KALYANI STEELS LIMITED

Registered Office : Mundhwa, Pune 411 036

KALYANI

NOTICE

NOTICE is hereby given that the FORTIETH Annual General Meeting of the Members of Kalyani Steels Limited will be held at the Registered Office of the Company at Mundhwa, Pune - 411 036, on Wednesday, the 24th day of July, 2013, at 11.00 a.m. (I.S.T) to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr.B.B. Hattarki, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.S.S. Vaidya, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr.M.U. Takale, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

   "RESOLVED THAT the Company's Auditors, M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration No.101118W), be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

   "RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing money for and on behalf of the Company from time-to-time as and when required by the Company, provided that the moneys so borrowed (apart from temporary loans obtained from time-to-time by the Company from its bankers in the ordinary course of business) shall not exceed ₹ 10,000 Million (Rupees Ten Thousand Million only) over and above the aggregate of Paid-up Share Capital of the Company and its Free Reserves i.e. Reserves not set apart for any specific purpose, as the Board may from time-to-time deem necessary."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

   "RESOLVED THAT consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall also include the Finance Committee of Directors) for mortgaging, hypothecating, charging and pledging and / or creating a floating charge and / or liens, charges and encumbrances of whatsoever nature on all or any of the Company's assets and properties whether immovable, movable, current assets or stock in trade (including raw materials, stores, spare parts and components, in stock or in transit) and work in process and the whole or substantially whole of all or any of the undertakings of the Company, wheresoever situate, present and future, on such terms and conditions and in such form and manner as the Board may think fit and proper, in favour of banks / financial institutions / other lenders / trustees of the holders of debentures / securities, for securing loans (including foreign currency loans) / debentures / securities, aggregating to a nominal value not exceeding ₹ 15,000 Million (Rupees Fifteen Thousand Million only) to be availed / issued from time-to-time in one or more tranches under its borrowing powers, together with interest, compound interest and all costs, charges and expenses and all other monies as may become due and payable by the Company in that behalf and to vary or modify existing securities, from time-to-time, in such manner and in such form on all or any of the properties or part of any of the property and the undertakings of the Company, both present and future, as may be decided by the Board and as agreed to by the said banks / financial institutions / other lenders / trustees of the holders of debentures / securities.

   FURTHER RESOLVED THAT the Board be and is hereby authorised to sign and execute all such documents, deeds and writings and to do all such acts and things as may be necessary for giving effect to the above resolution."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION :

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act and subject to such approvals, as may be necessary, the approval of the members be and is hereby accorded to the revision in terms of remuneration of Mr.R.K. Goyal, Managing Director, of the Company, for a period from 1st April, 2013 to 16th January, 2016, which shall be as follows :

(I) Salary :

A) Basic Salary of ₹ 900,000/- (Rupees Nine Hundred Thousand only) per month in the grade of ₹ 800,000/- to ₹ 1,200,000/-

B) Special Allowance of ₹ 540,000/- (Rupees Five Hundred Forty Thousand only) per month.

C) Additional Special Allowance of ₹ 540,000/- (Rupees Five Hundred Forty Thousand 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 and Leave Travel Concession. These shall be provided as under :

I) Housing :

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

b) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance of ₹ 270,000/- (Rupees Two Hundred Seventy Thousand only) per month.

II) Medical Reimbursement :

Expenses incurred for the Managing Director and his family subject to the ceiling of ₹ 7,000/- (Rupees Seven Thousand only) per month.

III) 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 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 as may be determined by the Board of Directors of the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised and empowered to make revisions in the terms of remuneration of Mr.R.K. Goyal, Managing Director, from time-to-time within the prescribed grades, the intention being that no further approval of the Company will be required.

FURTHER RESOLVED THAT if the Company has no profits or its profits are inadequate, in any financial year i.e. during 2013-14 or 2014-15 or during the period from 1st April, 2015 to 16th January, 2016, then the Company shall pay to Mr.R.K. Goyal, Managing Director, the remuneration by way of Salary and Perquisites as specified above, including revisions thereof, if any from time-to-time, as the Minimum Remuneration subject to requisite approvals (if any) as may be required under the Companies Act, 1956."

By Order of the Board of Directors
for KALYANI STEELS LIMITED

Pune
24th May, 2013

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 instead of himself and the proxy need not be a member of the Company.

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

2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to special businesses to be transacted at the Annual General Meeting is annexed hereto.

3. Members who hold shares in dematerialised form are requested to write their DP ID AND CLIENT ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the meeting to facilitate easy identification of membership at the 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 from Saturday, 20th July, 2013 to Wednesday, 24th July, 2013 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the meeting.

6. If the dividend on Equity Shares as recommended by the Board of Directors is declared at the meeting, the payment of such dividend will be made on and from 5th August, 2013 as under :

   a) To all Beneficial Owners in respect of shares held in dematerialised form, as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL), as of the close of business hours on 19th July, 2013.

   b) To all members in respect of shares held in physical form, after giving effect to valid transfers in respect of transfer requests lodged with the Company or with Registrar and Transfer Agents of the Company, before the close of business hours on 19th July, 2013.

7. Those Members who have not encashed / received their Dividend Warrants for the previous financial year(s) may approach the Registrar and Transfer Agent of the Company, at their address given below, for revalidation of the Dividend Warrants / for obtaining duplicate Dividend Warrants.

8. Dividends which remain unencashed / unclaimed over a period of 7 years will have to be transferred by the Company to the Investor Education and Protection Fund (IEPF) constituted by the Central Government under Section 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.

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

10. 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.

12. Disclosure of Shareholding of Directors recommended by the Board of Directors for Appointment / Re-appointment at the Annual

General Meeting pursuant to Clause 49 of the Listing Agreement :

Sr. No.	Name of Director	No. of Shares held
1	Mr.B.B. Hattarki	—
2.	Mr.S.S. Vaidya	—
3.	Mr.M.U. Takale	2,500

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956

The following explanatory statement sets-out, as required by Section 173 of the Companies Act, 1956, the material facts relating to Item Nos.7 to 9 mentioned in the accompanying notice dated 24th May, 2013

ITEM NO.7

The members will recall that at the 17th Annual General Meeting held on 6th September, 1990, a resolution was passed pursuant to provisions of Section 293(1)(d) of the Companies Act, 1956, authorising the Board of Directors to borrow for and on behalf of the Company, upto an amount not exceeding ₹ 3,000 Million over and above the aggregate of the paid-up share capital of the Company and its free reserves.

With the expanding activities of the Company, this limit needs upward revision. With a view to provide for future requirement of funds, including proposed Capex for Cost Reduction Initiatives, Setting-up of Coke Oven along with DRI plant based on Coke Oven gas, and a Pellet Plant, it is now proposed to raise this borrowing limit to ₹ 10,000 Million, over and above the aggregate of the paid-up share capital of the Company and its free reserves.

Section 293(1)(d) of the Companies Act, 1956, stipulates that the Board of Directors shall not, except with the consent of the Company in general meeting, borrow money (apart from temporary loans obtained from Company's Bankers in the ordinary course of business), in excess of aggregate of the paid-up share capital and free reserves that is to say reserves not set apart for any specific purposes. The Board recommends the resolution for your approval.

None of the Directors of the Company is in any way, concerned or interested in the said resolution.

ITEM NO.8

The long-term Funds being raised by the Company, by way of term loans / foreign currency loans / debentures etc. for meeting Capex for Cost Reduction Initiatives, Setting up of Coke Oven along with DRI plant based on Coke Oven gas, and a Pellet Plant, along with the working capital limits being availed by the Company will be required to be secured by a hypothecation and / or mortgage charge on all the Assets, properties and undertakings of the Company, present and future.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of the Company shall not without the consent of the Company, hypothecate, mortgage, charge or otherwise encumber the whole or substantially the whole of the undertakings of the Company. The resolution as set-out at Item No.8 of the Notice is, therefore, proposed under Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, which the Directors recommend to the Members for approval.

None of the Directors of the Company is in any way concerned with or interested in the resolution.

ITEM NO.9

Mr.R.K. Goyal was appointed as the Managing Director of the Company for the period of five (5) years from 17th January, 2011 to 16th January, 2016 and the said appointment was approved by the members by way of an Ordinary Resolution at the Thirty-Eighth Annual General Meeting of members held on 12th August, 2011.

In view of the inadequacy of profits during the year 2011-12, the Company obtained the approval of the members by way of a Special Resolution for payment of then existing remuneration as 'Minimum Remuneration' at the Thirty-Ninth Annual General Meeting of members held on 28th July, 2012.

The Board of Directors at their meeting held on 24th May, 2013, has revised the remuneration payable to Mr.R.K. Goyal, Managing Director for the period from 1st April, 2013 to 16th January, 2016.

Pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII, to the said Act, remuneration to one managerial personnel shall not exceed 5% of the net profits, computed in accordance with Sections 349 and 350 of the Companies Act, 1956, except with the approval of the members by way of Special Resolution. Approval of the Central Government is also required, if the managerial personnel is having any interest in the capital of the Company or its holding company, directly or indirectly or through any other statutory structures and having any direct or indirect interest or related to directors or promoters of the Company or its holding company at any time during the last two years.

Since the revised remuneration payable to managerial personnel i.e. Mr.R.K. Goyal, Managing Director may exceed the said ceiling limit of 5% of profits, approval of the members is requested by way of a Special Resolution, to pay the remuneration more specifically mentioned at Resolution No.9 of the Notice. Approval of the Central Government is not required since Mr. Goyal does not hold any Equity Shares of the Company nor have any direct or indirect interest or related to directors or promoters of the Company. The Remuneration Committee of Directors at its meeting held on 24th May, 2013, had approved the revision in remuneration of Mr.Goyal.

The Directors recommend the resolution at Item No.9 for approval of the members. Mr.Goyal may be regarded as concerned with or interested in the resolution. No other Director of the Company is interested in the resolution.

Statement giving information as required by Schedule XIII Part II, 1(C) Clause (iv) is as follows :

I General Information

1. Nature of Industry :

   The Company is engaged in manufacturing of Carbon and Alloy Steel under Mini Blast Furnace Route.

2. Date or expected date of commencement of commercial production :

   The Company was incorporated on 28th February, 1973. Its erstwhile Mundhwa Plant was transferred and assigned to Kalyani Carpenter Special Steels Limited by way of slump sale on 1st April, 1999, while its Carbon and Alloy Steel Plant at Ginigera started its commercial production on 1st October, 2001.

3. In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus :

   Not Applicable

4. Financial performance based on given indicators : (as per audited results for the year ended 31st March, 2013)

   Sales (Gross) : ₹ 10,114 Million

   Profit before Taxation : ₹ 377 Million

5. Export Performance and net foreign exchange collaboration :

   The Company has achieved exports of 4,305 tons for the year ended 31st March, 2013, aggregating ₹ 274 Million.

6. Foreign Investments or collaborations, if any :

   Not Applicable

II Information about the Appointee

1. Background details :

   Mr.Goyal, born on 18th May, 1958, is an Engineering Graduate and M.B.A., having more than 32 years of rich experience, in Steel Industry, particularly in stainless steel, for more than 25 years. Before joining the Company, Mr.Goyal was working as Director - Strategy and Corporate Affairs in JSL 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.

2. Past remuneration :

   Financial Year 2012-2013 : ₹ 26.66 Million
   Financial Year 2011-2012 : ₹ 25.61 Million
   Financial Year 2010-2011 : ₹ 17.16 Million

3. Recognition or awards :

   Not Applicable

4. Job Profile and suitability :

   Mr.Goyal has been working as Managing Director since 17th January, 2011. Taking into consideration the qualifications and expertise, he is best suited for the responsibilities assigned to him by the Board of Directors.

5. Remuneration proposed :

   Remuneration as mentioned at Resolution No.9 of the Notice

6. Comparative remuneration profile with respect to industry, size of company, profile of the position and person :

   Taking into consideration the size and past performance of the Company, profile of Mr.Goyal, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to Mr.Goyal is commensurate with the remuneration packages paid to similar senior level appointees in other companies.

7. Pecuniary relationship directly or indirectly with company or the relationship with the managerial personnel, if any :

   Except as the recipient of the remuneration proposed, Mr.Goyal does not have any pecuniary relationship directly or indirectly with the Company nor the relationship with the managerial personnel.

III Other Information

1. Reasons for loss or inadequate profits :

   The members are aware of the Iron Ore mining ban imposed by the Hon'ble Supreme Court vide its Order dated 29th July, 2011 and 5th August, 2011, in the State of Karnataka. As a result of the mining ban, the iron ore production declined drastically in the State of Karnataka and the Company was required to operate at a lower capacity.

