,752/- as per AS 28 - 'Impairment of Asset'.

d) In respect of opening Gross Block and Opening Accumulated Depreciation, the figures of Subsidiary Company are as on 1st October, 2015 i.e. date on which it became subsidiary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

			₹	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
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	
132,000		8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each of Kalyani Natural Resources Private Limited	13,200,000	
1,310,000		8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Kalyani Mining Ventures Private Limited	13,100,000	
				85,560,000
In Debentures :				
13,196,000		0% Fully Convertible Debentures of ₹ 100/- each of DGM Realties Private Limited		1,360,000,000
		National Saving Certificate		5,000
		TOTAL		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	
46,198	Units of ₹ 1,000/- each of Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	70,624,450	
20,022	Units of ₹ 1,000/- each of IDFC Cash Fund - Daily Dividend	20,031,432	
			355,954,709
	TOTAL		355,954,709

	Long Term As at 31st March, 2016 ₹	Short Term 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	46,246,915	—
	46,246,915	—
Security Deposits	58,673,317	19,143,325
Share in security deposits of Joint venture	63,587	
Advances recoverable in cash or kind	59,358,189	309,189,363
Share in advances recoverable in cash or kind of Joint Venture	26,828	727,308
Other loans and advances :		
Advance Income Tax (net of provision of taxation)	—	8,973,673
Loans to employees	1,822,274	814,282
Balance with Excise Department	—	5,833,638
Share in Balance with Excise Department of Joint Venture	—	1,203,345
TOTAL	166,191,110	345,884,934

	₹	As at 31st March, 2016 ₹
NOTE '14' : INVENTORIES :		
Raw materials, at cost (See Note '14(a)')		180,771,542
Work in Progress (See Note '14(b)')		133,406,873
Finished Goods, at cost or market value whichever is lower (See Note '14(c)')	489,138,877	
Finished Goods - Traded	34,424,739	
Scrap at estimated realisable value	3,334,988	
		526,898,604
Stores, spares etc., at cost		250,102,917
TOTAL		1,091,179,936

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

		As at 31st March, 2016 MTs	₹
Note '14(a)' Details of Raw Material Inventory :			
Coke / Coke Fines		7,324	56,956,742
Iron Ore / Iron Ore Fines		10,759	30,085,560
Ferro Alloys			34,908,708
Others			58,820,532
	TOTAL		180,771,542
Note '14(b)' Details of Work in Progress :			
Blooms & Rounds		4,754	102,248,815
Others			31,158,058
	TOTAL		133,406,873
Note '14(c)' Details of Finished Goods Inventory :			
Blooms & Rounds		42	848,599
Rolled Products		15,897	488,290,278
Traded Goods		801	34,424,739
Others			3,334,988
	TOTAL		526,898,604

		₹	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		48,503,913	
Doubtful		4,099,399	
		52,603,312	
Provision for doubtful debts		4,099,399	
			48,503,913
Others :			
Secured, considered good		—	
Unsecured, considered good		3,410,142,700	
Doubtful		—	
		3,410,142,700	
Provision for doubtful debts		—	
			3,410,142,700
	TOTAL		3,458,646,613
NOTE '16' : CASH AND BANK BALANCES :			
A) Cash and Cash Equivalents :			
Cash on Hand		903,073	
Bank Balances :			
In Current & Cash Credit Accounts		57,255,737	
Share in Current & Cash Credit accounts of Joint Venture		24,159,282	
In Fixed Deposits (Less than three months maturity)		8,174,869	
			90,492,961
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	
Earmarked balances with Banks (Unclaimed Dividend)		3,602,755	
			4,218,255
	TOTAL		94,711,216
NOTE '17' : OTHER CURRENT ASSETS :			
Income receivable			5,316,371
Prepaid Expenses			19,343,891
Share in prepaid expenses in Joint Venture			2,849,003
Export Incentive Receivables			2,326,869
VAT Receivable			83,599,021
	TOTAL		113,435,155

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

NOTE '18' : REVENUE FROM OPERATIONS :

	₹	For the year ended 31st March, 2016 ₹
Sale of products		
Finished Goods	11,383,709,862	
Traded Goods	112,429,798	
	11,496,139,660	
Job Work Sales	2,898,546,510	
Scrap Sales	147,751,326	
	14,542,437,496	
Less : Excise Duty	2,750,571,133	
		11,791,866,363
Other Operating Revenue		
Export Incentives received	8,555,493	
Sundry Credit Balances Appropriated	1,541,930	
Provision no longer required	2,902,159	
		12,999,582
TOTAL		11,804,865,945

