
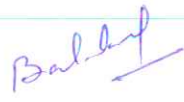





KALYANI STEELS

(CIN-L27104MH1973PLC016350)

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, 2015
3.	Type of Audit Observation	Un-qualified Audit Report
4.	Frequency of Observation	Not Applicable
5.	Signed by :	
	<ul style="list-style-type: none">CEO / Managing Director	 R.K. Goyal Managing Director
	<ul style="list-style-type: none">CFO	 B.M. Maheshwari Chief Financial Officer
	<ul style="list-style-type: none">Auditor of the Company	For M/s P.G. BHAGWAT Chartered Accountants Firm Registration No.101118W  Sanjay Athavale Partner Membership No. 83374 
	<ul style="list-style-type: none">Audit Committee Chairman	 S.S. Vaidya Director & Audit Committee Chairman

Date : 15.07.2015



KALYANI
GROUP COMPANY

KALYANI STEELS LIMITED, CORPORATE BUILDING, 2ND FLOOR, MUNDHWA, PUNE - 411 036, INDIA.
PHONE : +91 20 66215000 FAX : +91 20 26821124

KALYANI STEELS LIMITED



KALYANI

DRIVING INNOVATION

BOARD OF DIRECTORS

Mr. B. N. Kalyani
Chairman

Mrs. Sunita B. Kalyani

Mr. Amit B. Kalyani

Mr. S. M. Kheny

Mr. S. S. Vaidya

Mr. B. B. Hattarki

Mr. M. U. Takale

Mr. Arun P. Pawar

Mr. C. G. Patankar

Mr. R. K. Goyal
Managing Director

CORPORATE IDENTITY NUMBER (CIN)

L27104MH1973PLC016350

REGISTERED OFFICE

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

PLANT LOCATION

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

CHIEF FINANCIAL OFFICER

Mr. B. M. Maheshwari

COMPANY SECRETARY

Mrs. Deepti R. Puranik

AUDITORS

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

BANKERS

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

REGISTRAR & TRANSFER AGENTS

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

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42ND ANNUAL GENERAL MEETING

Day : Thursday
Date : 13th August, 2015
Time : 11.00 a.m. (I.S.T.)
Place : Registered Office,
Kalyani Steels Limited,
Mundhwa,
Pune - 411 036

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Board takes pleasure in presenting your Company's Forty-Second Annual Report for the year 2014-15 along with the compliance report on Corporate Governance. This chapter on Management Discussion and Analysis forms a part of the compliance report on Corporate Governance.

Global Economy

As per IMF, World GDP growth remained almost constant at 3.4% in 2014 as compared to that in 2013. The growth forecast for near future is slightly optimistic with World GDP expected to grow at 3.5% in 2015 and accelerate further to 3.8% in 2016.

Real GDP growth (%)

Year	2013	2014	2015 (p)	2016 (p)
World	3.4	3.4	3.5	3.8
Advanced Economies	1.4	1.8	2.4	2.4
Emerging Markets & Developing Economies	5.0	4.6	4.3	4.7

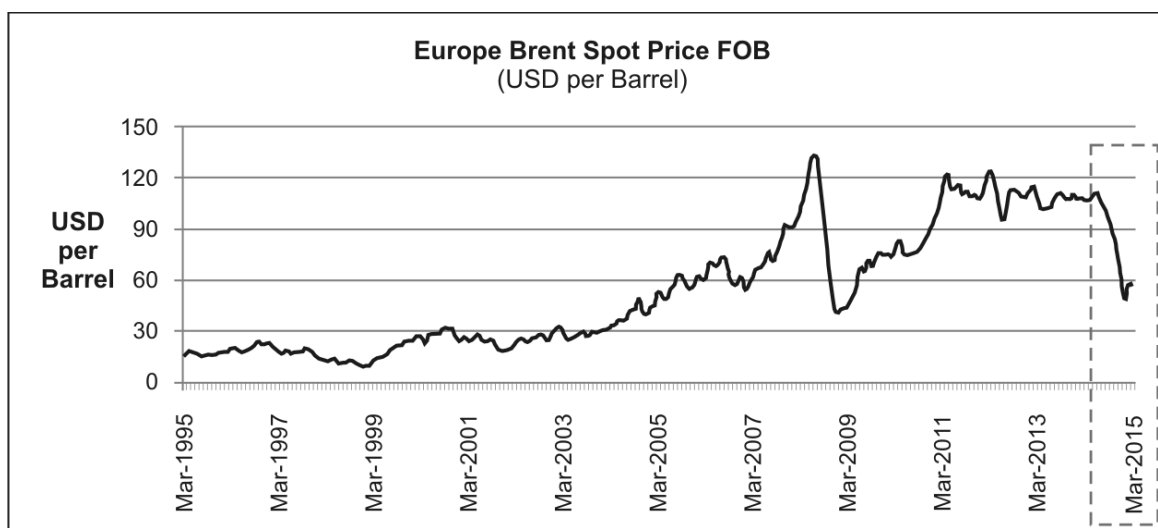
All numbers are in percentages

(p) Refers to projections

Source : IMF

While discussing the Global Economy, it is important to note the remarkable development in oil prices recently. The sharp decrease in the oil prices can be majorly attributed to :

- Trend in Supply - Demand : Since 2011, US shale oil production has consistently surpassed production expectations whereas the global oil demand failed to match pace with supply due to weak economic growth.
- Change in OPEC objective : OPEC traditionally used to modify its supply to maintain oil prices in a specified range. However, in November, 2014, OPEC decided to maintain the production, in turn keeping its market share, instead of targeting the oil price band.



Source : US Energy Information Administration (EIA)

The sharp decrease in oil prices, as shown in the chart above, has significant effect on the Global Economy and its constituent economies.

Advanced Economies

IMF has projected a sharp increase in Advanced Economies in 2015 based on benefit accrued from lower oil prices - which are expected to remain subdued in near future.

Growth in the United States is projected to pick up in 2015 & 2016, supported by gradual increase in domestic demand supported by lower oil prices, fiscal adjustments and continued support from monetary policy.

After weak 2014, growth in the Euro area is showing signs of picking up, supported by lower oil prices, low interest rates, and a weaker Euro.

Growth in Japan is also projected to pick up, sustained by a weaker Yen and lower oil prices.

Emerging Markets & Developing Economies

In case of Emerging Markets & Developing Economies' group as a whole, GDP growth is expected to slow down from 4.6% in 2014 to 4.3% in 2015. This is primarily due to subdued prospects of some large emerging market economies and weaker activity in some major oil exporters because of the sharp drop in oil prices.

The authorities in China are now expected to put greater weight on reducing vulnerabilities from recent reckless credit and investment growth. China is expected to witness a slowdown in investment, particularly in real estate.

The outlook for Brazil is affected by a drought and weak private sector sentiment.

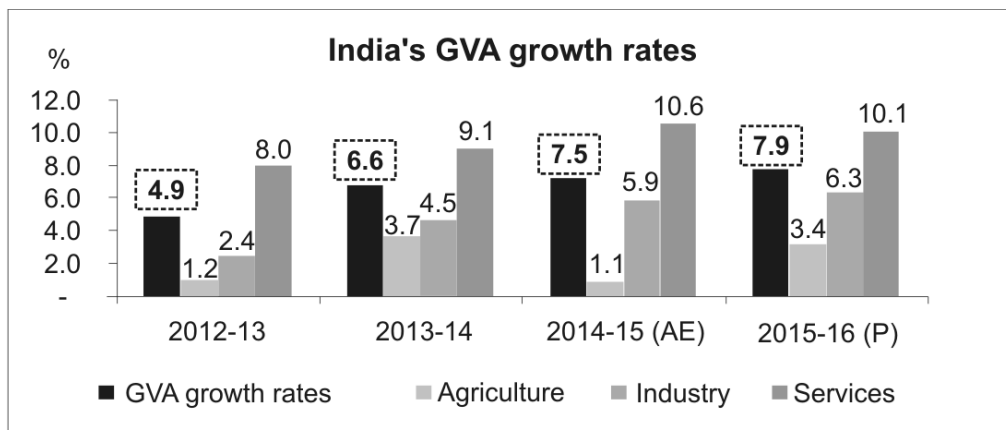
The growth forecasts for Russia reflect the economic impact of sharply lower oil prices and increased geopolitical tensions.

For commodity exporters, lower oil and other commodity prices are projected to take a toll on growth.

However, for oil importing countries such as India, the current decrease in oil price means reduced inflation and more room to strengthen fiscal position.

Indian Economy¹

As per Ministry of Statistics and Programme Implementation (MoSPI), Government of India's Advance Estimates (AE), Indian Gross Value Added (GVA) grew by 7.5% in FY 2014-15 as compared to FY 2013-14.



AE: Advance Estimates

P: Projections

Source:

1. MoSPI, Govt. of India, Press Notes dated 30th Jan, 2015 & 9th Feb, 2015
2. RBI's Survey of Professional Forecasters dated 7th Apr, 2015

¹Via Press Note released on 30th Jan, 2015, Ministry of Statistics and Program Implementation (MoSPI), Government of India has released a new series of National Accounts, revising the base year from 2004-05 to 2011-12.

Also conceptual changes as recommended by the international guidelines, statistical changes like revisions in the methodology of compilation, adoption of latest classification systems and inclusion of new and recent data sources are made in "New Series" of National Accounts.

Further, industry-wise estimates will be presented in terms of "Gross Value Added (GVA) at base prices" instead of "GDP at factor prices".

Please note that GDP = GVA + Taxes on Products - Subsidies on Products



As shown in the chart, India's GVA growth was fuelled by growth in Services which grew by 10.6% in FY 2014-15. However, Agriculture growth slowed down from 3.7% in FY 2013-14 to 1.1% in FY 2014-15. Industry growth was pegged at 5.9% in FY 2014-15 as compared to 4.5% in the previous year.

Going forward, India's economy is expected to witness 7.9% growth in FY 2015-16. Here, Agriculture and Industry sectors are expected to accelerate growth to 3.4% and 6.3% respectively. The Services sector is expected to see marginal decrease in growth to 10.1%.

It is important to note that agricultural growth of 3.4% is assuming a normal monsoon, however as per the Indian Meteorological Department's (IMD) 2015 forecast, it is highly likely that the monsoon rainfall will be below its 50 year average.

In such a scenario, the Agricultural growth would be impacted which will partly translate into lower than expected overall GVA growth.

World Steel Industry

In 2014, World Crude Steel production reached 1,661.5 Million MTs, with a growth of 1.2% over that in 2013.

	CY 2013	CY 2014
World Crude Steel	1,642.2	1,661.5
<i>y-o-y growth %</i>		1.2%
China	815.4	822.7
<i>y-o-y growth %</i>		0.9%
EU (28)	166.3	169.2
<i>y-o-y growth %</i>		1.7%
Japan	110.6	110.7
<i>y-o-y growth %</i>		0.1%
USA	86.9	88.3
<i>y-o-y growth %</i>		1.6%
India	81.3	83.2
<i>y-o-y growth %</i>		2.3%

All numbers are in Mil Tonnes except percentages.

Source : World Steel Association (WSA), Jan, 2015

China, the leading producer of steel, contributed 49.5% of the global output at 822.7 Million MTs in 2014, showing a 0.9% annual growth over previous year.

The European Union (EU) recorded an increase of 1.7% over 2013, producing 169.2 Million MTs of crude steel.

Production in Japan increased marginally by 0.1% y-o-y to 110.7 Million MTs.

United States produced 88.3 Million MTs of crude steel, which is 1.6% higher than its production level a year earlier.

In 2014, India's crude steel production increased by 2.3% y-o-y to 83.2 Million MTs.

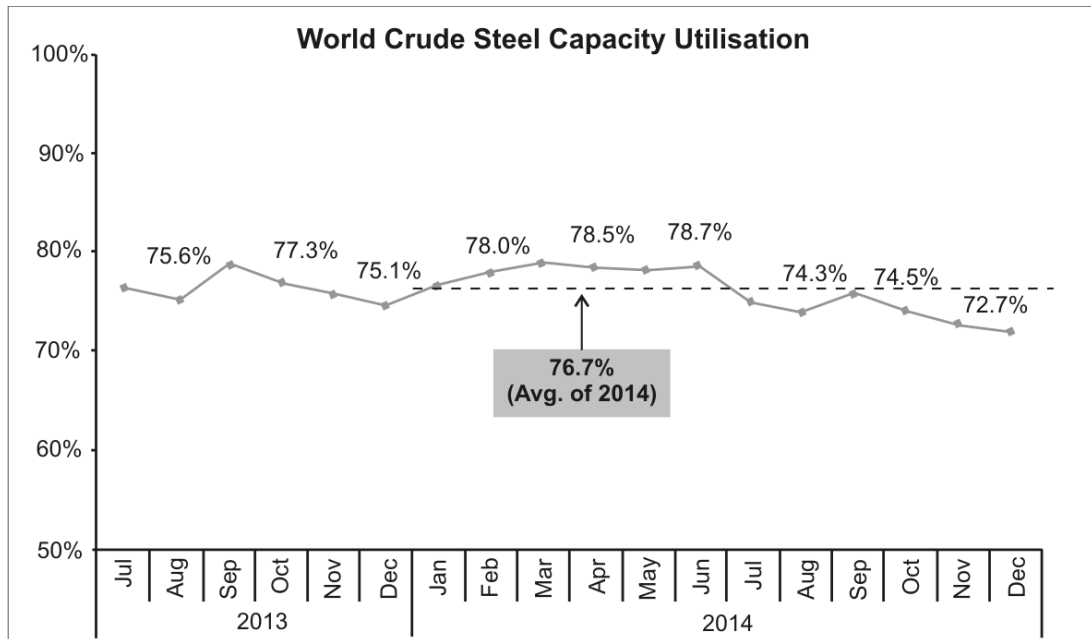
According to World Steel Association (WSA), Chinese steel demand in 2014 saw negative growth for the first time since 1995 due to the government's rebalancing efforts that had a major impact on the real estate market. This situation is likely to remain unchanged in the short term and Chinese steel use will continue to record negative growth of 0.5% in both 2015 and 2016.