   The Hon'ble Supreme Court later allowed NMDC Limited (NMDC) to mine 1 Million Tons of Iron Ore per month and sell it to steel plants through e-Auction. The Hon'ble Supreme Court also allowed selling 1.5 Million Tons of Iron Ore per month through e-Auction from the then existing stocks of 25 Million Tons in the State of Karnataka. However, subsequently a cap of 30 Million Tons per annum was put on the total production of Iron Ore from the State of Karnataka. The decision of selling Iron Ore through e-Auction and limiting the mining quantity in the State of Karnataka led to speculative prices, which in turn led to closure or lower capacity utilization of steel plants in the State of Karnataka.

   After closure of mines, the leases for Iron Ore mining had been categorised by the Hon'ble Supreme Court appointed the Central Empowered Committee (CEC) as 'A', 'B' and 'C', based on the level of illegalities.

   On 3rd September 2012, the Hon'ble Supreme Court allowed mining in 18 Category 'A' mines and on 18th April, 2013, permitted re-opening of remaining Category 'A' mines (27 in number) and Category 'B' mines (63 in number). Thus, 108 out of the 166 mines in Karnataka are allowed to resume operations after compliance of stringent conditions laid down by the Hon'ble Supreme Court, subject to cap of 30 Million Tons, per annum on the total production of Iron Ore in the State of Karnataka. The decision regarding remaining mines in Category 'B' is pending and will be taken in due course by the Hon'ble Supreme Court. The Hon'ble Supreme Court cancelled 49 leases of Category 'C' mines.

   Although the Hon'ble Supreme Court took commendable steps in its decisions for clampdown on the illegal mining, Category 'A' and 'B' mines may take even two years of time for implementing all the 'Reclamation and Rehabilitation (R & R)' Plans and opening of all the Category 'A' and 'B' mines.

   In the given situation, the Company has no other option than to procure iron ore by participating in e-Auction conducted by Monitoring Committee. Due to short supply of iron ore, the prices of iron ore have become speculative and almost doubled, putting pressure on the operating margins of the Company.

2. Steps taken or proposed to be taken for improvement :

   The Company has completed installation of sinter plant, coal injection system and stoves on blast furnaces. The Company expects to achieve substantial cost savings, by taking these initiatives, thus improving margins.

3. Expected increase in productivity and profits in measurable terms :

   In the steel industry, cost is the main driver for competitiveness and the majority of the cost of production is contributed by raw materials, mainly iron ore and metallurgical coke. Any improvement in the availability and pricing of the iron ore will result in reduction in the manufacturing cost, making the products of the Company more competitive. The demand for our Company's products from various customer segments will consequently increase. The Company is prepared to respond to the increased demand and expects to achieve improved performance in future.

The above may be regarded as abstract of the terms of appointment and memorandum of interest under Section 302 of the Companies Act, 1956.

By Order of the Board of Directors
for KALYANI STEELS LIMITED

Pune
24th May, 2013

MRS.DEEPTI R. PURANIK
COMPANY SECRETARY

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 - 26051629 / 26050084, Telefax : 26053503
E-mail: pune@linkintime.co.in

KALYANI STEELS LIMITED

Registered Office : Mundhwa, Pune 411 036

KALYANI STEELS

KALYANI

ATTENDANCE SLIP

NAME OF MEMBER/PROXY	
DP ID & CLIENT ID*	
FOLIO NO.	
NO. OF SHARES HELD	

* Applicable if shares are held in dematerialised form.

I hereby record my presence at the Fortieth Annual General Meeting of the Company held at the Registered Office of the Company at Mundhwa, Pune 411 036, on Wednesday, the 24th day of July, 2013 at 11.00 a.m. (I.S.T.)

SIGNATURE OF THE ATTENDING MEMBER / PROXY

Notes :
1. Member / Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Member / Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

KALYANI STEELS LIMITED

Registered Office : Mundhwa, Pune 411 036

PROXY FORM

I / We ______________________________

of ______________________________

being a Member(s) of KALYANI STEELS LIMITED, Pune, hereby appoint ______________________________

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of ______________________________ or

failing him/her ______________________________

of ______________________________ as my/our proxy to attend and vote

for me / us on my / our behalf at the Fortieth Annual General Meeting of the Company to be held on Wednesday, the 24th day of July, 2013 at 11.00 a.m. (I.S.T.) and at any adjournment thereof.

Signed this ____________ day of ______________________ 2013

DP ID & CLIENT ID*	
FOLIO NO.	
NO. OF SHARES HELD	

Please Affix 15 Paise Revenue Stamp here

* Applicable if shares are held in dematerialised form.

Signature(s) of Member(s) across the stamp

Note : The Proxy Form must be deposited with the Registered Office of the Company at Mundhwa, Pune 411 036, not less than 48 hours before the time fixed for holding the Meeting.

KALYANI STEELS LIMITED

KALYANI

DRIVING INNOVATION

40TH ANNUAL REPORT
2012-2013

BOARD OF DIRECTORS

Mr. B. N. Kalyani
Chairman

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

COMPANY SECRETARY

Mrs.Deepti R. Puranik

REGISTERED OFFICE

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

WORKS

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

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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40TH ANNUAL GENERAL MEETING

Day	:	Wednesday
Date	:	24th July, 2013
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 Fortieth Annual Report for the year 2012-13 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.

Industry Scenario :

World Crude Steel production reached 1,548 Million MTs for the year 2012, up by 1.2% compared to 2011. The growth came mainly from Asia and North America while crude steel production in the EU and South America decreased in 2012 compared to 2011.

The biggest steel producing country was China, which accounted for 46.3% of world crude steel production in 2012, followed by Japan and the US, retaining their slots in the respective order in 2012.

India's rank remained unchanged at the fourth slot with an output of 76.7 Million MTs despite recording the highest growth of 4.2 per cent amongst major steel producing nations in 2012. Although the consumption during the said period was seen to grow at a slower pace than the production, the increase in exports became feasible and actually rose compared to 2011.

Long term prospects of the Indian Steel Industry are very bright. Domestic Steel consumption is expected to grow steadily in the years to come driven by urbanisation, infrastructural investments and industrialisation. India may become world's second largest country in terms of consumption by 2020 only behind China.

Cost Reduction Initiatives taken by the Company during 2012-13 :

Mini Blast Furnace :

- Improvement in productivity of Mini Blast Furnace from 2.2 tons/m^3/day to 2.8 tons/m^3/day by using various measures including usage of Sinter
- Screening of iron ore fines to segregate nut ore (+8mm). The nut ore is used to replace calibrated iron ore in MBF burden. The Company has been able to replace 5% of calibrated iron ore by nut ore in the MBF burden.
- Injection of Pulverized Coal to replace costly Coke
- Installation of Kalugin Stoves to improve hot blast temperature and further reduce coke consumption

Steel Melting Shop :

- Replacement of expensive furnace oil by using blast furnace gas as fuel in Ladle Preheater and VD Boiler
- Improvement in ferro alloy yield
- Extraction of Metal from EOF Slag

Rolling Mill Shop :

- Replacement of expensive furnace oil by using blast furnace gas as fuel in Reheating Furnace
- Increase in overall productivity by optimum utilisation of the two rolling mills

Company Performance :

- Sales, Gross - ₹ 10,114 Million
- Profit before Taxation - ₹ 377 Million

Sales, Gross includes Trading Revenue of ₹ 105 Million and Manufacturing Revenue of ₹ 10,009 Million.

Manufacturing Revenue consists of sale of Rolled Products, As Cast Blooms, Misc. Sales and Conversion Charges received. The Company sold 128,385 tons of 'Rolled Products' aggregating ₹ 7,173 Million, 12,837 tons of 'As Cast Blooms' aggregating ₹ 574 Million. Misc. sales amounted to ₹ 176 Million and Conversion Charges received were ₹ 2,086 Million. The Manufacturing Turnover includes exports of 4,305 tons of Steel aggregating ₹ 274 Million.

Internal Control Systems and their adequacy :

The Company has well established internal control systems commensurate with its size and nature of business which provides for efficient use and safeguarding of resources, accurate recording of transactions and custody of assets, compliance with prevalent statutes, adherence to applicable accounting standards and policies and IT systems which include controls for facilitating the above.

The internal control is supplemented by an extensive review by internal auditors. Their observations are subject to periodic review and compliance monitoring. The Audit Committee of Directors reviews the significant observations made by internal auditors along with status of action thereon.

Human Resources :

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

As on 31st March, 2013 the Company has 54 employees. 1,016 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.

Opportunities, Threats and Future Outlook :

The per capita consumption of steel in India is 59 Kg in 2012 which is very less as compared to the global average of 215 Kg. As a result, the biggest opportunity before steel industry in India is the enormous scope for increasing consumption of steel in almost all sectors, especially the rural sector which remains fairly unexposed to the multi-faceted use of steel with a per capita consumption of 15 Kg.

In Steel Industry, cost is the main driver for competitiveness and a major part of the cost of production consists of raw materials, mainly Iron Ore and Metallurgical Coke. The adequate availability of inexpensive and good quality iron ore is one of the positive factors for the growth of the steel industry in India. However shortage of iron ore, due to mining ban in iron ore rich states such as Karnataka, Goa and Odisha, has led to a rise in domestic iron ore prices. Shortage of iron ore is expected to also prevail in 2013. This will adversely impact the margins of the steelmakers who depend on external sources for their iron ore requirements.

Persistent high costs of steel production and limited ability of steel producers to pass on the higher costs to end user industries, due to subdued demand, is set to create extensive pressure on margins. To overcome these margin pressures, a roadmap for R&D for steel industry has to be finalised and adopted with a special focus on benefication of Iron Ore, reduction in energy costs and production of high value added steels in the country. New technologies are also required to be adopted to make existing steel manufacturing processes more efficient and productive.

Major Indian Steel producers have been making earnest efforts to upgrade production and process technologies in Iron and Steel making. This will enable them to become cost effective, operate in an enviro-friendly manner and remain competitive in the domestic and global markets.

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 been practicing the principles of good Corporate Governance, over the years and lays strong emphasis on transparency and proper disclosures. The Company believes that timely disclosures, transparent accounting policies and strong Board go a long way in protecting shareholders trust while maximising long term corporate value. The Company recognises that good Corporate Governance is a continuing exercise and is in full compliance with the requirements under Clause 49 of the Listing Agreement with the Stock Exchanges.

This chapter of the report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitutes the compliance report of the Company on Corporate Governance during the year 2012-13.

1. BOARD LEVEL ISSUES

COMPOSITION OF THE BOARD :

As on 31st March, 2013, the Board of Directors of Kalyani Steels comprised nine Directors. The Board consists of the Chairman, who is Promoter Non-Executive Director, one Executive Director and seven Non-Executive Directors, of which five are Independent. Details are given in Table 1.

NUMBER OF BOARD MEETINGS :

During the year 2012-13, the Board of the Company met seven times on 26th May, 2012, 28th July, 2012, 8th August, 2012, 30th October, 2012, 15th December, 2012, 2nd February, 2013, and 26th March, 2013. All the meetings were held in such manner that the gap between two consecutive meetings was not more than four months.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS :

Table 1: The composition of the Board, the category of Directors, their attendance record and the number of directorships :

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

Name of the Director	Category	Particulars of Attendance			Number of Directorships and Committee Memberships / Chairmanships in Public Limited Companies		
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr.B.N. Kalyani Chairman	Promoter Non-Executive	7	5	No	15	3	3
Mr.Amit B. Kalyani	Non-Executive	7	4	Yes	13	5	—
Mr.S.M. Kheny	Non-Executive	7	5	Yes	13	3	1
Mr.S.S. Vaidya	Non-Executive	7	7	Yes	11	10	5
Mr.B.B. Hattarki	Non-Executive	7	6	Yes	9	4	5
Mr.M.U. Takale	Non-Executive	7	5	Yes	5	2	—
Mr.Arun P. Pawar	Non-Executive	7	6	Yes	1	—	—
Mr.C.G. Patankar	Non-Executive	7	5	Yes	7	3	—
Mr.R.K. Goyal Managing Director	Executive	7	7	Yes	3	2	—

As detailed in the table above, 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 committees
- Details of Joint Venture / Collaboration Agreement
- Sale of material nature of investments, assets, which is not in normal course of business.
- Non-Compliance of any regulatory, statutory nature or listing requirements etc. if any
- Materially important show cause, demand notices if any

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.

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 2012-13.

AUDIT COMMITTEE :

As on 31st March, 2013, the Audit Committee of Kalyani Steels comprised four members, of which three are Independent Directors. All the members have accounting and finance management expertise. The Chairman of the Audit Committee is Mr.S.S. Vaidya. Mr.B.N. Kalyani, Mr.S.M. Kheny and Mr.B.B. Hattarki are the other members of the Committee.