Details of products sold :	
Finished goods sold :	
Hot Metal / Pig Iron - Qty 13,420 MTs	248,099,057
Blooms and Rounds - Qty 17,157 MTs	605,344,383
Rolled Products - Qty 201,566 MTs	10,530,266,422
TOTAL	11,383,709,862
Traded goods sold :	
Coal - Qty 3,200 MTs	19,145,600
Coke Fines - Qty 4,500 MTs	29,209,500
Rolled Products - Qty 995 MTs	64,074,698
TOTAL	112,429,798
Job Work Sales :	
Hot Metal & Pig Iron - Qty 322,385 MTs	1,938,214,431
Rolled Products - Qty 121,579 MTs	960,332,079
TOTAL	2,898,546,510

NOTE '19' : OTHER INCOME :

Dividend :	
From Trade Investments	—
Others	12,961,004
	12,961,004
Interest from Deposits and Loans	7,838,003
Miscellaneous receipts	5,762,944
Profit on sale of assets	19,048
TOTAL	26,580,999

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

		For the year ended 31st March, 2016 ₹
NOTE '20' : COST OF RAW MATERIAL CONSUMED :		
Stock at commencement		472,136,695
Add : Purchases		4,044,815,824
		4,516,952,519
Less : Sale of Raw Material		143,509,752
Less : Stock at close		180,771,542
	TOTAL	4,192,671,225

		For the Year Ended 31st March, 2016	
		MTs	₹
Details of Raw Material Consumed :			
Coke / Coke Fines		153,753	1,846,420,616
Iron Ore / Iron Ore Fines		380,701	1,186,995,854
Ferro Alloys			729,496,194
Others			429,758,561
	TOTAL		4,192,671,225

		For the year ended 31st March, 2016	
		₹	Percentage
Imported & Indigenous Raw Materials Consumed :			
Imported (Direct Imports only)		1,771,422,781	42%
Indigenous		2,421,248,444	58%
	TOTAL	4,192,671,225	100%

		For the year ended 31st March, 2016 ₹
NOTE '21' : PURCHASES OF TRADED GOODS :		
Coal		17,413,680
Coke Fines		27,957,365
Rolled Products		87,627,670
	TOTAL	132,998,715

NOTE '22' : (INCREASE) / DECREASE IN INVENTORIES :		
Inventories at the end of the period		
Work-in-progress		133,406,873
Finished Goods		489,138,877
Traded Goods		34,424,739
Scrap		3,334,988
		660,305,477
Inventories at the beginning of the year		
Work-in-progress		268,051,412
Finished Goods		476,017,729
Traded Goods		—
Scrap		3,712,352
		747,781,493
	TOTAL	87,476,016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

		For the year ended 31st March, 2016 ₹
NOTE '23' : EMPLOYEES BENEFITS EXPENSE :		
Salary, wages, bonus etc.		755,247,551
Share in salary, wages, bonus of Joint Venture		264,597,329
Contribution to Provident and other Funds etc.		51,432,640
Share in contribution to provident & other funds of Joint Venture		28,194,744
Welfare expenses		20,159,380
Share in welfare expenses of Joint Venture		29,062,894
	TOTAL	1,148,694,538
NOTE '24' : FINANCE COSTS :		
Interest expenses		89,654,700
Other borrowings costs		31,133,534
Share in Finance Cost of Joint Venture		7,547
	TOTAL	120,795,781
NOTE '25' : DEPRECIATION & AMORTISATION EXPENSES		
Leasehold land amortised		165,979
Depreciation		517,266,300
Share in depreciation & amortisation expenditure of Joint Venture		1,010,170
	TOTAL	518,442,449
NOTE '26' : OTHER EXPENSES :		
Stores and spares consumed		756,349,748
Job work and Manufacturing Charges		1,505,509,647
Share in Job work & Manufacturing charges of Joint Venture		205,105,137
Power and Fuel		791,327,142
Share in Power & Fuel of Joint Venture		127,750
Building and Road repairs		15,811,900
Share in Building & Road repairs charges of Joint Venture		7,951,089
Machinery repairs		99,957,452
Share in Machinery repairs of Joint Venture		18,552,649
(Increase) / decrease of excise duty on Inventory		19,065,765
Rent		2,960,330
Rates & Taxes		39,686
Share in Rates & Taxes of Joint Venture		281,095
Insurance		11,994,912
Legal & Professional charges		59,301,785
Share in Legal & Professional charges of Joint Venture		4,382,531
Miscellaneous expenses		235,360,785
Share in Miscellaneous expenses of Joint Venture		26,510,909
CSR Expenditure		25,923,392
Freight Outward		471,468,009
Brokerage and Discount		2,808,638
Commission on sales		3,698,955
Payment to Auditor		4,652,242
Share in Payment to Auditor of Joint Venture		105,163
Directors Fees and Travelling Expenses		2,027,155
Directors Commission		34,100,000
Loss on Foreign Exchange Fluctuation		100,380,937
Facility charges under Strategic Alliance		67,892,940
Prior Period Expenditure		2,543,454
	TOTAL	4,476,191,197