On the back of negative demand growth in China, which is the biggest steel consumer, WSA has projected global steel demand growth of 0.5% in 2015 and 1.4% in 2016.

Globally, because of the lower oil prices, investments in oil industry are reduced, which in turn has reduced steel demand from the sector.

Global Crude Steel Capacity Utilisation

Global steel industry still suffers from excess capacity and the situation has worsened in 2014 as compared to 2013. The average capacity utilisation in 2014 fell to 76.7% as compared to 78.4% in 2013.



Source : World Steel Association, Jan, 2015

Indian Steel Industry

As per World Steel Association, crude steel production growth in India has slowed down from 5.2% in CY 2013 to 2.3% in CY 2014.

Crude Steel Production (Carbon + Alloy Steel)	CY 2012	CY 2013	CY 2014
Production (Mil T)	77.3	81.3	83.2
Growth (%)	—	5.2%	2.3%

Source : World Steel Association

However, going forward World Steel Association is optimistic about India's apparent Steel demand growth which is expected to be 6.2% in CY 2015 and 7.3% in CY 2016. Although India's steel demand is expected to increase, it is yet to be seen whether projections of WSA can really be reached.

On the supply side, there are many players who are having serious expansion plans adding to the overall capacity.

Also, with a stable Government at the center, industry is optimistic about a revival in the overall economy and hence, in steel industry in the coming years.

Raw Material Prices Trend

Iron Ore

After declaring ban on illegal mining in 2011, the Supreme Court, in April, 2013, permitted re-opening of Category "A" and Category "B" mines. The Apex Court also issued directions for cancellation of leases of 51² Category "C" mines.

The Supreme Court further ordered to auction these Category "C" mines to end-users and directed the State Government to prepare and submit a scheme for auction and submit the same for its approval.

²At the time of classification of mines, 49 mines were included in Category "C". However, 2 mines from Category "B" were moved to Category "C". Thus, total of 51 Category "C" mines' leases have been cancelled.



Following the directive from Supreme Court, the State Government has appointed CRISIL for developing the auction methodology of iron ore mines. Based on the report from CRISIL, State Government has submitted an Affidavit in the Supreme Court about the methodology of auction and is awaiting approval / order on the same.

The State Government has also entrusted work relating to getting details of reserves of 15 iron ore mines with Mineral Exploration Corporation Limited (MECL), who has submitted its report to State Government.

At present, only 18 mines from Category "A" including two mines of NMDC and 9 mines from Category "B" are operational.

Overall, in FY 2014-15, iron ore lumps and fines prices in Karnataka softened because of global price correction, coupled by import of Iron Ore by major players in the region.

Coking Coal & Coke

Global Coking Coal prices have receded due to lower consumption by China due to its slowing economy.

Also, a slowing Chinese economy has resulted in lower demand for Coke which manifested in lower Coke prices.

Going forward, it is yet to be seen whether current levels of Coking Coal & Coke prices are sustainable in the long run.

Industry Profitability Outlook

FY 2014-15 has been a mixed bag for steel makers with marginal softening of raw material prices, fluctuating (INR/USD) exchange rate and a slow steel demand growth.

Although, on the input side, the raw material prices are expected to be subdued, the steel industry faces multiple challenges on the output side :

- Chinese over capacity resulting into substantial increase in Chinese exports into India - resulting in pressure on domestic steel prices
- Slow pick-up in steel demand in the domestic market - making it difficult to improve capacity utilisation
- Increased domestic rail logistics costs for Iron ore and coal - resulting in higher cost of landed raw material. Also, the import duty on coke has been increased, which will negatively affect the steel companies importing coke.

Hence, it is becoming more and more important to focus on cost reduction to remain competitive in current market and to maintain margins.

Initiatives taken by the Company

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

Marketing Initiatives

Your Company has chalked out clear roadmaps for Approvals and New Product Development with major OEMs in Domestic and International spaces. Further, the Company is expanding presence in value added steel (Quenched & Tempered, Annealed, Peeled etc) through in-house facilities for competitive edge and better margins.

Your Company has also participated in various promotional activities (Defense Expo and India Steel Exhibition organised by Steel Ministry & FICCI) for increased visibility and reach across various segments.

Cost Reduction & Quality Improvement Initiatives

Iron Making Division

- Reduction in fuel consumption in Sinter Plant by reducing % micro-fines in Coke Fines by use of a pre-screener before crushing.
- Reduction in fuel consumption in Blast Furnaces by reducing moisture from Coke & Iron Ore by use of drying system before the material is charged in the furnace.
- Diluted Oxygen enrichment in combustion air of Sinter Plant & Blast Furnace which results into increased temperature which in turn reduces consumption of costly solid fuel (e.g. Coke Fines / Coke)

Steel Melt Shop

- Developed capability to produce new grades with stringent quality norms which helped in acquiring new customers.

Rolling Mill

- Replacement of costly furnace oil by Blast Furnace gas in Rolling Mill - II by installing a new Regenerative Furnace.
- Reduction in Blast Furnace gas consumption in Rolling Mill - I by operational improvement measures in the existing Regenerative Furnace.

Company Performance

- Sales, Gross - ₹ 15,459 Million
- Profit before Taxation - ₹ 1,240 Million

Sales, Gross includes Manufacturing Revenue of ₹ 15,386 Million and Trading Revenue of ₹ 73 Million.

Manufacturing Revenue consists of sale of Rolled Products, As Cast Blooms and Pig Iron, Misc. Sales, Sale of Services and Conversion Charges received. The Company sold 201,770 tons of 'Rolled Products' aggregating ₹ 11,676 Million, 16,047 tons of 'As Cast Blooms' aggregating ₹ 648 Million, 2,312 tons of 'Pig Iron' aggregating ₹ 67 Million, Misc. sales amounted to ₹ 83 Million, Sale of Services amounted to ₹ 20 Million and Conversion Charges received were ₹ 2,892 Million. The Manufacturing Turnover includes exports of 6,184 tons of Steel aggregating ₹ 333 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.

SAP Implementation

The Company has successfully implemented SAP at Head Office and partially at Plant. The total implementation at all locations is expected to be completed before end of first quarter of current financial year.

Multiple benefits as below have started flowing in and would further improve with the complete implementation :

- Integration of all business processes
- Online information of stock
- Enhancement of access and information security
- Quality of decision making

Human Resources

The Company considers the quality of its human resources to be its most important asset and focuses on attracting, motivating and retaining the best talent. Communication exercises are treated as continuous process to keep the employees informed of the challenges being faced by the Company and also motivate them to take up higher responsibilities, in tune with the requirements of the Company.

As on 31st March, 2015 the Company has 81 employees. 1,061 employees are on the role of Hospet Steels Limited, which is a Joint Venture Company formed with the specific purpose of managing and operating the composite steel making facility at Ginigera, in terms of Strategic Alliance between the Company and Mukand Limited.

Cautionary Statement

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry - global or domestic or both, significant changes in political and economic environment in India, applicable statutes, litigations, labour relations and interest costs.

**REPORT ON CORPORATE GOVERNANCE**

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance, which will assist the management in managing the Company's business in an efficient and transparent manner towards fulfilling the corporate objectives. The Company has adopted practices mandated in Clause 49 of the Listing Agreement with the Stock Exchanges.

This chapter of the report, along with the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitutes the compliance report of the Company on Corporate Governance during the year 2014-15.

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

As on 31st March, 2015, the Board of Directors of Kalyani Steels comprised ten Directors. The Board consists of the Chairman, who is Promoter Non-Executive Director, one Executive Director and eight Non-Executive Directors, of which five are Independent. Details are given in Table 1.

NUMBER OF BOARD MEETINGS

During the year 2014-15, the Board of the Company met six times on 29th May, 2014, 23rd July, 2014, 5th September, 2014, 20th October, 2014, 3rd February, 2015 and 30th March, 2015. 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 other Public Limited Companies***		
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr.B.N. Kalyani Chairman	Promoter Non-Executive	6	6	Yes	8	2	1
Mrs.Sunita B. Kalyani ⁵	Non-Executive	1	1	N.A.	1	—	—
Mr.Amit B. Kalyani ⁵	Non-Executive	6	3	Yes	7	3	—
Mr.S.M. Kheny**	Non-Executive	6	3	No	8	1	1
Mr.S.S. Vaidya	Independent	6	6	Yes	6	3	3
Mr.B.B. Hattarki	Independent	6	6	Yes	8	2	5
Mr.M.U. Takale	Independent	6	4	No	3	2	—
Mr.Arun P. Pawar	Independent	6	6	Yes	—	—	—
Mr.C.G. Patankar	Independent	6	6	Yes	6	3	—
Mr.R.K. Goyal Managing Director	Executive	6	6	Yes	1	—	—

* Appointed with effect from 30th March, 2015

** Independent till 29th March, 2015, became Non-Executive Non-Independent with effect from 30th March, 2015.

*** Directorships do not include alternate Directorships, Directorships of private limited companies, Section 8 companies and of companies incorporated outside India. In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only Audit Committee and Stakeholders Relationship Committee in all public limited companies (excluding Kalyani Steels Limited) have been considered.

⁵ Relative of Promoter

As mandated by Clause 49 of the Listing Agreement, the Independent Directors on Kalyani Steels Limited's Board :

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

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

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

BOARD PROCEDURE

Information Supplied to the Board

Among others, information supplied to the Board includes :

- Annual operating plans and budgets, capital budgets and any update thereof.
- Quarterly results for the Company.
- Minutes of meetings of Audit Committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the level of the Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, if any which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of Joint Venture / Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature of investments, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- General Notices of interest by Directors.
- Formation / Reconstitution of Committees of the Board.
- Dividend declaration.
- Appointment and fixing remuneration, of the Auditors as recommended by the Audit Committee.
- Annual Financial Results of the Company, Auditors' Report and the Report of the Board of Directors.
- Compliance certificates for all the laws as applicable to the Company.



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

CEO AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

CODE OF CONDUCT

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company. The code was suitably amended in February, 2015 to include the duties of Independent Directors as laid down in Companies Act, 2013. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website www.kalyanisteels.com.

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

DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

There has been no materially relevant pecuniary transactions or relationship between the Company and its non-executive and / or independent Directors for the year 2014-15.

COMMITTEES OF THE BOARD

As on 31st March, 2015 the Company has Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board Committees are set up under the formal approval of the Board to carry out clearly defined role which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to the Committee Meetings, as far as may be practicable. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for perusal and noting. The Company Secretary acts as the Secretary of all Committees.

AUDIT COMMITTEE

As on 31st March, 2015, the Audit Committee of Kalyani Steels comprised four members, of which three are Independent Directors. All the members have accounting and finance management expertise.

The Board of Directors at their meeting held on 30th March, 2015, had reconstituted the Audit Committee to consist of Mr.S.S. Vaidya, Chairman and Mr.B.N. Kalyani, Mr.B.B. Hattarki and Mr.M.U. Takale as other members of the Committee. Reconstitution of the Committee was done as Mr.S.M. Kheny, became Non-Executive Non-Independent Director with effect from 30th March, 2015.

The erstwhile Audit Committee comprised of Mr.S.S. Vaidya, Chairman, Mr.B.N. Kalyani, Mr.S.M. Kheny and Mr.B.B. Hattarki. The Annual General Meeting of the Company held on 5th September, 2014 was attended by the Chairman of the Audit Committee, Mr.S.S. Vaidya, to answer the shareholders' queries.

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

During the year 2014-15 Audit Committee met on 29th May, 2014, 22nd July, 2014, 20th October, 2014 and 3rd February, 2015 and there were no instances, where the Board had not accepted the recommendations of the Audit Committee. Particulars relating to the attendance at the Audit Committee meetings held during the year are given below :

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

* Independent till 29th March, 2015, became Non-Executive Non-Independent with effect from 30th March, 2015.