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

During the year 2012-13 Audit Committee met on 7th May, 2012, 26th May, 2012, 8th August, 2012, 30th October, 2012 and 2nd February, 2013. 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	5
Mr.B.N. Kalyani	Promoter Non-Executive	5	4
Mr.S.M. Kheny	Independent	5	5
Mr.B.B. Hattarki	Independent	5	4

The functions of the Audit Committee of the Company include of the following :

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual / quarterly financial statements before submission to the board for approval.
- 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, if any, in the payment to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors.
- Approval of appointment of CFO after assessing the qualifications, experience & background etc.
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews :

- 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.

REMUNERATION POLICY :

The Remuneration Committee has been in place to recommend / review the remuneration packages of the Executive Director(s). The Remuneration Committee of Directors consists of three independent directors, namely Mr.S.M. Kheny, Mr.S.S. Vaidya and Mr.M.U. Takale. No meeting of Remuneration Committee was held during the year 2012-13.

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

The 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 based on net profits of the Company, as determined by the Board.

REMUNERATION OF DIRECTORS :

Table 2 : The details of the remuneration package of Directors during the financial year 2012-13, 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	Father of Mr.Amit B. Kalyani	48,000	—	—	48,000	1,118
Mr.Amit B. Kalyani	Son of Mr.B.N. Kalyani	8,000	—	—	8,000	31,694
Mr.S.M. Kheny	None	28,000	—	—	28,000	10,914
Mr.S.S. Vaidya	None	24,000	—	400,000	424,000	—
Mr.B.B. Hattarki	None	98,000	—	—	98,000	—
Mr.M.U. Takale	None	10,000	—	—	10,000	2,500
Mr.Arun Pawar	None	12,000	—	400,000	412,000	—
Mr.C.G. Patankar	None	10,000	—	—	10,000	4,770
Mr.R.K. Goyal	None	N.A.	26,655,071	—	26,655,071	—

* Sitting fees include payment for board level committee meetings.

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

2. MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS :

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

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.

3. SHAREHOLDERS

DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS :

Mr.B.B. Hattarki, Mr.S.S. Vaidya and Mr. M.U.Takale, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Details of directors to be re-appointed, are given below :

Mr.B.B. Hattarki born on 10th October, 1941, is a Metallurgy and Mechanical Engineer. He also serves on the Board of Kalyani International Limited, Kalyani Mukand Limited, Hospet Steels Limited, BF Utilities Limited, Automotive Axles Limited, Khed Developers Limited, BF Investment Limited and Kalyani Investment Company Limited. Mr.Hattarki is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr.S.S. Vaidya born on 9th August, 1955 is a Chartered Accountant. He is a partner of M/s Kunte & Vaidya, Chartered Accountants, Pune. He has been in practice for over 32 years and has vast experience in Corporate & Legal field, Tax Laws, Company Law, Foreign Exchange Laws etc. Mr.Vaidya also serves on the Boards of Bosch Chassis Systems India Limited, Nandi Infrastructure Corridor Enterprises Limited, Sahyadri Hospitals Limited, BF Utilities Limited, Nandi Economic Corridor Enterprises Limited, Sharp India Limited, Nandi Highway Developers Limited, MRF Limited, Kalyani Investment Company Limited and Foundation Brake Manufacturing Limited. Mr.Vaidya is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr.M.U. Takale, born on 18th August, 1960, is a Mechanical Engineer having more than 25 years' experience in forging and automotive related industries. Mr.Takale, after having his initial graduation in Pune, completed his MS in Industrial and Systems Engineering from Columbia University, New York, U.S.A. and MBA from Western Carolina University, NC, U.S.A. He was in U.S.A. for six years and besides obtaining degree in Engineering and Management, has had considerable exposure to technological advancements in automotive field. He also has work experience in Automotive Industry in U.S.A. Mr.Takale serves on the Board of Kalyani Infotech Solutions Limited, Kalyani Carpenter Special Steels Limited, BF Investment Limited and Kalyani Technologies Limited. Mr.Takale is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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.

INVESTOR GRIEVANCES :

The Company has in place Shareholders / Investors Grievance Committee for redressing Shareholders / Investors complaints. The Committee comprises of Mr.S.M. Kheny (Chairman), Mr.R.K. Goyal, Managing Director and Mr.B.B. Hattarki, Director. During the year 2012-13, the Shareholders / Investors Grievance Committee met on 7th May, 2012, 8th August, 2012, 30th October, 2012 and 2nd February, 2013.

Particulars relating to the attendance at the Shareholders / Investors Grievance 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	Independent	4	4
Mr.R.K. Goyal	Executive	4	4
Mr.B.B. Hattarki	Independent	4	3

During the year four complaints were received, which were redressed. The status of complaints is also reported to the Board of Directors, as an agenda item. Mrs.Deepti R. Puranik, Company Secretary, is the Compliance Officer.

The Company has already provided separate E-mail ID for registering complaints by investors (investor@kalyanisteels.com) and the said E-mail ID is also displayed on the web-site.

SHARE TRANSFER :

The Company has constituted the 'Share Transfer Committee', which meets on weekly basis to approve share transfers, transmissions, consolidation, sub-division, issue of duplicate certificates and requests for dematerialisation of Company's shares. The Committee comprises of Mr.B.N. Kalyani, Chairman, Mr.B.B. Hattarki, Director and Mr.R.K. Goyal, Managing Director.

DETAILS OF NON-COMPLIANCE :

Kalyani Steels has complied with all the requirements of regulatory authorities. No penalties were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter relating to the capital market during the period under report.

GENERAL BODY MEETINGS :

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

Date	Time	Type of Meeting	Venue	Special Resolutions Passed
25th August, 2010	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	None
12th August, 2011	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	None
28th July, 2012	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	2*

*Special Resolutions passed were : i) Payment of Minimum Remuneration to Mr.R.K. Goyal, Managing Director for the period of one year from 1st April, 2011 to 31st March, 2012 and for F.Y. 2012-13 and / or 2013-14, if the Company has no profits / inadequacy of profits; ii) Payment of Minimum Remuneration to Mr.C.G. Patankar, Executive Director for the period of one year from 1st April, 2011 to 31st March, 2012

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 NON-MANDATORY REQUIREMENTS :

The Company is fully compliant with the applicable mandatory requirements of the Clause 49 of the Listing Agreement. It has not adopted any non-mandatory requirements.

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING :

Day and Date : Wednesday, 24th July, 2013 at 11.00 a.m.

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

FINANCIAL CALENDAR :

1st April to 31st March

BOOK CLOSURE :

The books will be closed from Saturday, 20th July, 2013 to Wednesday, 24th July, 2013 (both days inclusive).

DIVIDEND DATE :

Dividend of ₹ 1.50/- per Equity Share of ₹ 5/- each (i.e. 30%) would be payable on and from 5th August, 2013.

LISTING :

National Stock Exchange of India Limited (NSE)
BSE Limited (BSE)
Pune Stock Exchange Limited (PSE)

STOCK CODES :

NSE : KSL
BSE : 500235
PSE : KALST 6091
ISIN in NSDL and CDSL : INE907A01026

STOCK DATA :

Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year 2012-13 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2012	66.25	49.35	1,677,042	66.40	49.00	1,938,888
May, 2012	60.60	47.00	347,350	60.85	46.25	364,654
June, 2012	55.25	45.15	922,012	55.55	46.00	727,417
July, 2012	64.95	49.30	1,641,841	64.90	49.10	1,806,063
August, 2012	61.70	49.15	1,017,518	61.80	49.00	1,173,970
September, 2012	60.50	52.35	1,892,971	60.50	52.30	1,710,992
October, 2012	64.40	52.60	1,169,144	60.50	52.50	1,376,921
November, 2012	56.40	51.25	466,502	56.55	46.70	584,630
December, 2012	63.70	52.00	2,913,216	63.80	52.40	2,668,056
January, 2013	63.50	52.60	2,350,511	63.50	52.50	2,281,625
February, 2013	56.75	43.75	595,456	56.85	44.10	543,332
March, 2013	47.00	32.30	510,543	46.10	32.00	425,209

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, 2013 :

Category of Shareholder	No. of Equity Shares held	Shareholding %
Promoters	26,126,356	59.849
Mutual Funds / UTI	7,800	0.018
Insurance Companies	75,000	0.172
Financial Institutions / Banks	33,581	0.077
Bodies Corporate	4,777,158	10.943
NRIs / OCBs	217,695	0.499
Foreign Companies / Foreign Nationals	666	0.002
Indian Public	12,414,804	28.440
TOTAL	43,653,060	100.000

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON 31ST MARCH, 2013 :

Category (Shares)	No. of Shareholders	No. of Shares held	Shareholding %
Up to 5000	40,598	9,645,791	22.096
5,001 to 10,000	163	1,178,645	2.700
10,001 to 20,000	78	1,127,339	2.583
20,001 to 30,000	35	879,512	2.015
30,001 to 40,000	25	875,773	2.006
40,001 to 50,000	8	365,277	0.837
50,001 to 100,000	10	679,572	1.557
100,001 and above	10	28,901,151	66.206
TOTAL	40,927	43,653,060	100.000

DEMATERIALISATION :

The Company's Equity Shares are under compulsory Demat Trading. As on 31st March, 2013, dematerialised shares accounted for 91.02% 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 - 26051629 / 26050084
Telefax : 020 - 26053503
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 under Clause 49 I (D)(ii) by the Managing Director of affirmation by the Board of Directors and Senior Management of Compliance with the Code of Conduct

The Shareholders,

I, R.K. Goyal, Managing Director of the Company do hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct adopted by the Board at its meeting held on 23rd January, 2006, applicable to the Board of Directors and Senior Management of the Company.

Sd/-
Place : Pune — R.K. Goyal
Date : 24th May, 2013 — Managing Director

AUDITORS' 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, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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 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 Agreement.

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
Place : Pune — Partner
Date : 24th May, 2013 — Membership No.83374

DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the Fortieth Annual Report on the business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2013.

1. Financial Highlights : (₹ in Million)

		2012-13	2011-12
Sales, Gross	:	**10,114.257**	11,588.942
Excise Duty	:	**2,108.450**	2,013.128
Sales, Net	:	**8,005.807**	9,575.814
Other Operating Revenue	:	**66.874**	192.651
Sale of Services	:	**18.000**	—
Revenue from Operations (Net)	:	**8,090.681**	9,768.465
Other Income	:	**71.545**	218.030
Total Revenue	:	**8,162.226**	9,986.495
Total Expenditure	:	**7,324.433**	9,342.612
Finance Cost	:	**224.844**	213.672
Depreciation & amortisation expenses	:	**235.628**	260.568
Profit before exceptional items and tax	:	**377.321**	169.643
Exceptional Item - Profit on Sale of Investment	:	**—**	54.800
Profit before Tax	:	**377.321**	224.443
Tax Expenses :			
- Current Tax	:	**77.500**	47.000
- Deferred Tax	:	**61.226**	(42.742)
- Add / (Less) : Excess provision for Taxation in earlier years	:	**(0.083)**	(0.179)
Profit after Tax	:	**238.678**	220.364
Dividend on Equity Share Capital	:	**65.480**	43.653

2. Dividend :

The Directors recommend a dividend of ₹ 1.50/- per Equity Share of ₹ 5/- each (i.e. 30%) for the year ended 31st March, 2013.

3. The Year in Retrospect :

On the backdrop of Iron Ore mining ban in the State of Karnataka, Odisha and Goa, adversely affecting the supply as well as cost of iron ore, the Company performed reasonably well during the year 2012-13. The Company achieved Profit before Tax of ₹ 377.321 Million during 2012-13, as compared to ₹ 224.443 Million in the previous year, representing a growth of 68%. This was possible due to improvement in operational efficiencies and cost reduction initiatives undertaken by the Company.

The members are aware of the Iron Ore mining ban imposed by the Hon'ble Supreme Court vide its Order dated 29th July, 2011 and 5th August, 2011, in the State of Karnataka. As a result of the mining ban, the iron ore production declined drastically in the State of Karnataka and the Company was required to operate at a lower capacity.

The Hon'ble Supreme Court later allowed NMDC Limited (NMDC) to mine 1 Million Tons of Iron Ore per month and sell it to steel plants through e-Auction. The Hon'ble Supreme Court also allowed selling 1.5 Million Tons of Iron Ore per month through e-Auction from the then existing stocks of 25 Million Tons in the State of Karnataka. However, subsequently a cap of 30 Million Tons per annum was put on the total production of Iron Ore from the State of Karnataka. The decision of selling Iron Ore through e-Auction and limiting the mining quantity in the State of Karnataka led to speculative prices, which in turn led to closure or lower capacity utilisation of steel plants in the State of Karnataka.

After closure of mines, the leases for Iron Ore mining had been categorised by the Hon'ble Supreme Court appointed Central Empowered Committee (CEC) as 'A', 'B' and 'C', based on the level of illegalities.