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

	As at 31st March, 2016 ₹
NOTE '27' : EARNINGS PER EQUITY SHARE :	
Earning per Share : (Face Value of ₹ 5/-)	
Net Profit after Taxation	**1,134,551,957**
Number of Shares Issued and Subscribed	**43,653,060**
Basic and Diluted	**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**
b) Customs Duty, Excise Duty & Service Tax - Matter under dispute	**42,982,888**
c) Customers' Bill Discounting	**—**
d) Iron Ore Supplier - Rate Difference Claim - Disputed	**255,198,766**
e) Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	**33,487,315**
f) Guarantees given by the Company on behalf of other Companies for purchase of shares - USD 12,615,003/-	**835,743,949**
g) Guarantees given by Company's Bankers on behalf of the Company for sales tax & other matters	**1,461,680**
h) Others	**825,000**
i) Share in Joint Venture's additional bonus for FY 2014-15	**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)	**75,485,297**
2. Other Commitments on account of :	
a) Purchase of Raw Material through E-Auction	**17,870,800**
b) Supply of Gases - Minimum Take Over Price	**787,285,674**
TOTAL	**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	2015-16 Transaction Value ₹	2015-16 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**
		Advance given	**186,665**	**186,665**
B)	Companies under Common Control :			
1.	Bharat Forge Limited	Sales (net of rejections)	**3,601,101,663**	**851,450,926**
		Purchases	**14,653,422**	**(5,478,684)**
		Interest paid on Trade Advance	**22,561,644**	**—**
		Reimbursement of Expenses paid	**87,879**	**—**
		Rent paid	**162,000**	**—**
		Trade Advance received	**—**	**770,000,000**
2.	Kalyani Carpenter Special Steels Private Limited	Sales (net of rejections)	**741,125,407**	**63,987,728**
		Purchases	**108,999,916**	**(86,788,292)**
		Conversion Charges paid	**69,574,540**	**—**
		Reimbursement of Expenses paid	**3,781,390**	**—**
		Reimbursement of Expenses received	**3,060,295**	**—**
		Trade Advance given	**110,000,000**	**—**
		Trade Advance Refund	**(110,000,000)**	**—**
3.	Kalyani Investment Company Limited	Reimbursement of Expenses received	**7,704,587**	**1,375,653**
		Interest Paid on Inter Corporate Deposit	**1,667,467**	**—**
		Inter Corporate Deposit given	**500,000,000**	**—**
		Inter Corporate Deposit Refunded	**(500,000,000)**	**—**
C)	Key Managerial Personnel and their relatives :			
1.	Mr.R.K Goyal Managing Director	Remuneration	**63,962,932**	**(25,298,444)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016 (continued) :

NOTE '31' : 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 31st March, 2016 ₹	Maximum balance outstanding during the year 2015-16 ₹	Amount outstanding as at 31st March, 2016 ₹
Associates :			
Kalyani Mukand Limited	—	—	**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.

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 : 24th May, 2016

Pune
Date : 24th May, 2016

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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-THIRD Annual General Meeting of the Members of Kalyani Steels Limited will be held on Thursday, the 11th day of August, 2016, 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, 2016 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, 2016.