Powers of the Audit Committee :

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of CFO (i.e. the wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of Information by the Audit Committee :

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the chief internal auditors.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

'Stakeholders Relationship Committee' was constituted by the Board on 29th May, 2014 by changing the nomenclature of Shareholders' / Investors' Grievance Committee. The Committee comprises of Mr.S.M. Kheny (Chairman), Mr.R.K. Goyal, Managing Director and Mr.B.B. Hattarki, Director. During the year 2014-15, the Stakeholders Relationship Committee met on 29th May, 2014, 23rd July, 2014, 20th October, 2014 and 3rd February, 2015.

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

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

* Independent till 29th March, 2015, became Non-Executive Non-Independent with effect from 30th March, 2015.

COMPLIANCE OFFICER

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

STATUS OF INVESTORS' COMPLAINTS

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

SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

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

DESIGNATED EXCLUSIVE E-MAIL ID

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

NOMINATION AND REMUNERATION COMMITTEE

'Nomination and Remuneration Committee' was constituted by the Board on 29th May, 2014 by changing the nomenclature, constitution and terms of reference of the Remuneration Committee. During the year 2014-15, the Nomination and Remuneration Committee met on 29th May, 2014, 7th October, 2014, 3rd February, 2015 and 21st March, 2015.

Role of Nomination and Remuneration Committee :

- Formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

Particulars relating to the attendance at the Nomination and Remuneration Committee meetings held during the year are given below :

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.S.M. Kheny, Chairman*	Independent*	4	3
Mr.Amit B. Kalyani	Non-Executive	4	2
Mr.M.U. Takale	Independent	4	4

* Independent till 29th March, 2015, became Non-Executive Non-Independent with effect from 30th March, 2015.

The Board of Directors at their meeting held on 30th March, 2015, had reconstituted the Nomination and Remuneration Committee to consist of Mr.M.U. Takale, Chairman, Mr.Amit B. Kalyani and Mr.B.B. Hattarki as other members of the Committee. Reconstitution of the Committee was done as Mr.S.M. Kheny, became Non-Executive Non-Independent Director with effect from 30th March, 2015.

BOARD DIVERSITY AND REMUNERATION POLICY

The Board on recommendation of the Nomination and Remuneration Committee, on 3rd February, 2015, has approved Board Diversity and Remuneration Policy and the same is available on the Company's website www.kalyanisteels.com. The Policy provides for criteria for determining qualifications, positive attributes & independence of director as well as remuneration policy for directors, key managerial personnel and other employees.

In terms of the said Policy, a director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices. An Independent director should also meet the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement concerning independence of directors.

Remuneration to Non-Executive Directors

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

Remuneration to Managing Director, Key Managerial Personnel and other Employees

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

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

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

REMUNERATION OF DIRECTORS

Table 2 : The details of the remuneration package of Directors during the financial year 2014-15, their shareholding in the Company as on 31st March, 2015 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	*	54,000	—	2,000,000	2,054,000	1,118
Mrs.Sunita B. Kalyani ##	**	2,000	—	—	2,000	7,743
Mr.Amit B. Kalyani	***	10,000	—	1,500,000	1,510,000	31,694
Mr.S.M. Kheny	****	26,000	—	200,000	226,000	14
Mr.S.S. Vaidya	None	22,000	—	1,200,000	1,222,000	—
Mr.B.B. Hattarki	None	98,000	—	400,000	498,000	—
Mr.M.U. Takale	None	22,000	—	200,000	222,000	2,500
Mr.Arun Pawar	None	12,000	—	500,000	512,000	—
Mr.C.G. Patankar	None	12,000	—	1,000,000	1,012,000	4,770
Mr.R.K. Goyal	None	N.A.	34,692,300	14,000,000	48,692,300	—

Sitting fees include payment for board level committee meetings.

Appointed as a Director with effect from 30th March, 2015

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

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

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

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

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

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Considering the requirement of the Companies Act, 2013, the Board on 29th May, 2014 constituted 'Corporate Social Responsibility (CSR) Committee'. The Committee comprises of Mr.B.B. Hattarki, Chairman, Mr.M.U. Takale and Mr.R.K. Goyal, Managing Director. During the year 2014-15, the Corporate Social Responsibility Committee met on 29th May, 2014 and 3rd February, 2015.

Role of CSR Committee :

- Formulation and recommendation to the Board, Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities referred in Clause (i) above.
- Monitor Corporate Social Responsibility Policy of the Company from time to time.

The Committee's core responsibility is to assist the Board in discharging its social responsibility by formulating and monitoring implementation of the framework of the CSR Policy. The Board on recommendation of the CSR Committee, on 29th May, 2014 has approved CSR Policy for the Company and the same is available on the Company's website www.kalyanisteels.com.

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

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.B. Hattarki, Chairman	Independent	2	2
Mr.M.U. Takale	Independent	2	2
Mr.R.K. Goyal	Executive	2	2

RISK MANAGEMENT COMMITTEE

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

Considering the requirement of the Companies Act, 2013, the Board on 3rd February, 2015, has also constituted 'Risk Management Committee' to identify, monitor and minimise risks as also identify business opportunities. Within the framework of the Risk Management Policy, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan. The Committee comprises of Mr.R.K. Goyal, Managing Director and Mr.A.B. Kalyani, Director. No meeting of the Committee was held during the year.

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 3rd February, 2015, inter alia to discuss :

- Evaluation of the performance of Non-Independent Directors and Board of Directors, as a whole.
- Evaluation of the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Evaluation of the quality, quantity and timeliness of flow of information between the Company Management and the Board of Directors

All the Independent Directors were present at the meeting. The Directors expressed their satisfaction with the evaluation process.

PERFORMANCE EVALUATION

Nomination and Remuneration Committee had prepared and sent feed-back forms for evaluation of the Board, Independent Directors and the Chairman, covering various aspects of the Board functioning. Independent Directors at their meeting without anyone from non-independent Directors and management, considered the Board's performance, performance of the Managing Director and the Chairman and of other non-independent Directors and their feedback / suggestions were forwarded to the Managing Director of the Company. Subsequently the Board carried out the annual performance evaluation of its own performance, the Directors individually and of various Committees of the Board.

2. MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

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

DISCLOSURES

RELATED PARTY TRANSACTIONS

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

DISCLOSURES BY MANAGEMENT TO THE BOARD

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors do not participate in the discussions nor do they vote on such matters.

WHISTLE BLOWER POLICY

The Company has vigil mechanism named 'Whistle Blower Policy', wherein the employees / directors can report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and / or laws applicable to the Company and seek redressal. This mechanism provides appropriate protection to the genuine Whistle Blower, who avails of the mechanism. The details of establishment of Whistle Blower Policy / Vigil Mechanism have been disclosed on the website of the Company www.kalyanisteels.com.

INDEPENDENT DIRECTORS' TRAINING AND INDUCTION

The Independent Directors' are provided with necessary documents / brochures and reports to enable them to familiarise with the Company's business, procedures and practices. Along with role, function, duties and responsibilities expected from Director, the Director is also explained in detail the compliances required from him under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and his affirmation is taken with respect to the same.

Further, with a view to familiarise Director with the Company's operations, plant visit is scheduled and the Managing Director also has one-to-one discussion with the newly appointed Director. These initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfill his role as a Director of the Company. The details of this familiarisation programme are available on the website of the Company www.kalyanisteels.com.

3. SHAREHOLDERS

DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, following information is furnished about the Directors proposed to be appointed / reappointed at the ensuing Annual General Meeting.

- Mr.Amit B. Kalyani, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

Mr.Amit B. Kalyani is currently an Executive Director of Bharat Forge Limited. He also takes care of the overall group strategy and is responsible for the expansion of steel business and driving the infrastructure foray of the group. He holds 31,694 Equity Shares of the Company as on 31st March, 2015.



The details of Directorships and Committee Memberships held are as follows :

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

- Mrs.Sunita B. Kalyani, was appointed as an Additional Director of the Company with effect from 30th March, 2015, is seeking an appointment as Director pursuant to the Notice received from the member of the Company, signifying his intention to propose Mrs.Sunita B. Kalyani, as candidate for the office of Director.

Mrs.Kalyani born on 18th April, 1951, was the Chairperson of Kalyani Thermal Systems Limited (now named as Kalyani Technoforge Limited), a Kalyani Group Company, engaged in the manufacture of thermal system equipments and automotive components. She is also actively involved in all the CSR Activities and Charitable Foundations of the Kalyani Group. Mrs. Kalyani holds 7,743 Equity Shares of the Company as on 31st March, 2015.

The details of Directorships and Committee Memberships held are as follows :

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

- Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, it is proposed to appoint Mr.C.G. Patankar, as an Independent Director of the Company, for the period of five years with effect from 13th August, 2015 to 12th August, 2020. Mr.Patankar being eligible, offers himself for appointment. In the opinion of the Board, Mr.Patankar fulfills the conditions specified in the Companies Act, 2013 and Clause 49 of the Listing Agreement, for his appointment as an Independent Director of the Company.

Mr.C.G. Patankar, born on 6th June, 1956, holds a Bachelor's Degree in Science and he is a Chartered Accountant, having a rich experience of more than 35 years in Steel Industry. Mr.Patankar started his career with Bharat Forge Limited (BFL) and was transferred from BFL to Kalyani Steels Limited, as Asst. Vice President (Finance) in 1991. He was elevated as Executive Director with effect from 27th July, 1999 and served the Company till 31st March, 2012.

Mr. Patankar holds 4,770 Equity Shares of the Company as on 31st March, 2015.

The details of Directorships and Committee Memberships held are as follows :

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Kalyani Investment Company Limited 2. Hospet Steels Limited 3. Kalyani Technoforge Limited 4. Spice Island Apparels Limited 5. Kalyani International Limited 6. Kalyani Mukand Limited	1. Kalyani Investment Company Limited Audit Committee - Member Stakeholders Relationship Committee - Member 2. Spice Island Apparels Limited Audit Committee - Member

COMMUNICATION TO SHAREHOLDERS

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

Quarterly, half yearly, yearly financial results are published in leading newspapers such as Business Standard (All Editions) and Loksatta (Pune) and are also sent to the Stock Exchanges immediately after they are approved by the Board.

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

SHARE TRANSFER

The Company has constituted the 'Share Transfer Committee', to approve share transfers, transmissions, consolidation, sub-division, 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
28th July, 2012	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	2*
24th July, 2013	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	1**
5th September, 2014	11.00 a.m.	Annual General Meeting	Registered Office of the Company at Mundhwa, Pune - 411 036	3***

* 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.

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

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

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

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

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

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

SHAREHOLDER INFORMATION**COMPANY REGISTRATION DETAILS**

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

ANNUAL GENERAL MEETING :

Day and Date : Thursday, 13th August, 2015 at 11.00 a.m.

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

FINANCIAL CALENDAR :

1st April to 31st March

BOOK CLOSURE :

The books will be closed on Thursday, 13th August, 2015, as an Annual Closure for the Annual General Meeting.

LISTING :

National Stock Exchange of India Limited (NSE)

BSE Limited (BSE)

STOCK CODES :

NSE : KSL

BSE : 500235

ISIN in NSDL and CDSL: INE907A01026



STOCK DATA :

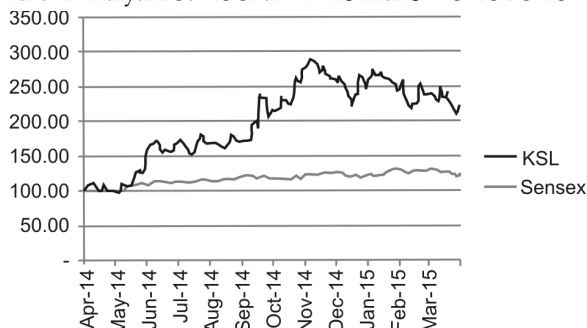
Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year 2014-15 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2014	70.80	58.00	3,150,423	73.00	58.85	2,221,801
May, 2014	93.40	59.00	6,703,856	93.35	59.10	4,701,404
June, 2014	108.30	87.10	4,248,209	108.95	89.60	2,674,250
July, 2014	116.10	88.55	2,472,724	115.80	90.80	1,923,404
August, 2014	114.85	94.40	1,928,820	114.70	94.40	1,161,296
September, 2014	153.00	102.60	11,359,342	152.90	103.00	5,244,138
October, 2014	172.40	128.10	9,712,213	172.40	127.85	4,156,480
November, 2014	179.00	155.00	3,379,315	179.10	155.00	1,428,207
December, 2014	165.60	131.30	3,351,078	166.50	132.55	1,537,187
January, 2015	172.80	144.35	2,323,540	173.00	147.00	944,380
February, 2015	164.80	133.15	4,226,075	164.80	134.00	2,028,665
March, 2015	159.90	126.00	4,426,844	160.00	125.30	1,952,440

STOCK PERFORMANCE

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

Chart A : Kalyani Steels Share Performance Vs. BSE Sensex



Note : Share prices of Kalyani Steels and BSE Sensex have been indexed to 100 as on first working day of Financial Year 2014-15 i.e. 1st April, 2014

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, 2015

Category of the Shareholder	No. of Equity Shares held	Shareholding %
Promoters	26,442,056	60.57
Mutual Funds / UTI	451,800	1.04
Insurance Companies	14,350	0.03
Financial Institutions / Banks	22,256	0.05
Foreign Institutional Investors	530,805	1.22
Bodies Corporate	3,891,177	8.92
NRIs	252,067	0.58
Foreign Companies / Foreign Nationals	666	—
Indian Public	12,047,883	27.59
TOTAL	43,653,060	100.00

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON 31ST MARCH, 2015

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5000	39,779	8,726,268	19.99
5,001 to 10,000	146	1,086,154	2.49
10,001 to 20,000	76	1,084,182	2.48
20,001 to 30,000	30	708,957	1.62
30,001 to 40,000	12	414,631	0.95
40,001 to 50,000	8	363,161	0.83
50,001 to 100,000	9	606,909	1.39
100,001 and above	18	30,662,798	70.25
TOTAL	40,078	43,653,060	100.00

DEMATERIALIZATION :

The Company's Equity Shares are under compulsory Demat Trading. As on 31st March, 2015, dematerialised shares accounted for 93.45% of the total Equity.