Category A Mines - It comprises of (a) working leases where there is no illegality / marginal illegality have been found and (b) non-working leases wherein no / marginal irregularities have been found. The number of such leases comes to 21 & 24 respectively.

Category B Mines - It comprises of (a) mining leases where illegal mining by the way of (i) mining pits outside the sanctioned lease areas have been found to be upto 10% of the lease areas and / or (ii) overburden / waste dumps outside the sanctioned lease areas have been found to be upto 15% of the lease areas and (b) leases falling on interstate boundary between Karnataka and Andhra Pradesh and for which survey sketches have not been finalised. The number of such leases in Category B comes to 72.

Category C Mines - It comprises of leases wherein (a) the illegal mining by way of (i) mining pits outside the sanctioned lease area have been found to be more than 10% of the lease area and / or (ii) overburden / waste dumps outside the sanctioned lease areas have been found to be more than 15% of the lease areas and / or (b) the leases found to be involved in flagrant violation of the Forest Conservation Act and / or found to be involved in illegal mining in other lease areas. The number of such leases comes to 49.

On 3rd September 2012, the Hon'ble Supreme Court allowed mining in 18 Category 'A' mines and on 18th April, 2013, permitted reopening of remaining Category 'A' mines (27 in number) and Category 'B' mines (63 in number). Thus, 108 out of the 166 mines in Karnataka are allowed to resume operations after compliance of stringent conditions laid down by the Hon'ble Supreme Court, subject to cap of 30 Million Tons per annum, on the total production of Iron Ore in the State of Karnataka. The decision regarding remaining mines in Category 'B' is pending and will be taken in due course by the Hon'ble Supreme Court. However, the Hon'ble Supreme Court cancelled 49 leases of Category 'C' mines.

Although the Hon'ble Supreme Court took commendable steps in its decisions for clampdown on the illegal mining, Category 'A' and 'B' mines may take even two years of time for implementing all the 'Reclamation and Rehabilitation (R & R)' Plans and opening of all the Category 'A' and 'B' mines.

In the given situation, the Company has no other option than to procure iron ore by participating in e-Auction conducted by Monitoring Committee. Due to short supply of iron ore, the prices of iron ore have become speculative and almost doubled, putting pressure on the operating margins of the Company.

4. Rolling Mill :

The Rolling Mill started its commercial production with effect from 28th March, 2013. The mill has capacity to roll 100,000 MTs of steel per annum. This will reduce reliance on outside rolling as well as achieve reduction in the rolling cost, inventory and the Company will be able to cater the customer needs faster.

5. Cost Reduction Initiatives :

- $33m^2$ Circular Sinter Plant commissioned on 4th March, 2013. This will enhance flexibility to use cheaper raw materials like iron ore fines instead of lumpy ore.
- Completed installation of Stoves on MBF - I.
- Completed installation of Coal Injection System.

The Company expects to achieve substantial cost savings, by taking these initiatives, thus improving margins.

6. Coke Oven along with DRI Plant :

Metallurgical Coke is one of the basic inputs of steel making process. At present Coke is purchased from domestic and international markets however, inconsistent quality and high prices continuously affect the Steel Industry. To reduce the cost and improve quality of Coke, the Company intends to set up Coke Oven along with DRI plant based on Coke Oven gas and a Pellet Plant. Details of the Project are being worked out.

7. Fixed Deposits :

As on 31st March, 2013, five Depositors having deposits aggregating to ₹ 88,000/- did not collect the amounts due. However, as of 24th May 2013, three deposits aggregating to ₹ 65,000/- were transferred to Investor Education and Protection Fund (IEPF) as per requirements of law. Presently, the Company does not accept / renew the deposits.

8. Directors :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr.B.B. Hattarki, Mr.S.S. Vaidya and Mr.M.U. Takale Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

These appointments form part of the Notice of the Annual General Meeting and the Resolutions are recommended for your approval. Profiles of these Directors, as required by the Corporate Governance Code (Clause 49 of the Listing Agreement), are given in the report on Corporate Governance.

9. Directors' Responsibility Statement :

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

i) in the preparation of the financial statements for the year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii) the Directors had 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, 2013 and of the profit of the Company for the year under review;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) the Directors had prepared the financial statements for the year ended 31st March, 2013, on a 'going concern' basis.

10. Auditors and Auditors' Report :

M/s. P. G. Bhagwat, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from M/s. P. G. Bhagwat, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The observations and comments given by the Auditors in their Report read together with notes to accounts are self-explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

11. Particulars of Employees :

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all Shareholders of the Company excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of said Annexure may write to the Company Secretary at the Registered Office of the Company.

12. Conservation of energy, technology absorption and foreign exchange earnings & outgo :

The information required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Report is annexed hereto.

13. Quality and Safety :

The Company accords high priority to quality, safety, training, development, health and environment. The Company endeavors to ensure continuous compliance and improvements in this regard.

14. Employees :

The Board of Directors wishes to place on record its appreciation for the exemplary dedication and contribution of the employees at all levels, to ensure that the Company continues to grow and excel.

Your Directors would like to place on record their 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 express their special thanks to Mr.B.N. Kalyani, Chairman of the Company, for his untiring efforts for the progress of the Company.

for and on behalf of the Board of Directors

Place : Pune
Date : 24th May, 2013

B.N. Kalyani
Chairman

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

I. CONSERVATION OF ENERGY :

a) Energy Conservation measures taken :
- Sinter Plant, Hot Blast Stoves and PCI system commissioned resulting in reduction of coke consumption.
- Reduction in furnace oil consumption in rolling mill, by using blast furnace gas in the reheating furnace.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
- Dilute Oxygen Combustion technology provided in RMS-II reheating furnace to utilise oxygen for effective burning of blast furnace gas
- Replacement of RHF in RMS II by furnace with regenerative burners using MBF gas to bring consumption of furnace oil close to zero

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :
- Reduction in coke consumption
- Reduction in furnace oil consumption

d) Total energy consumption and energy consumption per unit of production as per Form - A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto :

	2012-13	2011-12
A) Power & Fuel Consumption :		
1. Electricity :		
a) Purchased		
Unit (Kwh in thousands)	**57,332**	33,111
Total Amount (₹ in Million)	**365.910**	210.519
Rate / Unit (₹ / Kwh)	**6.38**	6.36
b) Own generation		
I) Through Diesel Generator		
Unit (Kwh in thousands)	**6.857**	11.425
Units per Ltr. of HSD (Kwh / Ltrs)	**1.201**	2.626
Cost / Unit (₹ / Kwh)	**33.73**	14.07
II) Through Steam Turbine / Generator Unit		
Unit (Kwh in thousands)	**15,933**	33,036
Units per NM^3 (Blast Furnace Gas) (Kwh / NM^3)	**0.136**	0.136
Cost / Unit (₹/ Kwh)	**3.82**	2.58
2. Coke :		
Quantity (Tons)	**95,074**	109,495
Total Cost (₹ in Million)	**1,920**	2,637
Average Rate (₹ / MT)	**20,200**	24,081
3. Furnace Oil :		
Quantity (K. Ltrs.)	**3,528**	8,014
Total Amount (₹ in Million)	**153.345**	319.341
Average Rate (₹ / Ltrs.)	**43.45**	39.85

		2012-13	2011-12
HSD :			
Quantity (K. Ltrs.)		**23.720**	60.819
Total Amount (₹ in Million)		**0.961**	2.248
Average Rate (₹ / Ltrs.)		**40.50**	36.96
4. Others :			
LDO			
Quantity (K. Ltrs.)		**10.110**	24.880
Total Cost (₹ in Million)		**0.612**	1.316
Rate (₹ / K. Ltrs.)		**60.52**	52.87

B) Consumption per unit of production :

	Unit	2012-13	2011-12
Hot Metal			
Electricity	KWH	**175.828***	137.474
HSD	Ltrs.	**0.071**	0.165
Coke	M.T.	**0.666**	0.696
LDO	Ltrs.	**0.030**	0.067
Furnace Oil	Ltrs.	**—**	—
Steel Making			
Electricity	KWH	**69.93**	70.77
Furnace Oil	Ltrs.	**17.25**	42.90

* Includes energy consumption for Sinter Plant.

II TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per Form - B of the Annexure to the Rules

1. Research & Development (R & D) :

a) Specific area in which R & D carried out by the Company :

- Development of bearing steel with low nitrogen
- Development of import substitution of chrome-moly steel grades for specified applications
- Development of clean steels
- Introduction of forced cooling in low carbon manganese grades to improve homoginity
- Use of Six Sigma Methodology to solve chronic rejections in crank shaft steel

b) Benefits derived as a result of the above R & D :

- Able to increase value additions while also ensuring a wider customer base

c) Future plan of action :

- Energy Conservation measures and use of alternative cheaper raw materials
- Production of cost competitive speciality steels (Import substitute grades)

d) Expenditure on R & D :

		2012-13	2011-12
		₹	₹
(i)	Capital	**—**	—
(ii)	Recurring	**—**	—
(iii)	Total	**—**	—
(iv)	Total R&D expenditure as a percentage of total turnover	**—**	—

2. Technology absorption, adaption and innovation :

   a) Efforts in brief, made towards technology absorption, adaptation and innovation :

      - Installation and commissioning of Sinter Plant and PCI to reduce coke consumption and to use iron ore fines
      - Installation and commissioning of Hot Blast Stoves to achieve higher hot blast temperature thereby reducing coke consumption
      - Commissioning of Dilute Oxygen Combustion (DOC) system is done at rolling mill reheating furnace.
      - Installation of reheating furnace with regenerative burner is under progress at rolling mill.

   b) Benefits derived as a result of the above efforts, for cost reduction, product development, import substitution etc. :

      - Reduction in energy consumption
      - Reduction in coke consumption
      - Effective utilisation of blast furnace gas as alternative fuel
      - Use of cheaper raw materials leading to cost reduction
      - Wider customer base and higher realisation

   c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) :

      New AMLC system for continuous caster machine (Servo Motor based)

      Annular Sinter Technology

      PCI Technology

      Hot Blast Stove Technology

      Reheating Furnace Technology

III. FOREIGN EXCHANGE EARNINGS & OUT GO :

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :

   Concerted efforts are underway to develop export market.

b) Total foreign exchange used and earned : (₹ in Million)

   Used : ₹ 1,267.931 Earned : ₹ 267.554

for and on behalf of the Board of Directors

Place : Pune
Date : 24th May, 2013

B.N. Kalyani
Chairman

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

Report on the Financial Statements

We have audited the accompanying financial statements of Kalyani Steels Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("Act"). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

The financial statements of the Company for the year ended 31st March, 2012 were audited by other independent auditor whose report dated 26th May, 2012, expressed an unqualified opinion on those statements. The audited balances as on 31st March, 2012, have been considered as opening balances for the purpose of these financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the 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, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that :

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said Section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Sanjay Athavale
Partner
Membership No.83374

Pune
24th May, 2013

ANNEXURE TO THE AUDITORS' REPORT :

(Referred to in our above report of even date)

1. (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 earlier 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 in that year.

   (c) During the year, the Company has not disposed off major part of the Fixed Assets.

2. (a) The inventory has been physically verified during the year by the management, which, is in our opinion, at reasonable intervals.

   (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stock and the book records.

3. (a) The Company has not granted any loans to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.

   (b) The Company has not taken any loans from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.

5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, there have been no contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register required to be maintained under that Section.

   (b) In view of the above, we have no comments to make under this clause.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 58A and 58AA of the Companies Act, 1956, and the rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. The Company is maintaining cost records as prescribed under Section 209(1)(d) of the Companies Act, 1956. However, we have not verified the same for completeness or accuracy.

9. (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues with the appropriate authorities. There were no amounts payable in respect of the statutory dues outstanding, as at the Balance Sheet date for a period of more than six months from the date they became payable.

   According to the information and explanations given to us, no undisputed amounts payable in respect of Sale Tax, Income Tax, Customs Tax / Wealth Tax, Excise Duty / Cess and Service Tax were outstanding, as at the balance sheet date 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 Sales Tax, Income Tax, Customs Duty / Wealth Tax, Excise Duty / Cess and Service Tax which have not been deposited on account of any dispute, except :

Name of the Statute	Nature of dues	Amount (₹)	Period to which amount relates	Forum
Service Tax	Demand received for various cases	1,182,269	2005-06	Tribunal

10. The Company has no accumulated losses as on the Balance Sheet date. The Company has not incurred cash losses during the financial year covered by our audit nor during the immediately preceding financial year.

11. 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 dues to any financial institution, bank or debenture holders.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit funds are not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments.