2. To appoint a Director in place of Mr.B.N. Kalyani (DIN 00089380), who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr.S.M. Kheny (DIN 01487360), who retires by rotation and being eligible, offers himself for re-appointment.

4. 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) and pursuant to the resolution passed by the members at the Forty-First Annual General Meeting held on 5th September, 2014, the Company hereby ratifies the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration No.101118W), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the Forty-Fourth Annual General Meeting of the Company to be held in 2017, on such remuneration plus service tax thereon and reimbursement of out of pocket and travelling expenses etc. 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

5. Re-appointment of Mr.R.K. Goyal as Managing Director

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the said Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals, as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Mr.R.K.Goyal (DIN 03050193), as the Managing Director, of the Company, for a period of 5 (Five) years with effect from 17th January, 2016 to 16th January, 2021, with such powers, authorities and functions as will be vested in him from time to time by the Board of Directors of the Company, on the following terms and conditions including remuneration :

(I) Salary :

a) Basic Salary of ₹ 1,192,800/- (Rupees One Million One Hundred Ninety Two Thousand Eight Hundred only) per month in the grade of ₹ 1,000,000/- (Rupees One Million only) to ₹ 3,000,000/- (Rupees Three Million only).

b) Special Allowance of ₹ 715,700/- (Rupees Seven Hundred Fifteen Thousand Seven Hundred only) per month.

c) Additional Special Allowance of ₹ 715,700/- (Rupees Seven Hundred Fifteen Thousand Seven Hundred only) per month.

(II) Perquisites :

In addition to Salary payable, the Managing Director shall be entitled to the following perquisites which unless the context otherwise requires, are classified into three categories 'A', 'B' and 'C' as follows :

Category 'A'

This shall comprise housing, medical reimbursement, leave travel concession. These shall be provided as under :

a) Housing :

i) The Company shall provide furnished accommodation to the Managing Director and his family.

ii) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance of ₹ 357,900/- (Rupees Three Hundred Fifty Seven Thousand Nine Hundred only) per month.

b) Medical Reimbursement :

Expenses incurred for the Managing Director and his family subject to the ceiling of ₹ 9,600/- (Rupees Nine Thousand Six Hundred only) per month.

c) Leave Travel Concession :

For the Managing Director and his family in accordance with the rules of the Company.

Explanation :

For the purpose of Category 'A', 'Family' means the spouse, the dependent children and dependent parents of the Managing Director.

Category 'B'

1. Contribution to Provident Fund, Superannuation Fund restricted to ₹ 100,000/- (Rupees One Hundred Thousand only) per annum or Annuity Fund will not be included in the computation of the ceilings on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity to be paid as per the rules of the Company.
3. Encashment of leave at the end of the tenure.
4. Retirement and other benefits as per the rules of the Company.

Category 'C'

Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

(III) Commission :

Variable compensation as Bonus / Commission for each financial year, as may be determined by the Board of Directors of the Company, which put together with Salary and Perquisites shall be subject to the overall ceilings laid down in Sections 197 and 198 of the Companies Act, 2013.

Notwithstanding anything mentioned herein, where in any Financial Year during the currency of tenure of Mr.R.K. Goyal, Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to him remuneration by way of Salary and Perquisites as specified above, including any revisions thereof, subject to requisite approvals and limits, if any, as may be prescribed under the Companies Act, 2013 and the rules made thereunder.

FURTHER RESOLVED THAT Board of Directors of the Company on the recommendation from the Nomination & Remuneration Committee of the Board, be and is hereby authorised and empowered to approve annual increments and to make such improvements in the terms of remuneration of Mr.R.K. Goyal, as may be permissible under Schedule V to the Companies Act, 2013 (as may be amended from time to time) or by way of any governmental guidelines or instructions, the intention being that no further approval of the Company would be required so long as remuneration of the Managing Director is not in excess of maximum permissible under the relevant laws, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of this meeting.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. Related Party Transactions with Kalyani Carpenter Special Steels Private Limited

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

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to enter into transaction(s) of sale, purchase or supply of goods / services, lease, transfer, assign or otherwise etc., whether material or otherwise, with Kalyani Carpenter Special Steels Private Limited - Related Party, upto an estimated annual transaction value of not exceeding ₹ 3,000 Million (Rupees Three Thousand Million only) for each of the Five (5) financial years commencing from 1st April, 2016, to be discharged in a manner and on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and Kalyani Carpenter Special Steels Private Limited.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to negotiate and finalise the terms and conditions of transaction(s), to do all such acts, deeds and things including delegation of powers as may be necessary, proper or expedient, to give effect to this Resolution."