PLANT LOCATION :

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

INVESTORS CORRESPONDENCE ADDRESS :

- | | |
|--|---|
| 1) Link Intime India Private Limited
Registrar & Transfer Agent
Block No.202, Akshay Complex, 2nd Floor,
Off Dhole Patil Road, Near Ganesh Mandir,
Pune - 411 001
Phone No. : 020 - 26161629 / 26160084
Telefax : 020 - 26163503
E-Mail : pune@linkintime.co.in | 2) Kalyani Steels Limited,
Secretarial Department
Mundhwa, Pune - 411 036
Phone No. : 020 - 26715000 / 66215000
Fax No. : 020 - 26821124
E-mail : investor@kalyanisteels.com |
|--|---|

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, R.K. Goyal, Managing Director of the Company do hereby declare that all the Board Members and Senior Management Personnel have affirmed for the year ended 31st March, 2015, compliance with the Code of Conduct of the Company laid down for them.

Place : Pune
Date : 21st May, 2015

R.K. Goyal
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, 2015, 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

Pune
21st May, 2015

Sanjay Athavale
Partner
Membership No.83374

**DIRECTORS' REPORT**

To,
The Members,

The Directors have pleasure in presenting the Forty-Second Annual Report on the business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2015.

1. Financial Highlights :		(₹ in Million)	
		<u>2014-15</u>	<u>2013-14</u>
Sales, Gross	:	15,459.155	13,979.261
Excise Duty and Service Tax	:	3,199.239	2,827.397
Sales, Net	:	12,259.916	11,151.864
Other Operating Revenue	:	6.280	8.017
Other Income	:	27.128	117.922
Total Revenue	:	12,293.324	11,277.803
Total Expenditure	:	10,595.269	9,873.627
Finance Cost	:	147.740	170.022
Depreciation & amortisation expenses	:	310.156	339.563
Profit before Tax	:	1,240.159	894.591
Tax Expenses	:		
- Current Tax	:	301.000	256.000
- Deferred Tax	:	107.658	53.401
- Add / (Less) : Excess Provision for Taxation in earlier years	:	(1.638)	(0.678)
Profit after Tax	:	833.139	585.868
Dividend on Equity Share Capital	:	—	130.959

2. Dividend & Reserves

The Directors have decided to consolidate Company's finances during the current year. As a result, the Directors do not recommend any Dividend on Equity Shares for the financial year ended 31st March, 2015.

During the year under review, no transfer is proposed to the General Reserve. An amount of ₹ 4,121.529 Million is proposed to be retained as 'Surplus in the Statement of Profit and Loss'.

3. The Year in Retrospect :

In spite of the challenging year with respect to demand from Auto Sector, which happened to be one of the major customers for Company's products, the Company was able to increase the operational levels and achieved gross sales of ₹ 15,459 Million against ₹ 13,979 Million in the previous year, representing growth of 10.58%. The Profits before Tax increased to ₹ 1,240 Million, against ₹ 895 Million in the previous year, representing growth of 38.54%. The change in the product mix supported by improvement in operational efficiencies and benefits derived from cost reduction enabled the Company to achieve better results.

4. State of Company's Affairs

Discussion on the state of Company's affairs is forming part of the Management Discussion and Analysis Report (MD&A). MD&A for the year under review, as stipulated under Clause 49 of the Listing Agreement, is presented in a separate section forming part of this Annual Report.

5. Corporate Governance

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is presented in a separate section forming part of this Annual Report.

A certificate from Auditors of the Company, M/s. P.G. Bhagwat, Chartered Accountants, Pune confirming compliance with conditions of Corporate Governance is attached to Report on Corporate Governance.

6. Fixed Deposits

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

7. Directors

In terms of the provisions of the Companies Act, 2013 and the Articles of Association, Mr. Amit B. Kalyani, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mrs. Sunita B. Kalyani, who was appointed as an Additional Director on the Board, with effect from 30th March, 2015, holds office till the ensuing Annual General Meeting. Notice proposing appointment of Mrs. Sunita B. Kalyani, as Director having been received, the matter is included in the Notice for the ensuing Annual General Meeting.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, it is proposed to appoint Mr. C.G. Patankar, as an Independent Director of the Company for the period of five years with effect from 13th August, 2015 to 12th August, 2020. Mr. Patankar, being eligible, offers himself for appointment. In the opinion of the Board, Mr. Patankar fulfills the conditions specified under Section 149(6) of Companies Act, 2013 and Clause 49 of the Listing Agreement, for his appointment as an Independent Director of the Company.

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 Clause 49 of the Listing Agreement, are given in the Report on Corporate Governance.

The Company has received declarations from all Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

7.1 Board Evaluation

Pursuant to provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

7.2 Board Diversity and Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Board Diversity and Remuneration Policy is available on the website of the Company viz. www.kalyanisteels.com.

7.3 Meetings

During the year, six Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

**8. Directors' Responsibility Statement**

Pursuant to the requirements under Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

- i) in the preparation of the annual financial statements for the year ended 31st March, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual financial statements for the year ended 31st March, 2015, on a 'going concern' basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vii) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

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

10. Corporate Social Responsibility

With the enactment of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014, the Company has undertaken activities as per the Corporate Social Responsibility (CSR) Policy and the details of CSR Activities undertaken by the Company are annexed herewith as Annexure "B". The CSR Policy is available on Company's website www.kalyanisteels.com.

11. Related Party Transactions

All Related Party Transactions entered into by the Company during the financial year were in the ordinary course of business and on an arm's length basis. Particulars of material contracts / arrangements entered into by the Company with related parties referred to Section 188(1) of the Companies Act, 2013, are provided in Form AOC-2, which is annexed herewith as Annexure "C". Related party disclosures as per Accounting Standard 18 have been provided in Note 36 to the Financial Statements.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website viz. www.kalyanisteels.com.

12. Risk Management

Pursuant to requirement of Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. The details of the Committee and the Risk Management Policy are set out in the Corporate Governance Report forming part of the Directors' Report.

13. Statutory Auditors and Auditors' Report

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

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

The Directors recommend ratification of their appointment from the conclusion of ensuing Annual General Meeting till the conclusion of the 43rd Annual General Meeting.

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

14. Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit record maintained by the Company is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s S.R. Bhargave & Co., Cost Accountants, Pune for conducting the cost audit of the Company for Financial Year 2015-16 on a remuneration of ₹ 500,000/-, plus service tax at the applicable rates and reimbursement of out of pocket expenses.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, resolution seeking members' ratification for remuneration to be paid to Cost Auditors is included at Item No.6 of the Notice convening Annual General Meeting.

15. Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Board had appointed M/s SVD & Associates, Company Secretaries, Pune, to undertake Secretarial Audit of the Company for the Financial Year 2014-15. The Secretarial Audit Report is annexed herewith as Annexure "D". The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

16. Particulars of Employees and related Disclosures

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

17. Extract of the Annual Return

An extract of the Annual Return as on 31st March, 2015, pursuant to the Section 92(3) of the Companies Act, 2013 is annexed hereto as Annexure "F".

18. Whistle Blower Policy

The Company has vigil mechanism named 'Whistle Blower Policy', wherein the employees / directors can report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and / or laws applicable to the Company and seek redressal. This mechanism provides appropriate protection to the genuine Whistle Blower, who avail of the mechanism. The 'Whistle Blower Policy' as approved by the Board is uploaded on the Company's website viz. www.kalyanisteels.com.

**19. Particulars of Loans, Guarantees or Investments**

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

20. Internal Financial Controls

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

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

There are no adverse material changes or commitments occurring after 31st March, 2015, which may affect the financial position of the Company.

22. Significant and Material Orders

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

23. Familiarisation Programme

The details of programmes for familiarisation of Independent Directors with the Company are put up on website of the Company viz. www.kalyanisteels.com.

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

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

25. Acknowledgement

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

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

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

for and on behalf of the Board of Directors

Place : Pune
Date : 21st May, 2015

B.N. Kalyani
Chairman

ANNEXURE - A TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

- a) For reducing power consumption, variable speed drives (VVVF) were installed in :
- Sinter Plant - II's ID Fan
 - Tuyere Cooling Water Pump No.1 & Combustion Air Fan No.1 of stove of MBF - III
 - Various roller tables & hot saws of Rolling Mill - I & II
- b) The project for the coke and iron ore drying system is under execution. This will reduce the moisture carried into the blast furnace through coke and iron ore leading to reduction in fuel consumption.

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

- a) Introduction of DOC (Diluted Oxygen Enrichment) in the combustion air for stoves of MBF - III to enhance the hot blast temperature leading to reduction of solid fuel consumption in blast furnace.
- b) The commissioning of second regenerative type RHF in rolling mill to bring down the consumption of furnace oil close to zero using blast furnace gas.

III. The capital investment on energy conservation equipment :

No.	Plant	Investment Description	Value (₹ in Million)
1	Sinter Plant - II	VVVF Drive	9.07
2	MBF	Fuel Gas Line Pipeline - MBF to PCI	2.75
3	MBF	Oxygen Enrichments - Pipeline	1.52
4	Rolling Mill	Reheating Furnace	195.83
		Total	209.17

Note : The above table shows investments capitalised as of 31st March, 2015.

B. TECHNOLOGY ABSORPTION :

I. The efforts made towards technology absorption :

- Improvement in Lead recovery in leaded steel
- Calcium wire injection in leaded heats to improve surface quality
- Introduction of full dam Tundish to control carryover slag entrapment from ladle

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

- Reduction in energy consumption
- Effective utilisation of blast furnace gas as alternative fuel in Reheating Furnace
- Use of cheaper raw materials leading to cost reduction
- Recovery of metal from EOF slag and use of the same as solid charge

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

- Mechanised Slag raking in Steel Melt Shop along with Automated Slag detection system in caster
 - Year of Import : 14-15
 - Whether technology been fully absorbed : Yes
 - If not, areas where absorption has not taken place with reasons : N.A.



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

(1) Year of Import : 14-15

(2) Whether technology been fully absorbed : Yes

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

c) Auto inspection line with state of art technology

(1) Year of Import : 14-15

(2) Whether technology been fully absorbed : Yes

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

IV. The expenditure incurred on Research and Development : Nil

C. Foreign Exchange Earning and Outgo :

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

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

Used : ₹ 2,767.032

Earned : ₹ 332.039

for and on behalf of the Board of Directors

Place : Pune

Date : 21st May, 2015

B.N. Kalyani

Chairman

ANNEXURE - B TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The Board of Directors of the Company at its meeting held on 29th May, 2014 has adopted the Corporate Social Responsibility (CSR) Policy of the Company. The Policy emphasize initiatives in specific areas of social development that would include primary, secondary education, skills development, vocational training, health & hygiene, preventive health care and sanitation, women empowerment, environment and ecological protection, character building by providing training opportunities in sports and cultural activities etc. The CSR Policy is available on the website of the Company viz. www.kalyanisteels.com.