15. As informed to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

16. As informed to us, the term loans raised during the year have been used for the purpose they were raised.

17. The funds raised on short term basis have not been used for long term investment.

18. The Company has not made preferential allotment of shares during the year.

19. No money has been raised by debenture issues during the year.

20. No money has been raised by public issues during the year.

21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Sanjay Athavale
Partner
Membership No.83374

Pune
24th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes	₹	₹	As at 31st March, 2012 ₹
I. EQUITY AND LIABILITIES :				
1. Shareholders' Funds :				
a) Share Capital	**2**	**218,644,367**		218,644,367
b) Reserves and Surplus	**3**	**3,327,334,855**		3,165,264,448
			3,545,979,222	3,383,908,815
2. Non Current Liabilities :				
a) Long Term Borrowings	**4**	**1,251,572,566**		831,073,334
b) Deferred Tax Liabilities (Net)	**5**	**382,751,345**		321,524,719
c) Other Long Term Liabilities	**6**	**795,015,963**		526,447,665
d) Long Term Provisions	**10**	**5,793,681**		2,037,821
			2,435,133,555	1,681,083,539
3. Current Liabilities :				
a) Short Term Borrowings	**7**	**746,300,259**		1,095,596,405
b) Trade Payables	**8**	**1,513,389,978**		1,136,913,662
c) Other Current Liabilities	**9**	**516,779,160**		619,865,907
d) Short Term Provisions	**10**	**82,800,027**		58,183,078
			2,859,269,424	2,910,559,052
		TOTAL	**8,840,382,201**	7,975,551,406
II. ASSETS :				
1. Non Current Assets :				
a) Fixed Assets :				
i) Tangible Assets	**11**	**3,371,435,138**		1,906,354,361
ii) Capital work-in-progress		**116,602,944**		595,822,324
iii) Intangible Asset under development		**26,738,793**		—
		3,514,776,875		2,502,176,685
b) Non Current Investments	**12**	**487,299,970**		687,299,970
c) Long Term Loans and Advances	**13**	**571,693,456**		714,131,641
			4,573,770,301	3,903,608,296
2. Current Assets :				
a) Inventories	**14**	**1,282,632,536**		1,177,048,751
b) Trade Receivables	**15**	**2,274,793,552**		1,984,355,015
c) Cash & Bank Balances	**16**	**89,578,705**		190,074,892
d) Short-Term Loans and Advances	**13**	**526,274,722**		638,215,827
e) Other Current Assets	**17**	**93,332,385**		82,248,625
			4,266,611,900	4,071,943,110
		TOTAL	**8,840,382,201**	7,975,551,406
Summary of Significant Accounting Policies followed by the Company	**1**			

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

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : 24th May, 2013

Pune
Date : 24th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes	₹	₹	Previous Year ₹
INCOME :				
Sales, gross		**10,114,257,209**		11,588,942,246
Less : Excise duty		**2,108,450,262**		2,013,128,360
Sales, net		**8,005,806,947**		9,575,813,886
Other Operating Revenue		**66,874,129**		192,651,127
Sale of Services		**18,000,000**		—
Revenue from Operations (net)	**18**		**8,090,681,076**	9,768,465,013
Other Income	**19**		**71,544,900**	218,029,686
Total Revenue			**8,162,225,976**	9,986,494,699
EXPENSES :				
Cost of raw material consumed	**20**	**4,312,677,609**		5,474,675,846
Purchases of traded goods	**21**	**104,828,350**		592,060,708
(Increase) / decrease in inventories of Finished Goods and Work-in-Progress	**22**	**148,472,346**		(6,509,601)
Employees benefits expense	**23**	**378,168,226**		335,677,622
Finance costs	**24**	**224,843,538**		213,671,889
Depreciation & amortisation expenses	**25**	**235,627,937**		260,568,067
Other expenses	**26**	**2,380,286,482**		2,946,707,522
			7,784,904,488	9,816,852,053
Profit before Exceptional Items and Tax			**377,321,488**	169,642,646
Exceptional Items - Profit on sale of Investments in Associate			—	54,800,000
Profit before Tax			**377,321,488**	224,442,646
Tax expenses :				
Current Tax		**77,500,000**		47,000,000
Deferred Tax	**5**	**61,226,626**		(42,741,913)
Add / (Less) : Excess provision for Taxation in earlier years		**(83,391)**		(178,941)
			138,643,235	4,079,146
Profit after Tax			**238,678,253**	220,363,500
Earnings per Share : Basic and diluted (Face Value of ₹ 5/-)	**27**		**5.47**	5.05
Summary of Significant Accounting Policies followed by the Company	**1**			

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

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : 24th May, 2013

Pune
Date : 24th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31st March, 2013 ₹	₹	Year ended 31st March, 2012 ₹	₹
A. Cash Flow from Operating Activities :				
Profit for the Year Before Taxation		**377,321,488**		224,442,646
Add : Adjustment for Depreciation / Interest / Other Non Cash Expenses :				
Depreciation (including Leasehold Land Amortised)	**235,627,937**		260,568,067	
Bad Debts, Advances & Sundry Debit Balances written off	**4,915,781**		23,435,389	
Interest Charged (Net of Capitalised)	**224,843,538**		213,671,889	
Loss on Sale of Assets (Net)	**—**		48,975	
		465,387,256		497,724,320
Less : Adjustments for Dividend / Interest / Other Income :				
Dividend	**(2,060,720)**		(90,709,763)	
Profit on Sale of Assets	**(8,571)**		(1,896,443)	
Exceptional Item - Profit on Sale of Investment	**—**		(54,800,000)	
Interest from Deposits and Loans	**(35,968,784)**		(40,079,339)	
Provision no Longer Required	**—**		(8,161,037)	
Sundry Credit Balances Appropriated	**(6,782,594)**		(29,976)	
		(44,820,669)		(195,676,558)
Operating Profit Before Working Capital Changes		**797,888,075**		526,490,408
Changes in Working Capital :				
Inventories	**(105,583,785)**		175,344,175	
Sundry Debtors	**(295,354,317)**		487,886,686	
Other Current Assets, Loans & Advances	**88,081,419**		(379,979,499)	
Current Liabilities	**720,629,184**		232,890,788	
		407,772,501		516,142,150
Cash Generated from Operations		**1,205,660,576**		1,042,632,558
Direct Taxes Paid		**(64,640,683)**		(44,442,219)
Net Cash generated from Operating Activities (A)		**1,141,019,893**		998,190,339

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Continued)

	Year ended 31st March, 2013 ₹	Year ended 31st March, 2012 ₹
B. Cash Flow from Investment Activities :		
Purchase of Assets	**(1,700,708,714)**	(34,141,073)
Capital Work in Progress	**452,480,587**	(472,721,484)
Sale of Assets	**8,571**	10,462,667
Advance for Capital Goods for Projects	**94,939,768**	(179,594,893)
Loans to Companies	**47,498,416**	(43,411,096)
(Purchase) / Sale of Investments including Advance for Purchase of Shares	**200,000,000**	200,000,000
Dividend Received	**2,060,720**	90,709,763
Interest Received	**35,968,784**	40,079,339
Net Cash used in Investment Activities (B)	**(867,751,868)**	(388,616,777)
C. Cash Flow from Financing Activities :		
Proceeds from Borrowings	**(93,501,462)**	(298,752,236)
Interest Paid	**(229,525,305)**	(210,320,878)
Dividend Paid	**(50,737,445)**	(86,658,453)
Net Cash Flow from Financing Activities (C)	**(373,764,212)**	(595,731,567)
Net Changes in Cash & Cash Equivalents (A + B + C)	**(100,496,187)**	13,841,995
Cash & Cash Equivalents at the beginning of the year as on 31st March, 2012	**190,074,892**	176,232,897
Cash & Cash Equivalents at the end as on 31st March, 2013	**89,578,705**	190,074,892

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, 2013

On behalf of the Board of Directors

Mrs.D.R. Puranik
Company Secretary

R.K. Goyal
Managing Director

B.N. Kalyani
Chairman

Pune
Date : 24th May, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 :

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] and the other relevant provisions of the Companies Act, 1956.

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 Revised Schedule VI to the Companies Act, 1956. 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 XIV of the Companies Act, 1956.

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, 2013 (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 materials in process :

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

b) Cost of finished goods (including trial run product) includes all allocable overheads and excise duties but excludes interest.

B. Raw Materials :

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

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 upto 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 78 of the Companies Act, 1956 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 78 of the Companies Act, 1956, 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, 2013 (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 78 of the Companies Act, 1956. 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, 2013 (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, 2013		As at 31st March, 2012	
	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, 2013 (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.

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

Equity Shares :

Particulars	**As at 31st March, 2013**		As at 31st March, 2012	
	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	5,691,198	13.04	5,691,198	13.04
BF Investment Limited	17,052,421	39.06	17,052,371	39.06

NOTE '3' : RESERVES AND SURPLUS :

		As at 31st March, 2013	As at 31st March, 2012
	₹	₹	₹
Debenture Redemption Reserve (See Note '3(a)')			
As per last Account	**191,700,000**		156,000,000
Add : Transferred from Statement of Profit and Loss	**—**		35,700,000
Less : Transferred to Statement of Profit and Loss	**145,700,000**		—
		46,000,000	191,700,000
General Reserve			
As per last Account	**335,265,300**		318,265,300
Add : Transferred from Statement of Profit and Loss	**24,000,000**		17,000,000
		359,265,300	335,265,300
Surplus in the Statement of Profit and Loss			
As per last Account	**2,638,299,148**		2,521,370,328
Add : Net Profit for the year	**238,678,253**		220,363,500
Amount available for Appropriation	**2,876,977,401**		2,741,733,828
Add : Transferred from Debenture Redemption Reserve	**145,700,000**		—
	3,022,677,401		2,741,733,828
Less : Appropriations			
Transferred to Debenture Redemption Reserve	**—**		35,700,000
Transferred to General Reserve	**24,000,000**		17,000,000
Proposed Equity Dividend (amount per share ₹ 1.50/- (31st March, 2012 : ₹ 1/-))	**65,479,590**		43,653,060
Tax on Proposed Equity Dividend	**11,128,256**		7,081,620
Total Appropriations	**100,607,846**		103,434,680
Surplus - Closing Balance		**2,922,069,555**	2,638,299,148
TOTAL		**3,327,334,855**	3,165,264,448

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

3 (a) Debenture Redemption Reserve :

Debenture Redemption Reserve has been created in accordance with Circular No.9/2002 dated 18th April, 2002 issued by Department of Company Affairs, Ministry of Law Justice and Company Affairs, Government of India and Section 117 (c) of the Companies Act, 1956, at 25% of the maturity amount equally over the terms of Debentures privately placed. Amount set out for the year represents the entire required amount for the year in respect of the Seventeenth Series.

NOTE '4' : LONG-TERM BORROWINGS :

	Non-Current maturities		Current maturities	
	As at 31st March, 2013	As At 31st March, 2012	**As at 31st March, 2013**	As At 31st March, 2012
	₹	₹	**₹**	₹
SECURED :				
(i) Debentures (See Note '4 (a)') :				
— (31st March, 2012 : 400) 10.75% Non-Convertible Redeemable Debentures (Nineteenth Series) of ₹ 1,000,000/- each	—	400,000,000	—	—
550 (31st March, 2012 : 550) 12.50% Non-Convertible Redeemable Debentures (Seventeenth Series) of ₹ 1,000,000/- each	—	183,333,334	**183,333,283**	183,333,333
TOTAL	—	583,333,334	**183,333,283**	183,333,333
(ii) Rupee Term Loans (See Note '4(b)') :				
Bank of Baroda	—	43,750,000	—	6,250,000
Axis Bank Limited	—	203,990,000	—	126,010,000
Canara Bank	—	—	—	32,084,498
TOTAL	—	247,740,000	—	164,344,498
(iii) Foreign Currency Term Loans (See Note '4(c)') :				
Bank of Baroda	**1,251,572,566**	—	—	—
TOTAL	**1,251,572,566**	—	—	—
TOTAL	**1,251,572,566**	831,073,334	**183,333,283**	347,677,831
Less : Shown under "Other Current Liabilities" (See Note '9')	—	—	**183,333,283**	(347,677,831)
TOTAL	**1,251,572,566**	831,073,334	—	—

4 (a) Debentures :

The Company has issued the following Secured Non-Convertible Redeemable Debentures :

(i) 400 - 10.75% Secured Non-Convertible Redeemable Debentures (NCDs) (Nineteenth Series) of ₹ 1,000,000/- each, aggregating ₹ 400,000,000/- (Rupees Four Hundred Million only) were issued on private placement basis. In terms of the Debenture Trust Hypothecation Deed dated 15th December, 2009, NCDs were to be redeemed in three annual installments commencing from the end of fourth year from the date of allotment i.e. redeemable on 18th September, 2013 ₹ 333,333/- per debenture, on 18th September, 2014 ₹ 333,333/- per debenture and on 18th September, 2015 ₹ 333,334/- per debenture. However the Company has redeemed the NCDs in full on 30th March, 2013 and satisfaction of charge has been filed with Government of India, Ministry of Corporate Affairs, Maharashtra, Pune.