7. 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 Service Tax at the applicable rates and reimbursement of out of pocket expenses) to Company's Cost Auditors, M/s.S.R. Bhargave & Co., Cost Accountants, Pune, for auditing the cost records maintained by the Company for the financial year ending 31st March, 2017."

8. Adoption of new set of Articles of Association of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 5, 14 and other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the Members be and is hereby granted for the deletion of all the Articles of the existing Articles of Association of the Company and substitute the same with the new set of Articles of Association and the said new set of Articles of Association be and are hereby adopted as the Articles of Association of the Company in substitution for, and to exclusion of, all existing articles thereof.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
For Kalyani Steels Limited

Pune
24th May, 2016

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 ten percent of the total share capital of the Company carrying voting rights, then such Proxy shall not act as a Proxy for any other person or member.

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

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

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

4. 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 to intimate the said changes to the Registrar and Transfer Agent of the Company, at their address given below.

5. The Share Transfer Books and the Register of Members of the Company will remain closed on Thursday, 11th August, 2016 as an Annual Closure for Annual General Meeting.

6. 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.

7. 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 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim by the shareholders shall lie for the unclaimed dividend transferred by the Company to IEPF.

8. 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.

9. 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.

10. 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.

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

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialised holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill-up the Email Updation Form available at Company's web-site www.kalyanisteels.com and submit the same to the Registrar and Transfer Agent of the Company, at their address given below.

The Notice of the Annual General Meeting along with the Annual Report 2015-16 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.

12. 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 4th August, 2016 being the Cut-off date, facility to exercise their right to vote at the Forty-Third Annual General Meeting (AGM) by electronic means and the business shall be transacted through e-voting Services. The facility of casting the votes by members using the electronic voting system from a place other than 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 Monday, 8th August, 2016 (9.00 a.m.) and ends on Wednesday, 10th August, 2016 (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 4th August, 2016, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote is cast by the member, the member shall not be allowed to change it subsequently.

The remote e-voting rights of members / beneficial owners shall be reckoned on the Equity Shares held by them as on 4th August, 2016, i.e. Cut-off date for the purpose.

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. 4th August, 2016, 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" 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 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) If you are already registered with NSDL for remote e-voting, then you can use your existing User ID and Password for casting your vote.

vii) 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).

viii) The voting rights of members shall be in proportion to shares held by them as on the cut-off date of 4th August, 2016.

ix) 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.

x) 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.

xi) 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.

13. 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 Nos.5 to 8 in the accompanying Notice dated 24th May, 2016

ITEM NO.5

The Board of Directors at their meeting held on 30th October, 2015, had re-appointed Mr.R.K. Goyal as Managing Director of the Company for the period of five years with effect from 17th January, 2016 to 16th January, 2021, on the terms and conditions including remuneration as mentioned in the Resolution as set out at Item No. 5 of the Notice subject to approval of the members.

Brief Profile of Mr.R.K. Goyal, is provided in the Report of Corporate Governance forming part of the Annual Report.

The Directors are of the view that the re-appointment of Mr.R.K. Goyal as Managing Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his abilities and experience and accordingly recommend the Ordinary Resolution as set out at Item No.5 of the Notice for approval of the members.

Except Mr.R.K. Goyal, none of the Directors / Key Managerial Personnel of the Company or their respective relatives are concerned or interested, in the Resolution as set out at Item No.5 of the Notice.

Mr.Goyal is not related to any other Director of the Company and does not hold any shares of the Company.

ITEM NO.6

Related party transactions are governed by the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Pursuant to provisions of the Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members shall be required for entering into transactions of sale, purchase or supply of goods or materials exceeding ten percent of the turnover of the Company or rupees one hundred crore, whichever is lower. Further as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st December, 2015, all material related party transactions shall require approval of the members. A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

There currently exist transactions of sale, purchase or supply of goods or materials / services by the Company to / from Kalyani Carpenter Special Steels Private Limited (KCSSPL). It is anticipated that these transactions with KCSSPL might exceed the limits prescribed in Companies Act, 2013 or might become a material transaction in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly approval of the members is requested for transaction(s) of sale, purchase or supply of goods or materials / services by the Company to / from KCSSPL.