2. The composition of the CSR Committee :

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

3. Average Net Profit of the Company for last three financial years : ₹ 498.785 Million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 9.975 Million

(Budgeted CSR Expenditure : ₹ 10.128 Million for Financial Year 2014-15)

5. Details of CSR spent during the Financial Year :

a) Total amount spent for the financial year : ₹ 2.651 Million

b) Amount unspent, if any : ₹ 7.477 Million

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

(₹ in Million)

No.	CSR Project or Activity identified	Sector in which the project is covered	Location District (State)	Amount outlay (budget) Project or Programme wise	Amount spent on the Project or Programme	Cumulative Expenditure upto reporting period	Amount spent : Direct or through implementing agency
1	Donation to Pratham Pune Educational Foundation	Education	Pune (Maharashtra)	1.673	1.673	1.673	Through implementing agency
2	Free Eye Camps, Community Health Awareness Programmes	Healthcare	Koppal (Karnataka)	0.550	—	—	—
3	Providing Lights / Solar Lights	Infrastructure	Koppal (Karnataka)	0.150	—	—	—
4	Drinking Water Treatment Plant	Healthcare	Koppal (Karnataka)	1.800	0.804	0.804	Directly
5	Tuition Fees / Aid to Schools	Education	Koppal (Karnataka)	0.255	0.120	0.120	Directly
6	CC Roads and Drainage, Construction of Toilet Blocks	Sanitation	Koppal (Karnataka)	5.700	0.054	0.054	Directly
			Total	10.128	2.651	2.651	

Note : The Corporate Social Responsibility Committee and the Board have approved the CSR Expenditure of ₹ 10.128 Million for Financial Year 2014-15, out of which ₹ 2.651 Million has been actually spent. The various schemes, on which the balance amount was to be spent, are in stages of implementation and are expected to be completed in next few months.

for and on behalf of the Board of Directors

Place : Pune

Date : 21st May, 2015

B.N. Kalyani

Chairman

**ANNEXURE - C TO DIRECTORS' REPORT****FORM AOC-2**

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

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

1. Details of contracts / arrangements or transactions not at arm's length basis :		
a)	Name(s) of the related party and nature of relationship	: Not Applicable
b)	Nature of contracts / arrangements / transactions	: Not Applicable
c)	Duration of contracts / arrangements / transactions	: Not Applicable
d)	Salient terms of the contracts / arrangements / transactions including the value, if any	: Not Applicable
e)	Justification for entering into such contracts / arrangements / transactions	: Not Applicable
f)	Date(s) of approval by the Board	: Not Applicable
g)	Amount paid as advance, if any	: Not Applicable
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	: Not Applicable
2. Details of material contracts / arrangements or transactions at arm's length basis :		
a)	Name(s) of the related party and nature of relationship	: Bharat Forge Limited, Company under Common Control
b)	Nature of contracts / arrangements / transactions	: Sale, purchase, supply of goods or materials, on arm's length basis and in tune with market parameters.
c)	Duration of contracts / arrangements / transactions	: Five Financial Years commencing from 1st April, 2014
d)	Salient terms of the contracts / arrangements / transactions including the value, if any	: In tune with market parameters. Transaction Value not exceeding Rs.20,000 Million for each of the Financial Year.
e)	Date(s) of approval by the Board	: 29th May, 2014
f)	Amount paid as advance, if any	: Rs.770 Million

for and on behalf of the Board of Directors

Place : Pune
Date : 21st May, 2015

B.N. Kalyani
Chairman

ANNEXURE - D TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder (in so far as they are made applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (not applicable to the Company during the Audit Period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit Period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit Period).

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (not applicable as on today).
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

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

We further report that :

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

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

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

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

For SVD & Associates
Company Secretaries

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

Place : Pune
Date : 21st May, 2015

**ANNEXURE - E TO DIRECTORS' REPORT**

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

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

Sr. No.	Name	Ratio
1	Mr.B.N. Kalyani	2.40
2	Mrs.Sunita B. Kalyani	—
3	Mr.Amit B. Kalyani	1.77
4	Mr.S.M. Kheny	0.26
5	Mr.S.S. Vaidya	1.43
6	Mr.B.B. Hattarki	0.58
7	Mr.M.U. Takale	0.26
8	Mr.Arun Pawar	0.60
9	Mr.C.G. Patankar	1.18
10	Mr.R.K. Goyal	56.92

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

Sr. No.	Name of Director / KMP	Remuneration		% increase / (decrease)
		2014-15 (₹)	2013-14 (₹)	
1	Mr.B.N. Kalyani, Chairman	2,054,000	1,540,000	33.38
2	Mrs.Sunita B. Kalyani	2,000	—	—
3	Mr.Amit B. Kalyani, Director	1,510,000	1,010,000	49.50
4	Mr.S.M. Kheny, Director	226,000	28,000	707.14
5	Mr.S.S. Vaidya, Director	1,222,000	1,020,000	19.80
6	Mr.B.B. Hattarki, Director	498,000	98,000	408.16
7	Mr.M.U. Takale, Director	222,000	12,000	1,750.00
8	Mr.Arun Pawar, Director	512,000	410,000	24.88
9	Mr.C.G. Patankar, Director	1,012,000	1,010,000	0.20
10	Mr.R.K. Goyal, Managing Director	48,692,300	41,006,600	18.74

Percentage increase in remuneration of Mr.B.M. Maheshwari, Chief Financial Officer is 4.16% and of Mrs.D.R. Puranik, Company Secretary is 10.60%

- c) The percentage increase in the median remuneration of employee(s) in the financial year : 3.14%
- d) The number of permanent employees on the role of the Company : 81 Employees as on 31st March, 2015.
- e) The explanation on the relationship between average increase in remuneration and Company performance :
The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. All these factors are considered for revision of remuneration.
- f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company :
The remuneration is not solely based on Company performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. All these factors are considered by Nomination and Remuneration Committee and the Board.
- g) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer :

	31-03-2015	31-03-2014
Market Capitalisation (₹ in Million)	5,884.43	2,713.04
Price Earnings Ratio	7.06	4.63

% increase in market quotation over last IPO price :

Rights issue of Equity Shares was made in the year 1994 with issue price of ₹ 60/- per share. The average closing price on NSE and BSE as on 31st March, 2015 was ₹ 134.65/-. The market price per share has increased by 124% as on 31st March, 2015.

- h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :

Percentage increment at 50th Percentile for Salaries of Non-Managerial Personnel is 11%.

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

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

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

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

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

Not Applicable

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

- l) Statement showing the name of every employee of the company, who (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or wholetime director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the Equity Shares of the Company :

No.	Name & Designation	Remuneration Received ₹	Nature of Employment	Qualifications	Experience (Years)	Date of Commencement of Employment	Age	Last Employment	% of Equity Shares held	Whether Relative of Director and if so, name of the Director
1	Mr.R.K. Goyal, Managing Director	48,692,300	Permanent Employee	B.E. (HONS) MBA	33	17-01-2011	57	JSL Stainless Limited	—	N.A.
2	*Mr.P.S. Ghosh, President and Chief (Projects)	7,592,444	Permanent Employee	M.Tech (Mechanical) MDP	37	02-04-2014	63	Welspun Maxsteels Limited	—	N.A.
3	*Mr.Sanjay Agarwal, Sr.Vice President (Commercial & Sourcing)	1,872,258	Permanent Employee	B.Com ICWA	21	15-01-2015	46	Trident Limited	—	N.A.

*Employed for part of the year

for and on behalf of the Board of Directors

Place : Pune

Date : 21st May, 2015

B.N. Kalyani

Chairman

**ANNEXURE - F TO DIRECTORS' REPORT****Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS :

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

No.	Name and Description of main products / services	NIC Code of the Product / Service	% to Total Turnover of the Company
1.	Iron & Steel - Bars & Rods Alloy Rolled	72286099	64.70%
2.	Iron & Steel - Bars & Rods Iron or Non-Alloy Rolled	72149990	33.91%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

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

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

i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year (01-04-2014)				No. of Shares held at the end of the year (31-03-2015)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1)	Indian									
a)	Individual / HUF	48,355	—	48,355	0.11	48,355	—	48,355	0.11	—
b)	Central Govt.	—	—	—	—	—	—	—	—	—
c)	State Govt(s)	—	—	—	—	—	—	—	—	—
d)	Bodies Corp.	26,078,001	—	26,078,001	59.74	26,393,701	—	26,393,701	60.46	0.72
e)	Banks / FI	—	—	—	—	—	—	—	—	—
f)	Any other	—	—	—	—	—	—	—	—	—
	Sub-total (A)(1)	26,126,356	—	26,126,356	59.85	26,442,056	—	26,442,056	60.57	0.72
2)	Foreign									
a)	NRI - Individuals	—	—	—	—	—	—	—	—	—
b)	Other - Individuals	—	—	—	—	—	—	—	—	—
c)	Bodies Corp.	—	—	—	—	—	—	—	—	—
d)	Banks / FI	—	—	—	—	—	—	—	—	—
e)	Any other	—	—	—	—	—	—	—	—	—
	Sub-total (A)(2)	—	—	—	—	—	—	—	—	—
	Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	26,126,356	—	26,126,356	59.85	26,442,056	—	26,442,056	60.57	0.72
B.	Public Shareholding									
1.	Institutions									
a)	Mutual Funds	100	7,700	7,800	0.02	445,100	6,700	451,800	1.04	1.02
b)	Banks / FI	20,833	1,178	22,011	0.05	21,137	1,119	22,256	0.05	—
c)	Central Govt.	—	—	—	—	—	—	—	—	—
d)	State Govt(s)	—	—	—	—	—	—	—	—	—
e)	Venture Capital Funds	—	—	—	—	—	—	—	—	—
f)	Insurance Companies	75,000	—	75,000	0.17	14,350	—	14,350	0.03	(0.14)
g)	Foreign Institutional Investors	—	—	—	—	530,805	—	530,805	1.22	1.22
h)	Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
f)	Others (specify)	—	—	—	—	—	—	—	—	—
	Sub-total (B)(1)	95,933	8,878	104,811	0.24	1,011,392	7,819	1,019,211	2.34	2.10
2.	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	1,658,345	2,552,433	4,210,778	9.65	1,654,876	2,236,301	3,891,177	8.92	(0.73)
ii)	Overseas	—	—	—	—	—	—	—	—	—
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto Rs.1 lakh	10,557,426	629,712	11,187,138	25.63	9,624,420	600,960	10,225,380	23.42	(2.21)
ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	1,497,591	—	1,497,591	3.43	1,580,823	—	1,580,823	3.62	0.19
c)	Others									
i)	NRI's	206,264	11,628	217,892	0.49	240,439	11,628	252,067	0.58	0.09
ii)	Foreign Companies / OCBs	—	666	666	—	—	666	666	—	—
iii)	Clearing Member	307,828	—	307,828	0.71	241,680	—	241,680	0.55	(0.16)
	Sub-total (B)(2)	14,227,454	3,194,439	17,421,893	39.91	13,342,238	2,849,555	16,191,793	37.09	(2.82)
	Total Public Shareholding (B) = (B)(1) + (B)(2)	14,323,387	3,203,317	17,526,704	40.15	14,353,630	2,857,374	17,211,004	39.43	(0.72)
C.	Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
	Grand Total (A+B+C)	40,449,743	3,203,317	43,653,060	100.00	40,795,686	2,857,374	43,653,060	100.00	—



ii) Shareholding of Promoters

No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2014)			Shareholding at the end of the year (31-03-2015)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Ajinkya Investment & Trading Company	3,261,822	7.47	Nil	3,261,822	7.47	Nil	Nil
2	Sundaram Trading & Investment Private Limited	5,691,198	13.04	Nil	6,006,898	13.76	Nil	0.72
3	Ajinkyatara Trading Company Limited	2,560	0.01	Nil	2,560	0.01	Nil	Nil
4	Lohagaon Trading Company Private Limited	70,000	0.16	Nil	70,000	0.16	Nil	Nil
5	BF Investment Limited	17,052,421	39.06	Nil	17,052,421	39.06	Nil	Nil
6	Mr.B.N. Kalyani	1,118	—	Nil	1,118	—	Nil	Nil
7	Mr.Amit Kalyani	31,694	0.07	Nil	31,694	0.07	Nil	Nil
8	Mrs.Sugandha J. Hiremath	6,785	0.02	Nil	6,785	0.02	Nil	Nil
9	Mrs.Sunita B. Kalyani	7,743	0.02	Nil	7,743	0.02	Nil	Nil
10	Mrs.Sugandha Hiremath & Mr.Jay Hiremath	1,015	—	Nil	1,015	—	Nil	Nil
	Total	26,126,356	59.85	Nil	26,442,056	60.57	Nil	0.72

iii) Change in Promoter's Shareholding

No.	Particulars	Shareholding at the beginning of the year (01-04-2014)		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the Year	26,126,356	59.85	—	—
	Sundaram Trading & Investment Private Limited :				
	Market Purchase on 02-03-2015	15,000	0.03	26,141,356	59.88
	Market Purchase on 03-03-2015	34,063	0.08	26,175,419	59.96
	Market Purchase on 05-03-2015	71,125	0.16	26,246,544	60.12
	Market Purchase on 09-03-2015	26,812	0.06	26,273,356	60.18
	Market Purchase on 13-03-2015	76,000	0.17	26,349,356	60.35
	Market Purchase on 16-03-2015	92,700	0.22	26,442,056	60.57
	At the end of the Year	—	—	26,442,056	60.57