(ii) 550 - 12.50% Secured Non-Convertible Redeemable Debentures (NCDs) (Seventeenth Series) of ₹ 1,000,000/- each, aggregating ₹ 550,000,000/- (Rupees Five Hundred Fifty Million only) were issued on private placement basis, held by Life Insurance Corporation of India. In terms of the Debenture Trust Hypothecation Deed dated 8th April, 2009, NCDs are to be redeemed in three annual installments commencing from the end of third year from the date of allotment i.e. redeemable on 16th January, 2012 ₹ 333,333/- per debenture, on 16th January, 2013 ₹ 333,333/- per debenture and on 16th January, 2014 ₹ 333,334/- per debenture. The first and second redemption installment are already paid by the Company on their respective due dates as aforesaid.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

4 (b) Rupee Term Loans :

(i) Bank of Baroda - Repaid in full on 23rd January, 2013 and satisfaction of charge has been filed with Government of India, Ministry of Corporate Affairs, Maharashtra, Pune.

(ii) Axis Bank Limited - Repaid in full on 23rd January, 2013 and satisfaction of charge has been filed with Government of India, Ministry of Corporate Affairs, Maharashtra, Pune.

(iii) Canara Bank - Repaid in full on 30th April, 2012 and satisfaction of charge has been filed with Government of India, Ministry of Corporate Affairs, Maharashtra, Pune.

4 (c) Foreign Currency Term Loans :

From Bank of Baroda, London

(i) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 13,721,000/-. Repayable in 20 quarterly installments commencing from 30th June, 2014, carrying interest at 6 month USD LIBOR plus 400 bps p.a. payable quarterly.

(ii) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 9,181,650/- comprising of :

a) Facility A of USD 4,681,650/- repayable in six half yearly installments starting from 24th month of initial drawdown i.e. repayment commencing from 22nd December, 2014 and;

b) Facility B of USD 4,500,000/- repayable in four half yearly installments starting from 27th month of initial drawdown i.e. repayment commencing from 22nd March, 2015.

Both Facility A and Facility B carrying interest at 6 month USD LIBOR plus 315 bps p.a. payable six monthly.

Above Debentures and Foreign Currency Term Loans are secured by mortgage of Company's immovable properties consisting of land together with all buildings and structures thereon and all plant and machinery, attached to the earth or permanently fastened to anything attached to the earth, both present and future and hypothecation of whole of the movable 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 the Trustees for Debenture holders and 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.

NOTE '5' : DEFERRED TAX LIABILITIES (NET) :

		As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
DEFERRED TAX LIABILITIES :			
On account of Timing Difference in :			
a Depreciation and amortisation		**386,825,340**	325,384,212
DEFERRED TAX ASSETS :			
On account of Timing Difference in :			
b Disallowance u/s 43B of the Income Tax Act		**4,073,995**	3,859,493
	TOTAL	**382,751,345**	321,524,719

NOTE '6' : OTHER LONG TERM LIABILITIES :

Trade Payables		**94,154,727**	95,586,429
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')		**645,000,000**	375,000,000
	TOTAL	**795,015,963**	526,447,665

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
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	**171,695,886**	795,629,883
Sales Bill Discounting	**574,560,284**	299,922,433
Deposits	**44,089**	44,089
TOTAL	**746,300,259**	1,095,596,405

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)	**1,480,336,459**	867,152,663
Acceptances	**33,053,519**	269,760,999
TOTAL	**1,513,389,978**	1,136,913,662

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	**15,825,803**	12,396,029
Creditors of Capital Goods	**202,937,311**	96,228,381
Current Maturities of Long-Term Borrowings (See Note '4')	**183,333,283**	347,677,831
Interest accrued but not due on borrowings	**17,769,056**	19,146,055
Interest accrued and due on borrowings	**942,544**	4,247,311
Unclaimed Dividend	**4,334,840**	4,337,605
Fixed Deposits matured but unclaimed	**88,000**	448,000
Amount payable against purchase of Preference Shares under an arrangement	**14,839,953**	14,839,953
Advances against order	**10,149,829**	16,971,005
Employee contributions & recoveries payable	**10,859,819**	12,291,586
Statutory dues payable including Tax Deducted at Source	**55,698,722**	91,282,151
TOTAL	**516,779,160**	619,865,907

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

NOTE '10' : PROVISIONS :	**Long Term**		**Short Term**	
	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹	**As at 31st March, 2013 ₹**	As at 31st March, 2012 ₹
Provision for Employee Benefits :				
Provision for Gratuity (See Note '10(a)')	**5,122,563**	1,919,133	**—**	—
Provision for Leave Benefits (See Note '10(a)')	**—**	—	**6,192,181**	7,448,398
Provision for PF Trust (See Note '10(b)')	**671,118**	118,688	**—**	—
	5,793,681	2,037,821	**6,192,181**	7,448,398
Other Provisions :				
Proposed Equity Dividend	**—**	—	**65,479,590**	43,653,060
Provision for Tax on Proposed Equity Dividend	**—**	—	**11,128,256**	7,081,620
	—	—	**76,607,846**	50,734,680
TOTAL	**5,793,681**	2,037,821	**82,800,027**	58,183,078

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, 2013 ₹	As At 31st March, 2012 ₹
i)	Amounts to be recognised in the Balance Sheet :		
	a. Present Value of Defined Benefit Obligations Funded	**9,752,144**	16,135,527
	b. Fair Value of Plan Assets	**4,629,581**	14,216,394
	c. Net Liability / (Asset) recognised in the Balance Sheet	**5,122,563**	1,919,133
ii)	Amount to be recognised in the Statement of Profit and Loss :		
	a. Current Service Cost	**1,672,723**	1,923,848
	b. Interest on Defined Benefit Obligations	**847,667**	978,737
	c. Expected Return on Plan Assets	**(676,205)**	(905,412)
	d. Net Actuarial Losses / (Gains) recognised in year	**3,284,553**	1,180,697
	Total included in "Employees' Emoluments"	**5,128,738**	3,177,870
iii)	Change in Defined Benefit obligation and reconciliation thereof :		
	a. Present Value of Defined Benefit obligation at the beginning of the year	**16,135,527**	12,434,871
	b. Interest Cost	**847,667**	978,737
	c. Current Service Cost	**1,672,723**	1,923,848
	d. Actuarial Losses / (Gains)	**3,422,184**	1,501,472
	e. Benefits Paid	**(12,325,957)**	(703,401)
	f. Present value of Defined Benefit obligation at the close of the year	**9,752,144**	16,135,527

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

		Gratuity	
		As at 31st March, 2013	As At 31st March, 2012
		₹	₹
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	**14,216,394**	11,154,112
	b. Add : Expected return on Plan Assets	**676,205**	905,412
	c. Add / (Less) : Actuarial (Losses) / Gains	**137,631**	320,775
	d. Add : Contributions by employer	**1,925,308**	2,539,496
	e. Benefits paid	**(12,325,957)**	(703,401)
	f. Fair Value of Plan Assets at the close of the year	**4,629,581**	14,216,394
v)	Broad Categories of Plan Assets as a percentage of total assets :		
	Insurer Managed Funds	**100%**	100%

vi) Amount for the Current Period :

Experience History

	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
	₹	₹	₹	₹	₹
Present Value of Obligation	**9,752,144**	16,135,527	12,434,871	10,001,416	9,403,184
Plan Assets	**4,629,581**	14,216,394	11,154,112	9,350,309	8,554,311
Surplus / (Deficit)	**(5,122,563)**	(1,919,133)	(1,280,759)	(651,107)	(848,873)
Experience adjustments on plan liabilities (loss) / gain	**(1,713,393)**	(1,716,213)	(376,351)	1,433,933	(438,219)
Experience adjustments on plan assets (loss) / gain	**137,631**	320,775	216,080	149,826	151,044

vii) Summary of the Actuarial Assumptions :

	As at 31st March, 2013	As at 31st March, 2012
Discount Rate	**8.00%**	8.50%
Expected Rate of Return on Assets	**7.50%**	7.50%
Salary Escalation Rate	**10.00%**	7.00%

B. FUNDED / UNFUNDED SCHEME :

		LEAVE BENEFITS	
		As at 31st March, 2013	As at 31st March, 2012
		₹	₹
(i)	Amounts to be recognised in Balance Sheet :		
	a. Present Value of Defined Benefit Obligations		
	(i) Funded	**—**	2,527,958
	(ii) Unfunded	**6,192,181**	7,448,398
	b. Fair Value of Plan Assets	**2,657,210**	2,527,958
	c. Net Liability / (Asset) recognised in the Balance Sheet	**6,192,181**	7,448,398

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

		LEAVE BENEFITS	
		As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(ii)	Amount to be Recognised in the Statement of Profit and Loss :		
	a. Current Service Cost	**1,501,992**	1,740,177
	b. Interest on Defined Benefit Obligations	**602,313**	634,201
	c. Expected Return on Plan Assets	**(189,597)**	(90,272)
	d. Net Actuarial Losses / (Gains) Recognised in year	**(47,498)**	(13,002)
	Total included in Employees Emoluments*ƒ*	**1,867,210**	2,271,104
(iii)	Change in Defined Benefit obligation and reconciliation thereof :		
	a. Present value of Defined Benefit obligation at the beginning of the year	**9,976,356**	8,074,719
	b. Interest Cost	**602,313**	634,201
	c. Current Service cost	**1,501,992**	1,740,177
	d. Actuarial Losses / (Gains)	**(107,843)**	17,419
	e. Benefits Paid	**(5,780,637)**	(490,160)
	f. Present value of Defined Benefit obligation at the close of the year	**6,192,181**	9,976,356
(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	**2,527,958**	—
	b. Add : Expected return on Plan Assets	**189,597**	90,272
	c. Add / (Less) : Actuarial Losses / (Gain)	**(60,345)**	30,421
	d. Add : Contributions by employer	**—**	2,407,265
	e. Less : Benefits paid	**—**	—
	f. Fair value of Plan Assets at the close of the year	**2,657,210**	2,527,958
(v)	Broad Categories of Plan Assets as a percentage of total assets :		
	a. Insurer Managed Funds	**100%**	100%

Summary of the Actuarial Assumptions

	As at 31st March, 2013	As at 31st March, 2012
Discount Rate	**8.00%**	8.50%
Expected Rate of Return on Assets	**7.50%**	7.50%
Salary Escalation Rate	**10.00%**	7.00%

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, 2013. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are :

		As at 31st March, 2013	As at 31st March, 2012
i)	Remaining term of maturity	**8.20 Years**	7.80 Years
ii)	Expected guaranteed interest rate	**8.50%**	8.25%
iii)	Discount Rate for the remaining term of maturity of interest portfolio	**8.00%**	8.50%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

NOTE ‘11’ : TANGIBLE ASSETS :

	Gross Block				**Depreciation**				**Net Block**	
	As at 31st March, 2012	Addition	Disposal	**As at 31st March, 2013**	As at 31st March, 2012	For the year	Disposal / Adjustments	**As at 31st March, 2013**	**As at 31st March, 2013**	As at 31st March, 2012
	₹	₹	₹	**₹**	₹	₹	₹	**₹**	**₹**	₹
Freehold Land	83,793,501	—	—	**83,793,501**	—	—	—	**—**	**83,793,501**	83,793,501
Leasehold Land	25,303,064	—	—	**25,303,064**	21,598,714	(b) 1,463,775	—	**23,062,489**	**2,240,575**	3,704,350
Buildings	396,790,124	450,762,258	—	**847,552,382**	107,761,211	14,213,347	—	**121,974,558**	**725,577,824**	289,028,913
Plant and Machinery	3,826,955,373	1,243,566,088	—	**5,070,521,461**	2,311,039,185	216,966,353	—	**2,528,005,538**	**2,542,515,923**	1,515,916,188
Office Equipment	1,615,938	324,851	46,499	**1,894,290**	1,425,963	22,424	46,499	**1,401,888**	**492,402**	189,975
Furniture and Fixtures	30,345,691	6,055,517	—	**36,401,208**	24,684,573	1,256,123	—	**25,940,696**	**10,460,512**	5,661,118
Vehicles	18,188,058	—	—	**18,188,058**	10,127,742	1,705,915	—	**11,833,657**	**6,354,401**	8,060,316
March 31, 2013 Total	**4,382,991,749**	**1,700,708,714**	**46,499**	**6,083,653,964**	**2,476,637,388**	**235,627,937**	**46,499**	**2,712,218,826**	**3,371,435,138**	1,906,354,361
March 31, 2012 Total	4,360,020,504	34,141,073	11,169,828	4,382,991,749	2,218,623,950	260,568,067	2,554,629	2,476,637,388	1,906,354,361	—

a) See Note No. ‘1’, Statement of Significant Accounting Policies Clause 2.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