Other related information regarding the transaction as envisaged under the Companies (Meetings of Board and its Powers) Rules, 2014 is as below :

1. Name of the Related Party :

   Kalyani Carpenter Special Steels Private Limited

2. Name of the Director or Key Managerial Personnel who is related, if any :

   Mr.B.N. Kalyani, Chairman (Promoter), Mr.Amit B. Kalyani, Director and Mr.R.K. Goyal, Managing Director hold positions of Directors in KCSSPL.

3. Nature of Relationship :
   Companies under Common Control

4. Nature, Material Terms, Monetary Value and Particulars of Contract :
   In ordinary course of business, on arm's length basis

and in tune with market parameters. Monetary Value as mentioned in the Resolution set out at Item No.6 of the Notice.

The above transaction was approved by the Audit Committee at its meeting held on 13th February, 2016.

Accordingly the Board recommends the Ordinary Resolution set out at Item No.6 of the Notice for approval by the unrelated members.

Except Mr.B.N. Kalyani, Chairman and Mr.Amit B. Kalyani, Director and Mr.R.K. Goyal, Managing Director, none of the Directors / Key Managerial Personnel of the Company or their respective relatives are concerned or interested, in the Resolution as set out at Item No.6 of the Notice.

ITEM NO.7

The Board of Directors at their meeting held on 24th May, 2016, based on the recommendation of the Audit Committee, had appointed M/s.S.R. Bhargave & Co., Cost Accountants, Pune, as Cost Auditors of the Company for auditing the cost records maintained by the Company for the financial year ending 31st March, 2017, at remuneration of ₹ 500,000/- (Rupees Five Hundred Thousand only) plus Service Tax at the applicable rates 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.7 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.

ITEM NO.8

The existing Articles of Association ("Articles") of the Company are based on the erstwhile Companies Act, 1956 and several regulations in the existing Articles contain reference to the specific Sections of the erstwhile Companies Act, 1956. Some regulations in the existing Articles are no longer in conformity with the provisions of the Companies Act, 2013 ("Act").

With the enactment of the Companies Act, 2013, several regulations of the existing Articles of the Company require alteration and/or deletion. Given this position, it is considered expedient to replace the existing Articles by adopting a new set of Articles.

The draft Articles shall be open for inspection by the Members at the Registered Office of the Company on all working days between 11.00 a.m to 1.00 p.m excluding Saturday upto the date of this Annual General Meeting.

The Board of Directors recommends the Special Resolution set out at Item No.8 of the Notice for approval by the Members.

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
24th May, 2016

Mrs.Deepti R. Puranik
Company Secretary

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KALYANI STEELS LIMITED

CIN : L27104MH1973PLC016350
Registered Office : Mundhwa, Pune 411 036
Phone No. : 020 - 26715000 / 66215000, Fax No. : 020 - 26821124
Website : www.kalyanisteels.com, E-mail : investor@kalyanisteels.com

KALYANI

PROXY FORM

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

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

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

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

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

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Forty-Third Annual General Meeting of the Company, to be held on Thursday, the 11th day of August, 2016 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-Third Annual General Meeting dated 24th May, 2016)	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, 2016 and the reports of the Board of Directors and Auditors thereon. b) Audited Consolidated Financial Statements for the financial year ended 31st March, 2016			
2.	Re-appointment of Mr.B.N. Kalyani, as a Director, who retires by rotation, and being eligible, offers himself for re-appointment.			
3.	Re-appointment of Mr.S.M. Kheny, as a Director, who retires by rotation, and being eligible, offers himself for re-appointment.			
4.	Ratification of Appointment of M/s.P.G. Bhagwat, Chartered Accountants, Pune as Auditors of the Company			
SPECIAL BUSINESS :				
5.	Re-appointment of Mr.R.K. Goyal as Managing Director			
6.	Related Party Transactions with Kalyani Carpenter Special Steels Private Limited			
7.	Approve the Remuneration of the Cost Auditors			
8.	Adoption of new set of Articles of Association of the Company			

Signed this ..... day of 2016

Signature of member :

Please affix Revenue Stamp

Signature of Proxy holder(s) :

(Please refer Instructions overleaf)

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.