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

No.	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2014)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	No. of Shares	% of total shares of the Company
1	Sadguru Investment and Trading Company	1,601,128	3.67	—	—	1,601,128	3.67
2	Gloxinia investment and Finance Private Limited	500,000	1.15	—	—	500,000	1.15
3	Reliance Capital Trustee Co. Ltd-A/c Reliance Capital Builder Fund*	—	—	31-10-2014	410,000	410,000	0.94
4	Morgan Stanley Asia (Singapore) Pte*	—	—	19-12-2014	35,000	445,000	1.02
				31-12-2014	(39,676)	416,068	0.95
				09-01-2015	(39,499)	376,569	0.86
				23-01-2015	(27,754)	348,815	0.80
				30-01-2015	(18,508)	330,307	0.76
				06-02-2015	(11,568)	318,739	0.73
				13-02-2015	(17,582)	301,157	0.69
				20-02-2015	(19,269)	281,888	0.65
				27-02-2015	(17,987)	263,901	0.60
				06-03-2015	(17,339)	246,562	0.56
5	Bhavna Govindbhai Desai*	59,350	0.14	13-03-2015	(11,062)	235,500	0.54
				03-10-2014	13,492	72,842	0.17
				10-10-2014	508	73,350	0.17
				23-01-2015	(50,000)	23,350	0.05
				27-02-2015	157,050	180,400	0.41
6	Goldman Sachs (Singapore) Pte*	—	—	27-03-2015	50,000	230,400	0.53
				07-11-2014	43,022	43,022	0.09
				14-11-2014	67,836	110,858	0.25
				21-11-2014	49,166	160,024	0.37
				28-11-2014	19,109	179,133	0.41
				05-12-2014	5,284	184,417	0.42
				12-12-2014	18,731	203,148	0.46
				09-01-2015	14,180	217,328	0.49
7	Hitesh Satishchandra Doshi	227,000	0.52	13-03-2015	(13,514)	203,814	0.46
				21-11-2014	(10,000)	217,000	0.49
8	Gatipriya Properties Private Limited**	168,632	0.39	27-02-2015	(17,000)	200,000	0.46
9	Yokoha Investment Private Limited**	147,000	0.34	20-03-2015	(168,632)	—	—
				06-03-2015	(85,000)	62,000	0.14
10	Bharat Forge Co. Ltd. General Welfare Trust No.III	140,000	0.32	13-03-2015	(62,000)	—	—
				—	—	140,000	0.32
11	Bharat Forge Co. Ltd. Educational Welfare Trust No.II	140,000	0.32	—	—	140,000	0.32
				—	—	140,000	0.32
12	Bharat Forge Co. Ltd. Medical Welfare Trust No.IV	140,000	0.32	—	—	140,000	0.32
				—	—	140,000	0.32
13	B F C Officers Welfare Trust No.XV	140,000	0.32	—	—	140,000	0.32
14	B F C Officers Welfare Trust No.VI	135,990	0.31	—	—	135,990	0.31

* Not in the list of Top 10 shareholders as on 01-04-2014. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2015.

** Ceased to be in the list of Top 10 shareholders as on 31-03-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 01-04-2014.



v) Shareholding of Directors and Key Managerial Personnel :

No.	Name of the Director	Shareholding at the beginning of the year (01-04-2014)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	No. of Shares	% of total shares of the Company
1	Mr.B.N. Kalyani	1,118	—	—	—	1,118	—
2	Mrs.Sunita B. Kalyani	7,743	0.02	—	—	7,743	0.02
3	Mr.Amit B. Kalyani	31,694	0.07	—	—	31,694	0.07
4	Mr.M.U. Takale	2,500	0.01	—	—	2,500	0.01
5	Mr.C.G. Patankar	4,770	0.01	—	—	4,770	0.01
6	Mr.S.M. Kheny	10,914	0.03	23-05-2014	4,900	6,014	0.01
				06-06-2014	2,000	4,014	0.01
				04-07-2014	4,000	14	—

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

V. INDEBTEDNESS :

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

(Amount in ₹)

	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,478,796,185	584,078,106	—	2,062,874,291
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	19,967,002	3,071,734	—	23,038,736
Total (i + ii + iii)	1,498,763,187	587,149,840	—	2,085,913,027
Change in Indebtedness during the financial year				
i) Addition	1,423,414,837	1,359,450,508	—	2,782,865,345
ii) Reduction	965,133,881	1,694,347,876	—	2,659,481,757
Net Change	458,280,956	(334,897,368)	—	123,383,588
Indebtedness at the end of the financial year				
i) Principal Amount	1,937,077,141	249,180,738	—	2,186,257,879
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	8,263,128	941,762	—	9,204,890
Total (i + ii + iii)	1,945,340,269	250,122,500	—	2,195,462,769

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

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

(Amount in ₹)

No.	Particulars of Remuneration	Name of Managing Director Mr.R.K. Goyal	Total Amount
1.	Gross Salary		
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	32,869,800	32,869,800
b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	1,822,500	1,822,500
c)	Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	—	—
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	Commission	14,000,000	14,000,000
	- As % of profit	1.13%	1.13%
	- Others, specify	—	—
5.	Others, please specify	—	—
	Total (A)	48,692,300	48,692,300
	Ceiling as per the Act		62,007,966

B. Remuneration to other Directors :

(Amount in ₹)

No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr.S.M. Kheny	Mr.B.B. Hattarki	Mr.S.S. Vaidya	Mr.M.U. Takale	Mr.Arun Pawar	
a)	Fee for attending Board / Committee meetings	26,000	98,000	22,000	22,000	12,000	180,000
b)	Commission	200,000	400,000	1,200,000	200,000	500,000	2,500,000
c)	Others, please specify	—	—	—	—	—	—
	Total (1)	226,000	498,000	1,222,000	222,000	512,000	2,680,000
Other Non-Executive Directors		Mr.B.N. Kalyani	Mrs.Sunita B. Kalyani	Mr.Amit B. Kalyani	Mr.C.G. Patankar	Total Amount	
a)	Fee for attending Board / Committee meetings	54,000	2,000	10,000	12,000	78,000	
b)	Commission	2,000,000	—	1,500,000	1,000,000	4,500,000	
c)	Others, please specify	—	—	—	—	—	
	Total (2)	2,054,000	2,000	1,510,000	1,012,000	4,578,000	
	Total (B) = (1 + 2)					7,258,000	
	Total Managerial Remuneration					55,950,300	
	Overall Ceiling as per the Act					74,409,559	

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

(Amount in ₹)

		Key Managerial personnel		
		Mr. B.M. Maheshwari CFO	Mrs.D.R. Puranik Company Secretary	Total
1.	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4,513,511	3,051,626	7,565,137
b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	—	131,051	131,051
c)	Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission			
	- As % of profit	—	—	—
	- Others, specify	—	—	—
5.	Others, please specify	—	—	—
	Total	4,513,511	3,182,677	7,696,188

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCE :

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

for and on behalf of the Board of Directors

Place : Pune

Date : 21st May, 2015

B.N. Kalyani

Chairman

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KALYANI STEELS LIMITED****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Kalyani Steels Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that :
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. In our opinion there are no financial transactions or matters which have any adverse effect on the functioning of the Company;
 - f. On the basis of the written representations received from the directors as on 31st March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 28 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Sanjay Athavale
Partner
Membership No.83374

Pune
21st May, 2015

**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 including during the current 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, no discrepancies were noticed during such physical verification.
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, secured or unsecured, to companies, firms and other parties covered in the Register maintained under Section 189 of the Companies Act, 2013, 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. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits. As informed to us, no order has been passed against the Company by the Company Law Board, the National Company Law Tribunal, RBI or any court or any tribunal.
6. The Company is maintaining cost records as prescribed under Section 148 (1) of the Companies Act, 2013. However, we have not verified the same for completeness or accuracy.
7. (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, ESI, Sales Tax, VAT, Income Tax, Customs duty, Wealth Tax, Service Tax, Excise Duty, Cess and any other statutory dues 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, VAT, 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 the amount relates	Forum
Service Tax	Demand received for various cases	1,182,269	2005-06	Tribunal
Excise Duty	Demand received for Cenvat Availment	155,434 9,425,387	2013-14 2014-15	Tribunal Tribunal

- (c) The amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
8. 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.
9. 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.
10. As informed to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
11. As informed to us, the Term Loans have been used for the purpose they were raised.
12. 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
21st May, 2015



KALYANI

42nd Annual Report 2014-2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Notes	₹	₹	As at 31st March, 2014 ₹
I. EQUITY AND LIABILITIES :				
1. Shareholders' Funds :				
a) Share Capital	2	218,644,367		218,644,367
b) Reserves and Surplus	3	4,540,794,398		3,759,987,745
			4,759,438,765	3,978,632,112
2. Non Current Liabilities :				
a) Long Term Borrowings	4	1,570,563,541		1,266,804,045
b) Deferred Tax Liabilities (Net)	5	516,864,019		436,152,625
c) Other Long Term Liabilities	6	918,695,733		918,695,733
d) Long Term Provisions	10	9,715,228		2,383,162
			3,015,838,521	2,624,035,565
3. Current Liabilities :				
a) Short Term Borrowings	7	249,180,738		584,078,106
b) Trade Payables	8	2,099,206,428		2,445,820,553
c) Other Current Liabilities	9	705,622,725		550,903,722
d) Short Term Provisions	10	12,748,023		161,648,561
			3,066,757,914	3,742,450,942
	TOTAL		10,842,035,200	10,345,118,619
II. ASSETS :				
1. Non Current Assets :				
a) Fixed Assets :				
i) Tangible Assets	11 (a)	4,412,944,492		3,390,489,905
ii) Intangible Assets	11 (b)	11,131,042		—
iii) Capital work-in-progress		114,205,807		81,848,128
iv) Intangible Asset under development		20,344,703		18,825,073
		4,558,626,044		3,491,163,106
b) Non Current Investments	12	768,244,970		311,559,970
c) Long Term Loans and Advances	13	96,880,375		921,039,416
			5,423,751,389	4,723,762,492
2. Current Assets :				
a) Inventories	14	1,560,565,773		1,709,305,899
b) Trade Receivables	15	3,276,402,191		3,316,250,064
c) Cash & Bank Balances	16	48,845,296		167,961,960
d) Short Term Loans and Advances	13	421,696,240		363,923,911
e) Other Current Assets	17	110,774,311		63,914,293
			5,418,283,811	5,621,356,127
	TOTAL		10,842,035,200	10,345,118,619

Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements

1 to 41

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : 21st May, 2015

Pune
Date : 21st May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Notes	₹	₹	Previous Year ₹
INCOME :				
Sales, gross		15,459,155,759		13,979,261,984
Less : Excise duty & Service Tax		3,199,239,613		2,827,397,334
Sales, net		12,259,916,146		11,151,864,650
Other Operating Revenue		6,280,001		8,016,686
Revenue from Operations (net)	18	12,266,196,147		11,159,881,336
Other Income	19	27,128,110		117,921,968
Total Revenue		12,293,324,257		11,277,803,304
EXPENSES :				
Cost of raw material consumed	20	5,708,966,034		5,884,140,846
Purchases of traded goods	21	71,935,186		83,920,607
(Increase) / decrease in inventories of Finished Goods and Work-in-Progress	22	70,121,910		(382,001,225)
Employees benefits expense	23	664,149,526		577,820,929
Finance costs	24	147,740,067		170,022,665
Depreciation & amortisation expenses	25	310,156,355		339,563,472
Other Expenses	26	4,080,095,858		3,709,744,553
		<u>11,053,164,936</u>		<u>10,383,211,847</u>
Profit before Exceptional Items and Tax		1,240,159,321		894,591,457
Exceptional Items		—		—
Profit before Tax		1,240,159,321		894,591,457
Tax expenses :				
Current Tax		301,000,000		256,000,000
Deferred Tax		107,658,688		53,401,280
Add / (Less) : Excess provision for Taxation in earlier years		<u>(1,638,792)</u>		<u>(678,406)</u>
Profit after Tax		833,139,425		585,868,583
Earnings per Share : Basic and diluted	27		19.09	13.42
(Face Value of ₹ 5/-)				

Statement of Significant Accounting Policies followed by the Company and Notes forming part of the Financial Statements

1 to 41

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
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R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : 21st May, 2015

Pune
Date : 21st May, 2015

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

	Year ended		Year ended	
	31st March, 2015		31st March, 2014	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities :				
Profit for the Year Before Taxation		1,240,159,321		894,591,457
Add : Adjustment for Depreciation / Interest / Other Non Cash Expenses :				
Depreciation (including Leasehold Land Amortised)	310,156,355		339,563,472	
Bad Debts, Advances & Sundry Debit Balances written off	33,089,485		593,091	
Interest Charged (Net of Capitalised)	147,740,067		170,022,665	
Loss on Sale of Assets (Net)	291,743		14,318	
		491,277,650		510,193,546
Less : Adjustments for Dividend / Interest / Other Income :				
Dividend	(993,863)		(11,738,453)	
Profit on Sale of Assets	(150,531)		(95,084)	
Interest from Deposits and Loans	(20,029,690)		(38,630,145)	
Provision no longer Required	(2,808,822)		(10,634,029)	
Sundry Credit Balances appropriated	(1,060,297)		(1,274,624)	
		(25,043,203)		(62,372,335)
Operating Profit Before Working Capital Changes		1,706,393,768		1,342,412,668
Changes in Working Capital :				
Inventories	148,740,126		(426,673,363)	
Sundry Debtors	6,758,388		(1,522,125,491)	
Other Current Assets, Loans & Advances	(124,211,872)		208,832,398	
Trade Payables	(316,254,032)		1,067,088,125	
		(284,967,390)		(672,878,331)
Cash Generated from Operations		1,421,426,378		669,534,337
Direct Taxes Paid		(279,781,683)		(276,592,629)
Net Cash generated from Operating Activities (A)		1,141,644,695		392,941,708