NOTE '12' : NON CURRENT INVESTMENTS :

				As at 31st March, 2013	As at 31st March, 2012
			₹	₹	₹
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**		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
				21,299,970	21,299,970
In Preference Shares :					
	a)	Investment in Associates :			
9,000,000		1% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	**90,000,000**		90,000,000
	b)	Investment in Others :			
18,600,000		(57,600,000) 14% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Kalyani Investment Company Limited	**186,000,000**		576,000,000
19,000,000		(—) 11% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of KSL Holdings Private Limited	**190,000,000**		—
				466,000,000	666,000,000
		TOTAL		**487,299,970**	687,299,970

NOTE '13' : LOANS AND ADVANCES :

	Long Term		Short Term	
	As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
	₹	₹	₹	₹
LOANS AND ADVANCES				
(Unsecured, considered good, unless stated otherwise)				
Capital Advances :				
Secured, by a Bank Guarantee	**23,837,546**	17,995,535	**—**	—
Other advances	**121,555,434**	222,337,213	**—**	—
	145,392,980	240,332,748	**—**	—
Security Deposits	**41,433,255**	39,930,334	**10,957,282**	31,957,282
Loans and advances to related party (See Note '36') against supply of Iron Ore	**366,437,221**	363,438,559	**—**	—
Inter Corporate Loans (See Note '13(a)')	**9,250,000**	61,250,000	**—**	115,000,000
Advances recoverable in cash or kind (See Note '13(b)')	**9,180,000**	9,180,000	**496,790,742**	458,431,425
Other loans and advances :				
Advance Income Tax (net of provision of taxation)	**—**	—	**3,177,862**	15,953,788
Loans to employees	**—**	—	**5,427,589**	7,738,938
Balance with Excise Department	**—**	—	**9,921,247**	9,134,394
TOTAL	**571,693,456**	714,131,641	**526,274,722**	638,215,827

Note :

13 (a) : Long term Inter Corporate Loans includes interest free loans aggregating ₹ 9,250,000/- (Previous Year ₹ 11,250,000/-) given to six private companies formed with the same purpose and obligation as the Six Employees Welfare Trusts under a Scheme in terms of Clause (b) of the proviso to Section 77(2) of the Companies Act, 1956.

13 (b) : Long term advances recoverable in cash or kind represents interest free loans amounting to ₹ 9,180,000/- (Previous Year ₹ 9,180,000/-) to seven trusts connected with the welfare of employees.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

		As at 31st March, 2013	As at 31st March, 2012
	₹	₹	₹
NOTE '14' : INVENTORIES :			
Raw materials, at cost (includes in transit ₹ 6,184,105/- (31st March, 2012 : ₹ 6,717,439/-)) (See Note '14(a)')		**696,147,494**	474,681,581
Work in Progress (See Note 14(b))		**187,550,283**	170,238,460
Finished Goods, at cost or market value whichever is lower (See Note '14(c)')	**254,529,897**		410,238,393
Scrap at estimated realisable value	**10,434,539**		3,897,671
		264,964,436	414,136,064
Stores, spares etc., at cost		**133,970,323**	117,992,646
TOTAL		**1,282,632,536**	1,177,048,751

	As at 31st March, 2013		As at 31st March, 2012	
	MTs	**₹**	MTs	₹
Note '14(a)' Details of Raw Material Inventory :				
Coke	**14,542**	**275,962,348**	4,128	99,412,356
Iron Ore	**25,053**	**154,510,236**	24,922	138,183,174
Ferro Alloys		**50,927,330**		54,523,262
Others		**214,747,580**		182,562,789
TOTAL		**696,147,494**		474,681,581
Note '14(b)' Details of Work in Progress :				
Blooms & Rounds	**4,819**	**179,014,864**	3,649	161,577,222
Others		**8,535,419**		8,661,238
TOTAL		**187,550,283**		170,238,460
Note '14(c)' Details of Finished Goods Inventory :				
Blooms & Rounds	**—**	**—**	550	24,314,498
Rolled Products	**6,043**	**254,529,897**	7,869	385,923,895
Others		**10,434,539**		3,897,671
TOTAL		**264,964,436**		414,136,064

		As at 31st March, 2013	As at 31st March, 2012
	₹	₹	₹
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	**21,522,562**		19,672,248
Doubtful	**10,357,364**		12,079,966
	31,879,926		31,752,214
Provision for doubtful debts	**10,357,364**		12,079,966
		21,522,562	19,672,248
Others :			
Secured, considered good	**—**		161,947,213
Unsecured, considered good	**2,253,270,990**		1,802,735,554
Doubtful	**—**		—
	2,253,270,990		1,964,682,767
Provision for doubtful debts	**—**		—
		2,253,270,990	1,964,682,767
TOTAL		**2,274,793,552**	1,984,355,015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE '16' : CASH AND BANK BALANCES :			
A) Cash and Cash Equivalents :			
Cash on Hand	**104,891**		153,380
Bank Balances :			
In Current & Cash Credit Accounts	**84,233,474**		184,768,407
In Fixed Deposits (Less than three months maturity)	**290,000**		200,000
		84,628,365	185,121,787
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)	**4,334,840**		4,337,605
		4,950,340	4,953,105
TOTAL		**89,578,705**	190,074,892
NOTE '17' : OTHER CURRENT ASSETS :			
Income receivable		**7,148,494**	9,671,917
Prepaid Expenses		**9,281,648**	10,956,522
Export Incentive Receivables		**2,592,854**	5,550,021
VAT Receivable		**74,309,389**	45,770,165
Amount receivable on account of transfer of Capital Asset		**—**	10,300,000
TOTAL		**93,332,385**	82,248,625

NOTE '18' : REVENUE FROM OPERATIONS :

	₹	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Sale of products			
Finished Goods	**7,746,769,911**		8,822,531,206
Traded Goods	**104,828,254**		618,694,015
	7,851,598,165		9,441,225,221
Job Work Sales	**2,086,252,782**		1,952,570,073
Scrap Sales	**176,406,262**		195,146,952
	10,114,257,209		11,588,942,246
Less : Excise Duty	**2,108,450,262**		2,013,128,360
		8,005,806,947	9,575,813,886
Other Operating Revenue			
Income from Power Generation	**59,115,971**		178,836,470
Export Incentives received	**7,758,158**		13,814,657
		66,874,129	192,651,127
Sale of Service		**18,000,000**	—
TOTAL		**8,090,681,076**	9,768,465,013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

		For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Details of products sold :			
Finished goods sold :			
Blooms and Rounds - Qty 12,837 MTs (Previous Year 14,568 MTs)		**574,121,345**	693,305,296
Rolled Products - Qty 128,385 MTs (Previous Year 148,207 MTs)		**7,172,648,566**	8,129,225,910
	TOTAL	**7,746,769,911**	8,822,531,206
Traded goods sold :			
Coal - Nil (Previous Year 18,452 MTs)		—	293,152,526
Iron Ore - Nil (Previous Year 55,855 MTs)		—	198,271,299
Pig Iron - Qty 3,667 MTs (Previous Year Nil)		**104,644,198**	—
Rolled Products - Nil (Previous Year 2,499 MTs)		—	127,270,190
Others		**184,056**	—
	TOTAL	**104,828,254**	618,694,015
Job Work Sales :			
Hot Metal & Pig Iron - Qty 188,241 MTs (Previous Year 207,826 MTs)		**1,379,796,526**	1,215,339,235
Rolled Products - Qty 74,821 MTs (Previous Year 76,662 MTs)		**706,456,256**	737,230,838
	TOTAL	**2,086,252,782**	1,952,570,073
NOTE '19' : OTHER INCOME :			
Dividend :			
From Trade Investments		—	80,640,000
Others		**2,060,720**	10,069,763
		2,060,720	90,709,763
Interest from Deposits and Loans		**35,968,784**	40,079,339
Miscellaneous receipts		**26,724,231**	77,153,128
Profit on sale of assets		**8,571**	1,896,443
Sundry credit balances appropriated		**6,782,594**	29,976
Provision no longer required		—	8,161,037
	TOTAL	**71,544,900**	218,029,686
NOTE '20' : COST OF RAW MATERIAL CONSUMED :			
Stock at commencement		**467,964,142**	605,159,427
Add : Purchases		**4,520,636,770**	5,622,210,518
		4,988,600,912	6,227,369,945
Less : Sale of Raw Material		**58,297,370**	284,729,957
Less : Stock at close		**617,625,933**	467,964,142
	TOTAL	**4,312,677,609**	5,474,675,846

Details of raw material consumed :

	For the Year Ended 31st March, 2013 MTs	For the Year Ended 31st March, 2013 ₹	For the Year Ended 31st March, 2012 MTs	For the Year Ended 31st March, 2012 ₹
Coke	**95,074**	**1,920,493,996**	85,521	2,156,734,843
Iron Ore	**230,470**	**1,193,951,472**	306,935	1,703,217,218
Coal (to be Converted into Coke)	—	—	32,689	467,886,982
Ferro Alloys		**525,096,275**		611,745,078
Others		**673,135,866**		535,091,725
TOTAL		**4,312,677,609**		5,474,675,846

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

Imported & Indigenous Raw Materials Consumed :		**For the year ended 31st March, 2013 ₹**	**Percentage**	For the year ended 31st March, 2012 ₹	Percentage
Imported (Direct Imports only)		**849,846,307**	**20%**	1,424,388,455	26%
Indigenous		**3,462,831,302**	**80%**	4,050,287,391	74%
	TOTAL	**4,312,677,609**	**100%**	5,474,675,846	100%

		For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
NOTE '21' : PURCHASES OF TRADED GOODS :			
Coal		**—**	276,785,212
Iron Ore		**—**	198,271,196
Blooms and rounds		**184,136**	117,004,300
Pig Iron		**104,644,214**	—
	TOTAL	**104,828,350**	592,060,708
NOTE '22' : (INCREASE) / DECREASE IN INVENTORIES :			
Inventories at the end of the year			
Work-in-progress		**187,550,283**	170,238,460
Finished Goods		**237,917,356**	410,238,393
Scrap		**10,434,539**	3,897,671
		435,902,178	584,374,524
Inventories at the beginning of the year			
Work-in-progress		**170,238,460**	360,751,077
Finished Goods		**410,238,393**	215,172,243
Scrap		**3,897,671**	1,941,603
		584,374,524	577,864,923
	TOTAL	**148,472,346**	(6,509,601)
NOTE '23' : EMPLOYEES BENEFITS EXPENSE :			
Salary, wages, bonus etc.		**341,826,241**	305,935,040
Contribution to Provident and other Funds etc.		**26,852,130**	20,508,944
Welfare expenses		**9,489,855**	9,233,638
	TOTAL	**378,168,226**	335,677,622
NOTE '24' : FINANCE COSTS :			
Interest expenses		**114,164,615**	156,039,222
Other borrowings costs		**110,678,923**	57,632,667
	TOTAL	**224,843,538**	213,671,889
NOTE '25' : DEPRECIATION & AMORTISATION EXPENSES			
Leasehold land amortised		**1,463,775**	1,568,256
Depreciation		**234,164,162**	258,999,811
	TOTAL	**235,627,937**	260,568,067

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

		For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
NOTE '26' : OTHER EXPENSES :			
Stores and spares consumed		**417,324,661**	322,134,518
Job work and Manufacturing Charges		**910,956,150**	1,185,231,615
Power and Fuel		**586,356,391**	724,468,278
Building and Road repairs		**9,897,128**	7,201,584
Machinery repairs		**31,112,204**	21,980,743
(Increase) / decrease of excise duty on Inventory		**(31,091,499)**	8,890,907
Rent		**2,230,625**	1,694,025
Rates & Taxes		**147,186**	147,186
Insurance (including Key Man Insurance)		**10,998,309**	11,293,329
Legal & Professional charges		**28,629,943**	36,788,658
Miscellaneous expenses		**72,427,273**	111,761,429
Donations		**1,920,000**	1,300,000
Freight Outward		**226,435,852**	327,119,902
Brokerage and Discount		**3,118,899**	6,776,471
Commission on sales		**11,095,175**	7,608,031
Payment to Auditor (Refer details below)		**3,462,841**	4,327,106
Directors' Fees and Travelling Expenses		**1,791,933**	1,699,226
Directors Commission		**800,000**	—
Loss on Foreign Exchange Fluctuation		**18,707,037**	82,208,995
Loss on Assets sold or scrapped		**—**	48,975
Bad debts / advances written off		**4,915,781**	23,435,389
Facility Charges under Strategic Alliance		**69,050,593**	60,591,155
	TOTAL	**2,380,286,482**	2,946,707,522
Payment to Auditor :			
As Statutory Auditors		**2,500,000**	3,000,000
In Other capacity :			
Tax Audit Fee		**500,000**	500,000
Limited Review		**300,000**	600,000
Certification		**93,000**	100,000
		3,393,000	4,200,000
For expenses		**69,841**	127,106
	TOTAL	**3,462,841**	4,327,106

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE '27' : EARNINGS PER EQUITY SHARE :		
Earning per Share : (Face Value of ₹ 5/-)		
Net Profit after Taxation	**238,678,253**	220,363,500
Add / (Less) : Prior Period Adjustments	**—**	—
Net Profit after Prior Period Adjustments	**238,678,253**	220,363,500
Number of Shares Issued and Subscribed	**43,653,060**	43,653,060
Basic and Diluted	**5.47**	5.05

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE '28' : CONTINGENT LIABILITIES :		
A. Contingent Liabilities not provided for in respect of :		
a) Claims against the Company not acknowledged as debts	**12,648,157**	12,648,157
b) Excise & Service Tax Demands - Matter under dispute	**19,143,760**	14,009,485

B. Mysore Minerals Limited (MML) had raised an illegitimate claim aggregating to ₹ 281,552,035/- for difference in price of calibrated iron ore purchased by the Company over and above the agreed contracted price. The Company has repudiated the said claim as the same in ultra-vires to the contract. The dispute has been referred to Arbitrator.

In addition to above, MML had raised claim of Forest Development Tax on calibrated iron ore purchased by the Company for ₹ 68,552,937/- , which is under dispute, out of this claim, our Company share is ₹ 28,367,205/-.

NOTE '29' : CAPITAL AND OTHER COMMITMENTS :

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	**78,983,433**	618,487,452
2. Other Commitments on account of :		
Purchase of Raw Material through E-Auction	**63,554,724**	113,369,760
Supply of Gases - Minimum Take Over Price	**34,574,958**	103,724,874
TOTAL	**177,113,115**	835,582,086

NOTE '30' : CIF VALUE OF IMPORTS :

CIF value of Imports :

Direct imports only : (including goods in Bonded Warehouse, if any)

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
i) Raw material :		
- Coke	**804,818,197**	765,117,014
- Coal	**—**	449,292,824
- Ferro Alloys	**154,873,547**	125,905,801
ii) Goods Traded in :		
- Coal	**—**	276,785,273
iii) Capital Goods	**269,870,179**	—

NOTE '31' : EXPENDITURE IN FOREIGN CURRENCY :

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Interest	**37,717,320**	22,363,245
Travelling	**607,691**	111,077
Commission & Brokerage	**—**	3,642,550
Others	**43,912**	483,936

NOTE '32' : EARNINGS IN FOREIGN CURRENCY :

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
FOB value of Exports	**267,554,868**	492,651,320

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE '33' : EXCHANGE DIFFERENCE GAIN / (LOSS) ON ACCOUNT OF FLUCTUATIONS IN FOREIGN CURRENCY RATES :		
Amount to be recognised in Balance Sheet		
i) Net Liability / (Asset) recognised in Balance Sheet		
Liability	**7,779,539**	—
Assets	**(1,065,763)**	—
ii) Recognised in Statement of Profit and Loss :		
a) On settlement / revolarisation of borrowings as part of "Finance Cost"	**(9,726,906)**	114,481,582
b) On open forward contracts at the close of the year as part of "Finance Cost"	**33,547,668**	(26,103,370)
c) On unrealised CER Income as a part of "Other Income / Other Expenses"	**—**	15,049,758
d) On settlement of other transactions as a part of "Other Income / Other Expenses"	**(5,113,725)**	(21,218,975)

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, 2013	31st March, 2012
i) Forward Contracts	USD	Buyer's Credit	**15,032,731**	12,737,912
	USD	Sale	**—**	4,777,500
	USD	Interest	**51,680**	1,327

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

B) Import / Exports not hedged :

Nature of Instrument	Currency	31st March, 2013	31st March, 2012
Buyer's Credit	USD	**183,104**	2,900,000
Buyer's Credit	EURO	**100,500**	—
Payables	USD	**—**	655,171
Receivable	USD	**70,416**	1,989,468
Receivable	GBP	**—**	34,134
Interest	USD	**12,598**	—
Interest	EURO	**354**	—
Loan	USD	**22,902,650**	—

NOTE '35' : INFORMATION ON JOINT VENTURE :

i Jointly Controlled Entity :

Sr. No.	Name of the Company	Country of Incorporation	Percentage of ownership interest 2012-13	Percentage of ownership interest 2011-12
1	Hospet Steels Limited	India	**49.99%**	49.99%

	2012-13 ₹	2011-12 ₹
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	**—**	—

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (continued) :

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

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Equity and Liabilities :		
Shareholders' Funds	**(3,532,374)**	(3,297,081)
Non Current Liabilities	**5,640,284**	4,581,189
Current Liabilities	**54,988,628**	37,138,282
Assets :		
Fixed Assets (net)	**6,372,551**	6,825,769
Deferred Tax Assets (net)	**1,733,137**	1,618,746
Long Term Loans & Advances	**5,471,120**	4,864,678
Current Assets	**43,519,730**	25,113,197

	2012-13 ₹	2011-12 ₹
Income :		
Other Income	**—**	—
Reimbursement of Expenses	**328,777,051**	273,543,839
Expenses :		
Employee Benefits expense	**204,847,530**	173,589,079
Other Expenses	**123,176,918**	98,696,943
Finance costs	**65,893**	69,276
Depreciation & amortisation expense	**951,478**	1,212,933
Provision for Taxation	**84,917**	162,034
Deferred Tax	**(114,391)**	(169,569)

NOTE '36' :

Related party disclosures have been set out in a separate statement annexed to the Financial Statements. The related parties, as defined by Accounting Standard 18 'Related Party Disclosures' issued as prescribed by the Companies (Accounting Standard) Rules, 2006 in respect of which the disclosures have been made, have been identified on the basis of disclosures made by the key management persons and taken on record by the Board.

NOTE '37' :

Disclosures required as per Clause 32 of the Listing Agreement have been set out in a separate statement annexed to the Financial Statements.

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' :

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
Chartered Accountants
Firm Registration No.101118W

On behalf of the Board of Directors

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

Pune
Date : 24th May, 2013

Pune
Date : 24th May, 2013

ANNEXURE REFERRED TO IN NOTE '36' OF NOTES FORMING PART OF THE FINANCIAL STATEMENTS :

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

Name(s) of the related party(ies) and nature of relationship(s)	Nature of Transactions	2012-13		2011-12	
		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
2. Lord Ganesha Minerals Private Limited	Finance provided	2,998,662	366,437,221	32,122,810	363,438,559
	Contribution to Equity (1,000,000 shares of ₹ 10/- each)	—	10,000,000	—	10,000,000
	Preference Shares (9,000,000 shares of ₹ 10/- each)	—	90,000,000	—	90,000,000
B) Joint Venture					
Hospet Steels Limited	Receiving of Services	365,572,365	65,492,034	285,129,551	30,380,065
	Contribution to Equity (124,997 shares of ₹ 10/- each)	—	1,249,970	—	1,249,970
C) Companies under Common Control					
1. Bharat Forge Limited	Sales (net of rejections)	2,989,422,336	728,720,849	4,278,593,233	823,183,499
	Octroi Recovery	2,795,307	—	6,073,741	—
	Interest paid on Trade Advance	22,500,000	—	22,561,644	—
	Reimbursement of Expenses Paid	339,308	(35,237)	—	—
	Trade Advance received	270,000,000	645,000,000	—	375,000,000
2. Kalyani Carpenter Special Steels Limited	Sales (net of rejections)	330,192,399	47,437,540	490,589,476	13,856,747
	Purchases	11,668,955	(18,614,940)	74,512,373	(49,118)
	Conversion Charges paid	6,922,619	—	14,016,343	—
	Interest paid	—	—	1,654,564	—
	Reimbursement of Expenses paid	4,499,690	—	8,092,131	—
	Interest received on ICD	1,520,548	—	5,013,698	—
	Reimbursement of Expenses received	117,390	—	1,302,615	—
	Inter Corporate Deposit Refunded	(50,000,000)	50,000,000	—	50,000,000
3. Kalyani Investment Company Limited	Dividend Received on 14% Preference Shares	—	—	80,640,000	—
	Reimbursement of Expenses received	1,500	—	17,887,636	—
	Management and administrative Services received	20,224,800	6,217,215	—	—
	Interest Paid on ICD	3,204,384	—	—	—
	14% Preference Shares (18,600,000 (P.Y. 57,600,000) shares of ₹ 10/- each)	(390,000,000)	186,000,000	—	576,000,000
4. BF Investment Limited	Dividend Paid on equity shares	17,052,421	—	34,104,742	—
D) Key Managerial Personnel					
1. Mr.R.K Goyal Managing Director	Remuneration	26,655,071	868,203	25,607,400	1,914,650

ANNEXURE REFERRED TO IN NOTE NO. '37' OF NOTES FORMING PART OF THE FINANCIAL STATEMENTS :

Disclosures required as per Clause 32 of the Listing Agreement :

Name of the Company	Loans and Advances				Investments	
	Amount outstanding as on		Maximum balance outstanding during the year		Amount outstanding as at	
	31st March, 2013	31st March, 2012	**2012-13**	2011-12	**31st March, 2013**	31st March, 2012
	₹	₹	**₹**	₹	**₹**	₹
Associates :						
Kalyani Mukand Limited	**—**	—	**—**	—	**10,050,000**	10,050,000
Hospet Steels Limited	**—**	—	**—**	—	**1,249,970**	1,249,970
Lord Ganesha Minerals Private Limited	**366,437,221**	363,438,559	**380,172,947**	377,174,285	**100,000,000**	100,000,000
Other Companies * $					Equity Share Capital held in Kalyani Steels Limited	
					No. of Shares held	
Sprekelia Investment & Finance Limited	**2,100,000**	2,500,000	**2,500,000**	2,500,000	**83,960**	83,960
Oleander Investment & Finance Limited	**1,750,000**	2,150,000	**2,150,000**	2,150,000	**83,960**	83,960
Alocasia Investment & Finance Limited	**1,750,000**	2,150,000	**2,150,000**	2,150,000	**83,960**	83,960
Acorus Investment & Finance Limited	**1,600,000**	2,000,000	**2,000,000**	2,000,000	**83,960**	83,960
Khiphofia Investment & Finance Limited	**1,750,000**	2,150,000	**2,150,000**	2,150,000	**84,152**	84,152
Poinsettia Investment & Finance Limited	**—**	—	**—**	—	**50,998**	50,998
India International Limited	**300,000**	300,000	**300,000**	300,000	**—**	—
Advances in the nature of loans * $						
KSL Sr. Executive Welfare Trust I	**1,450,000**	1,450,000	**1,450,000**	1,450,000	**40,000**	40,000
KSL Sr. Executive Welfare Trust II	**1,450,000**	1,450,000	**1,450,000**	1,450,000	**40,000**	40,000
KSL Sr. Executive Welfare Trust III	**1,450,000**	1,450,000	**1,450,000**	1,450,000	**40,000**	40,000
KSL Sr. Executive Welfare Trust IV	**1,450,000**	1,450,000	**1,450,000**	1,450,000	**40,000**	40,000
KSL Sr. Executive Welfare Trust V	**1,450,000**	1,450,000	**1,450,000**	1,450,000	**40,000**	40,000
KSL Sr. Executive Welfare Trust VI	**930,000**	930,000	**930,000**	930,000	**25,000**	25,000
KSL Group Welfare Trust	**1,000,000**	1,000,000	**1,000,000**	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.

KALYANI

DRIVING INNOVATION

KALYANI STEELS LIMITED

MUNDHWA, PUNE - 411 036

MAHARASHTRA, INDIA.

PRABODH 24477503

KALYANI STEELS

FORM A
(Pursuant to Clause 31(a) of the Listing Agreement)

Covering letter of the Annual Audit Report to be filed with the Stock Exchanges

1.	Name of the Company	**KALYANI STEELS LIMITED**
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Un-qualified Audit Report
4.	Frequency of observation	Not Applicable
5	Signed by -	
	• CEO/Managing Director	R. K. GOYAL MANAGING DIRECTOR
	• CFO	B. M. MAHESHWARI CHIEF FINANCIAL OFFICER
	• Auditor of the Company	FOR M/S. P.G. BHAGWAT CHARTERED ACCOUNTANTS FIRM REGISTRATION NO.101118W SANJAY ATHAVALE PARTNER MEMBERSHIP NO.83374 M/S. P.G. BHAGWAT • CHARTERED ACCOUNTANTS • Pune
	• Audit Committee Chairman	S. S. VAIDYA DIRECTOR & AUDIT COMMITTEE CHAIRMAN

Date: 26.06.2013