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015 (Continued)

	Year ended 31st March, 2015 ₹	Year ended 31st March, 2014 ₹
B. Cash Flow from Investment Activities :		
Purchase of Assets	(1,423,352,262)	(365,610,388)
Capital Work in Progress	(33,877,310)	42,668,537
Sale of Assets	188,999	7,072,915
Advance for Capital Goods for Projects	433,010,827	(328,337,891)
Loans to Companies	391,148,214	(16,800,530)
(Purchase) / Sale of Investments including Advance for Purchase of Shares	(456,685,000)	175,740,000
Dividend Received	993,863	11,738,453
Interest Received	20,029,690	38,630,145
Net Cash used in Investment Activities (B)	<u>(1,068,542,979)</u>	<u>(434,898,759)</u>
C. Cash Flow from Financing Activities :		
Proceeds from Borrowings	123,383,589	361,656,071
Interest Paid	(162,771,162)	(164,498,280)
Dividend Paid	(152,830,807)	(76,817,485)
Net Cash Flow from Financing Activities (C)	<u>(192,218,380)</u>	<u>120,340,306</u>
Net Changes in Cash & Cash Equivalents (A + B + C)	(119,116,664)	78,383,255
Cash & Cash Equivalents at the beginning of the year as on 31st March, 2014	167,961,960	89,578,705
Cash & Cash Equivalents at the end as on 31st March, 2015	48,845,296	167,961,960

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : 21st May, 2015

Pune
Date : 21st May, 2015

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 :****NOTE '1' : SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY :****Basis of preparation**

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

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

1] SYSTEM OF ACCOUNTING :

- i) The Company generally follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- ii) Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.
- iii) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any reservations to accounting estimates are recognised prospectively in current and future periods.

2] FIXED ASSETS AND DEPRECIATION :**A. FIXED ASSETS:**

- a) Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. The fixed assets manufactured by the Company are stated at manufacturing cost. Fixed Assets are shown net of accumulated depreciation (except free hold land) and amortisation.
- b) Expenditure on New Projects and Expenditure during Construction etc. :
In case of new projects and in case of substantial modernisation or expansion at the existing units of the Company, expenditure incurred including interest on borrowings and financial costs of specific loans, prior to commencement of commercial production is capitalised to the cost of assets. Trial Run expenditure is also capitalised.
- c) As per insertion of Paragraph 46(A) to 'Accounting Standard (AS) 11' relating to 'The Effects of Changes in Foreign Exchange Rates', exchange differences relating to the acquisition of a depreciable Fixed Assets, are added to or deducted from the cost of the Fixed Assets and shall be depreciated over the balance life of the assets instead of recognising the same as income or expenditure in the Statement of Profit and Loss.

B. DEPRECIATION :**a) LEASEHOLD LAND AND POWER LINE :**

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

b) OTHER FIXED ASSETS :

Depreciation on Buildings, Plant & Machinery, Electrical Installations, Office Equipment, Furniture & Fittings, Computers and Vehicles is being provided on 'Straight Line Method' basis in accordance with the Schedule II of the Companies Act, 2013, except that in the case of Blast Furnaces & Sinter Plant along with their associated equipment, the life on three shift basis is taken at 20 years, instead of 10 years as prescribed in Schedule II. This is based on technical justification obtained by the management.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (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 recognition on final determination.

4] TECHNICAL KNOW-HOW :

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

5] INVESTMENTS :

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

6] INVENTORY VALUATION :

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

A. Finished goods and work in progress :

- a) Finished goods and work in progress are stated at their cost or market / realisable value, whichever is lower.
- b) Cost of finished goods & work in progress (including trial run product) includes all allocable overheads, and in case of finished goods also excise duties, but does not include interest.

B. Raw Materials :

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

C. Stores & Spares :

Stores and spares are valued at their weighted average prices.

D. Scrap is valued at estimated realisable value.**E. Raw Material in transit is stated at actual cost up to the date of Balance Sheet.****7] DEBENTURE / SHARE ISSUE EXPENSES :****a) Debenture Issue Expenses :**

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

b) Share Issue Expenses :

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :****8] PREMIUM ON REDEMPTION OF DEBENTURES :**

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

9] A. SALES :

- i) Domestic sales are accounted for when dispatched from the point of sale, consequent to property in goods being transferred.
- ii) Export sales for exports are accounted on the basis of date of Bill of Lading.

B. EXPORT INCENTIVES :

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

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

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

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

10] EMPLOYEE BENEFITS :**a) Provident Fund :**

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

b) Gratuity :

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

c) Superannuation :

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

d) Privilege Leave Benefits :

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

e) Termination Benefits :

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

11] RESEARCH AND DEVELOPMENT EXPENDITURE :

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (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, 2015		As at 31st March, 2014	
	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, 2015 (continued) :

2 (a) Terms / Rights attached to Shares :

Equity Shares :

The Company has only one class of Equity Shares having at par value of ₹ 5/- per share. Equity Shares are pari-passu in all respects and each shareholder is eligible for one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

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

(b) The Company does not have any Holding Company or any Subsidiary Company.

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

Equity Shares :

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹ 5/- each fully paid				
Ajinkya Investment & Trading Company	3,261,822	7.47	3,261,822	7.47
Sundaram Trading & Investment Private Limited	6,006,898	13.76	5,691,198	13.04
BF Investment Limited	17,052,421	39.06	17,052,421	39.06

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

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

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

NOTE '3' : RESERVES AND SURPLUS :

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
Debenture Redemption Reserve		
As per last Account	—	46,000,000
Less : Transferred to Statement of Profit and Loss	—	46,000,000
		—
General Reserve		
As per last Account	419,265,300	359,265,300
Add : Transferred from Statement of Profit and Loss	—	60,000,000
	419,265,300	419,265,300
Surplus in the Statement of Profit and Loss		
As per last Account	3,340,722,445	2,922,069,555
Add : Net Profit for the year	833,139,425	585,868,583
Amount available for Appropriation	4,173,861,870	3,507,938,138
Add : Transferred from Debenture Redemption Reserve	—	46,000,000
Less : Transferred from Fixed Assets (net of taxes) as per Note 7(b) of Schedule II of Companies Act, 2013	52,332,772	—
	4,121,529,098	3,553,938,138
Less : Appropriations		
Transferred to General Reserve	—	60,000,000
Proposed Equity Dividend (amount per share ₹ Nil (31st March, 2014 : ₹ 3/-))	—	130,959,180
Tax on Proposed Equity Dividend	—	22,256,513
Total Appropriations	—	213,215,693
Surplus - Closing Balance	4,121,529,098	3,340,722,445
TOTAL	4,540,794,398	3,759,987,745

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :
NOTE '4' : LONG-TERM BORROWINGS :

	Non-Current maturities		Current maturities	
	As at 31st March, 2015	As At 31st March, 2014	As at 31st March, 2015	As At 31st March, 2014
	₹	₹	₹	₹
SECURED :				
Foreign Currency Term Loans (See Note '4(a)) :	1,570,563,541	1,266,804,045	366,513,600	211,992,140
TOTAL	1,570,563,541	1,266,804,045	366,513,600	211,992,140
Less : Shown under 'Other Current Liabilities' (See Note '9')	—	—	(366,513,600)	(211,992,140)
TOTAL	1,570,563,541	1,266,804,045	—	—

4 (a) Foreign Currency Term Loans :

From Bank of Baroda, London

(i) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 13,377,975/- after the repayment of first installment on 30th June, 2014, was refinanced and hence pre-paid in full on 30th June, 2014 and satisfaction of charge has been filed with Government of India, Ministry of Corporate Affairs, Maharashtra (Pune).

(ii) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 9,764,780/- comprising of :

- a) Facility A of USD 5,083,130/- repayable in six half yearly installments commencing from 24th month of initial drawdown i.e. repayment commenced from 22nd January, 2015 and;
- b) Facility B of USD 4,681,650/- repayable in four half yearly installments commencing from 27th month of initial drawdown i.e. repayment commenced from 22nd April, 2015.

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

(iii) External Commercial Borrowing (ECB) Term Loan balance outstanding USD 9,000,000/-, repayable in 8 equal half yearly installments starting after initial twelve months moratorium, carrying interest at 6 month USD LIBOR plus 200 bps p.a. payable six monthly.

From The Hongkong and Shanghai Banking Corporation Limited

External Commercial Borrowing (ECB) Term Loan, balance outstanding USD 12,225,975/-, repayable in 19 quarterly installments, repayment commenced from 30th September 2014, carrying interest at 3 month USD LIBOR plus 225 bps p.a. payable quarterly.

Above Foreign Currency Term Loans are secured by First Pari-passu Charge on the immovable and movable fixed assets of the Company i.e. mortgage of Company's immovable properties consisting of land together with all building and structures thereon and all plant and machinery, attached to the earth or permanently fastened to anything attached to the earth, both present and future and hypothecation of whole of the movable fixed assets / properties of the Company, including its movable plant and machinery, machinery spares, tools and accessories and other movable fixed assets, both present and future, ranking Pari-passu with charges created and / or to be created in favour of Banks / Financial Institutions for their term / foreign currency loans. The Foreign Currency Term Loans are also secured by Second Pari-passu charge on the Current Assets of the Company consisting of stock of raw materials, stocks in process, semi-finished and finished goods, bills receivables and book debts.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
NOTE '5' : DEFERRED TAX LIABILITIES (NET) :		
DEFERRED TAX LIABILITIES :		
On account of Timing Difference in :		
a Depreciation and amortisation	523,907,758	440,057,107
DEFERRED TAX ASSETS :		
On account of Timing Difference in :		
b Disallowance u/s 43B of the Income Tax Act	4,030,870	3,904,482
c Provision for Doubtful Debts	3,012,869	—
TOTAL	<u>516,864,019</u>	<u>436,152,625</u>
 NOTE '6' : OTHER LONG TERM LIABILITIES :		
Trade Payables	92,834,497	92,834,497
Part amount received under an arrangement against sale of project promoted by the Company	55,861,236	55,861,236
Trade Advance from Related Party (See Note 36)	770,000,000	770,000,000
TOTAL	<u>918,695,733</u>	<u>918,695,733</u>
 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	249,180,738	577,374,262
Sales Bill Discounting	—	6,659,755
Deposits	—	44,089
TOTAL	<u>249,180,738</u>	<u>584,078,106</u>

Note : 7 (a)

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
NOTE '8' : TRADE PAYABLES :		
Trade Payables (See Note below)	2,092,941,997	2,422,667,587
Acceptances	6,264,431	23,152,966
TOTAL	2,099,206,428	2,445,820,553

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	38,336,501	33,701,811
Creditors of Capital Goods	158,240,562	154,836,415
Current Maturities of Long-Term Borrowings (See Note 4)	366,513,600	211,992,140
Interest accrued but not due on borrowings	9,204,890	23,038,736
Interest accrued and due on borrowings	—	1,197,249
Unclaimed Dividend	4,510,087	4,125,201
Amount payable against purchase of Preference Shares under an arrangement	14,839,953	14,839,953
Advances against order	3,663,307	6,319,504
Employee contributions & recoveries payable	9,565,861	9,288,201
Statutory dues payable including Tax Deducted at Source	100,747,964	91,564,512
TOTAL	705,622,725	550,903,722

NOTE '10' : PROVISIONS :

	Long Term		Short Term	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	₹	₹	₹	₹
Provision for Employee Benefits :				
Provision for Gratuity (See Note 10(a))	8,476,605	1,766,535	—	—
Provision for Leave Benefits (See Note 10(a))	—	—	12,748,023	8,432,868
Provision for PF Trust (See Note 10(b))	1,238,623	616,627	—	—
	9,715,228	2,383,162	12,748,023	8,432,868
Other Provisions :				
Provision for Tax, net of advances	—	—	—	—
Proposed Equity Dividend	—	—	—	130,959,180
Provision for Tax on Proposed Equity Dividend	—	—	—	22,256,513
	—	—	—	153,215,693
TOTAL	9,715,228	2,383,162	12,748,023	161,648,561

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :**

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

Note 10 (a) :

A. FUNDED SCHEME :

	Gratuity	
	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
i) Amounts to be recognised in the Balance Sheet :		
a. Present Value of Defined Benefit Obligations Funded	19,927,984	11,307,695
b. Fair Value of Plan Assets	11,451,379	9,541,160
c. Net Liability / (Asset) recognised in the Balance Sheet	8,476,605	1,766,535
ii) Amount to be recognised in the Statement of Profit and Loss :		
a. Current Service Cost	3,092,968	2,587,869
b. Acquisition (gain) / loss	730,312	—
c. Interest on Defined Benefit Obligations	1,073,655	779,485
d. Expected Return on Plan Assets	(741,046)	(503,698)
e. Net Actuarial Losses / (Gains) recognised in year	2,873,294	(2,029,759)
Total included in Employees Emoluments	7,029,183	833,897
iii) Change in Defined Benefit Obligation and Reconciliation thereof :		
a. Present Value of Defined Benefit Obligation at the beginning of the year	11,307,695	9,752,144
b. Acquisition Adjustment	1,449,884	—
c. Interest Cost	1,073,655	779,485
d. Current Service Cost	3,092,968	2,587,869
e. Actuarial Losses / (Gains)	3,003,782	(1,794,651)
f. Benefits Paid	—	(17,152)
g. Present value of Defined Benefit Obligation at the close of the year	19,927,984	11,307,695
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	9,541,160	4,629,581
b. Acquisition Adjustments	719,572	—
c. Add : Expected return on Plan Assets	741,046	503,698
d. Add / (Less) : Actuarial (Losses) / Gains	130,488	235,108
e. Add : Contributions by employer	319,113	4,189,925
f. Benefits paid	—	(17,152)
g. Fair Value of Plan Assets at the close of the year	11,451,379	9,541,160
v) Broad Categories of Plan Assets as a percentage of Total Assets :		
Insurer Managed Funds	100%	100%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

vi) Amount for the Current Period :

Experience History

	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
	₹	₹	₹	₹	₹
Present Value of Obligation	19,927,984	11,307,695	9,752,144	16,135,527	12,434,871
Plan Assets	11,451,379	9,541,160	4,629,581	14,216,394	11,154,112
Surplus / (Deficit)	(8,476,605)	(1,766,535)	(5,122,563)	(1,919,133)	(1,280,759)
Experience adjustments on plan liabilities loss / (gain)	1,073,119	(899,432)	1,713,393	1,716,213	376,351
Experience adjustments on plan assets loss / (gain)	(130,488)	(235,108)	(137,631)	(320,775)	(216,080)

vii) Summary of the Actuarial Assumptions :

	As at 31st March, 2015	As at 31st March, 2014
Discount Rate	7.80%	9.20%
Expected Rate of Return on Assets	7.50%	7.50%
Salary Escalation Rate	10.00%	10.00%

B. UNFUNDED SCHEME :

	Leave Benefits	
	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
(i) Amounts to be recognised in Balance Sheet :		
a. Present Value of Defined Benefit Obligations		
(i) Unfunded	12,748,023	8,432,868
b. Fair Value of Plan Assets	—	—
c. Net Liability / (Asset) recognised in the Balance Sheet	12,748,023	8,432,868
(ii) Amount to be recognised in the Statement of Profit and Loss :		
a. Current Service Cost	3,174,292	1,979,163
b. Interest on Defined Benefit Obligations	694,652	459,662
c. Expected Return on Plan Assets	—	—
d. Net Actuarial Losses / (Gains) recognised in year	2,210,806	694,670
Total included in Employees Emoluments	6,079,750	3,133,495



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

	Leave Benefits	
	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
(iii) Change in Defined Benefit Obligation and Reconciliation thereof :		
a. Present Value of Defined Benefit Obligation at the beginning of the year	8,432,868	6,192,181
b. Interest Cost	694,652	459,662
c. Current Service cost	3,174,292	1,979,163
d. Actuarial Losses / (Gains)	2,210,806	694,670
e. Benefits Paid	(1,764,595)	(892,808)
f. Present Value of Defined Benefit Obligation at the close of the year	12,748,023	8,432,868
(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	—	2,657,210
b. Add : Expected return on Plan Assets	—	—
c. Add / (Less) : Actuarial Losses / (Gain)	—	(694,670)
d. Add : Contributions	—	(1,962,540)
e. Less : Benefits paid	—	—
f. Fair Value of Plan Assets at the close of the year	—	—
(v) Broad Categories of Plan Assets as a percentage of Total Assets :		
Insurer Managed Funds	100%	100%
(vi) Summary of the Actuarial Assumptions :		
Discount Rate	7.80%	9.20%
Expected Rate of Return on Assets	7.50%	7.50%
Salary Escalation Rate	10.00%	10.00%

Note 10 (b) :

PROVIDENT FUND :

In case of certain employees, the Provident Fund contribution is made to Kalyani Steels Limited Provident Fund Trust. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident Fund liability based on the assumptions listed below and determined that there is shortfall as at 31st March, 2015. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are :

	As at 31st March, 2015	As at 31st March, 2014
i) Remaining term of maturity	8.67 Years	9.10 Years
ii) Expected guaranteed interest rate	8.75%	8.75%
iii) Discount Rate for the remaining term of maturity of interest portfolio	7.80%	9.20%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

NOTE '11' : (a) TANGIBLE ASSETS :

	Gross Block			Depreciation			Net Block		
	As at 31st March, 2014	Addition	Disposal/ Adjustments	As at 31st March, 2015	For the year	Adjusted against Reserves	Disposal/ Adjustments	As at 31st March, 2015	As at 31st March, 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Freehold Land	83,793,501	561,883,506	—	645,677,007	—	—	—	645,677,007	83,793,501
Leasehold Land	25,303,064	—	—	25,303,064	(b)	—	—	165,979	776,800
Buildings	843,077,099	37,877,229	—	880,954,328	43,585,947	4,569,427	—	197,666,041	693,566,432
Plant and Machinery	5,413,128,577	743,505,845	59,951,966	6,096,682,456	250,211,686	72,298,486	59,951,966	3,095,707,402	2,579,979,381
Office Equipment	2,440,670	27,308,190	—	29,748,860	1,855,856	46,499	—	3,355,182	987,843
Furniture and Fixtures	55,214,972	17,075,278	—	72,290,250	9,989,179	1,240,181	—	39,706,870	26,737,462
Vehicles	18,188,058	24,087,213	1,403,530	40,871,741	3,418,908	1,125,473	1,073,319	17,010,634	4,648,486
March 31, 2015	6,441,145,941	1,411,737,261	61,355,496	7,791,527,706	309,672,397	79,280,066	61,025,285	3,378,583,214	3,390,489,905
March 31, 2014	6,083,653,964	365,610,388	8,118,411	6,441,145,941	339,563,472	—	1,126,262	3,050,656,036	—

(b) INTANGIBLE ASSETS :

	Gross Block			Depreciation			Net Block		
	As at 31st March, 2014	Addition	Disposal/ Adjustments	As at 31st March, 2015	For the year	Adjusted against Reserves	Disposal/ Adjustments	As at 31st March, 2015	As at 31st March, 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Software	—	11,615,000	—	11,615,000	483,958	—	—	483,958	—
March 31, 2015	—	11,615,000	—	11,615,000	483,958	—	—	483,958	—
March 31, 2014	—	—	—	—	—	—	—	—	—

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

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

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

		As at 31st March, 2015	As at 31st March, 2014
	₹	₹	₹
NOTE '12' : NON CURRENT INVESTMENTS :			
Trade Investments (valued at cost)			
UNQUOTED:			
In Equity Shares :			
a) Investment in Associates :			
1,000,000 Fully paid Equity Shares of ₹ 10/- each of Kalyani Mukand Limited	10,050,000		10,050,000
1,000,000 Fully paid Equity Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	10,000,000		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 :			
4,100,000 1% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	41,000,000		41,000,000
41,083,500 (—) 1% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Lord Ganesha Minerals Private Limited	410,835,000		—
b) Investment in Others :			
19,000,000 11% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of KSL Holdings Private Limited	190,000,000		190,000,000
5,926,000 10% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Baramati Speciality Steels Limited	59,260,000		59,260,000
132,000 (—) 8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each of Kalyani Natural Resources Private Limited	13,200,000		—
3,265,000 (—) 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Kalyani Mining Ventures Private Limited	32,650,000		—
		746,945,000	290,260,000
TOTAL		768,244,970	311,559,970

	Long Term		Short Term	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	₹	₹	₹	₹
NOTE '13' : LOANS AND ADVANCES :				
LOANS AND ADVANCES				
(Unsecured, considered good, unless stated otherwise)				
Capital Advances :				
Secured, by a Bank Guarantee	—	50,731,459	—	—
Other advances	40,720,044	422,999,412	—	—
	40,720,044	473,730,871	—	—
Security Deposits	53,636,682	56,934,638	19,417,101	29,601,178
Loans and advances to related party (See Note 36) against supply of Iron Ore	—	385,769,530	—	—
Inter Corporate Loans	—	300,000	—	—
Advances recoverable in cash or kind	—	1,000,000	375,821,298	302,879,989
Other loans and advances :				
Advance Income Tax (net of provision of taxation)	—	—	4,869,371	24,448,896
Loans to employees	2,523,649	3,304,377	2,758,942	1,903,162
Balance with Excise Department	—	—	18,829,528	5,090,686
TOTAL	96,880,375	921,039,416	421,696,240	363,923,911

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
NOTE '14' : INVENTORIES :		
Raw materials, at cost (includes in transit ₹ Nil (31st March, 2014 : ₹ 98,871,941/-) (See Note 14(a))	472,136,695	663,209,441
Work in Progress (See Note 14(b))	268,051,412	272,696,366
Finished Goods, at cost or market value whichever is lower (See Note 14(c))	476,017,728	525,195,338
Scrap at estimated realisable value	3,712,353	20,011,699
	<u>479,730,081</u>	<u>545,207,037</u>
Stores, spares etc., at cost	340,647,585	228,193,055
TOTAL	<u>1,560,565,773</u>	<u>1,709,305,899</u>

		As at 31st March, 2015		As at 31st March, 2014
		MTs	₹	MTs
				₹
Note '14(a)' Details of Raw Material Inventory :				
Coke / Coke Fines	15,213	189,003,634		10,681
Iron Ore / Iron Ore Fines	25,037	117,090,979		57,253
Ferro Alloys		75,667,628		95,419,811
Others		90,374,454		111,645,320
TOTAL		<u>472,136,695</u>		<u>663,209,441</u>

Note '14(b)' Details of Work in Progress :				
Blooms & Rounds	7,549	224,088,702		7,790
Others		43,962,710		8,305,150
TOTAL		<u>268,051,412</u>		<u>272,696,366</u>

Note '14(c)' Details of Finished Goods Inventory :				
Blooms & Rounds	40	1,060,473		877
Rolled Products	12,319	474,957,256		11,261
Others		3,712,352		20,011,698
TOTAL		<u>479,730,081</u>		<u>545,207,037</u>

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
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	46,123,856	56,698,374
Doubtful	17,985,628	11,488,532
	<u>64,109,484</u>	<u>68,186,906</u>
Provision for doubtful debts	17,985,628	11,488,532
	<u>46,123,856</u>	<u>56,698,374</u>
Others :		
Secured, considered good	—	—
Unsecured, considered good	3,230,278,335	3,259,551,690
Doubtful	—	—
	<u>3,230,278,335</u>	<u>3,259,551,690</u>
Provision for doubtful debts	—	—
TOTAL	<u>3,230,278,335</u>	<u>3,259,551,690</u>
	<u>3,276,402,191</u>	<u>3,316,250,064</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
NOTE '16' : CASH AND BANK BALANCES :		
A) Cash and Cash Equivalents :		
Cash on Hand	560,565	120,225
Bank Balances :		
In Current & Cash Credit Accounts	36,356,554	156,248,444
In Fixed Deposits (Less than three months maturity)	6,802,590	6,852,590
	<u>43,719,709</u>	<u>163,221,259</u>
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)	4,510,087	4,125,201
	<u>5,125,587</u>	<u>4,740,701</u>
TOTAL	<u>48,845,296</u>	<u>167,961,960</u>
NOTE '17' : OTHER CURRENT ASSETS :		
Income receivable	6,993,332	4,391,448
Prepaid Expenses	26,065,736	6,888,676
Export Incentive Receivables	5,919,572	6,024,767
VAT Receivable	71,795,671	46,609,402
TOTAL	<u>110,774,311</u>	<u>63,914,293</u>
NOTE '18' : REVENUE FROM OPERATIONS :		
	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	₹	₹
Sale of products		
Finished Goods	12,390,927,038	11,009,014,807
Traded Goods	72,904,488	83,983,156
	<u>12,463,831,526</u>	<u>11,092,997,963</u>
Job Work Sales	2,891,788,834	2,782,001,539
Sale of Services	20,224,800	20,224,800
Scrap Sales	83,310,599	84,037,682
	<u>15,459,155,759</u>	<u>13,979,261,984</u>
Less : Excise Duty & Service Tax	3,199,239,613	2,827,397,334
	<u>12,259,916,146</u>	<u>11,151,864,650</u>
Other Operating Revenue		
Export Incentives received	6,280,001	8,016,686
TOTAL	<u>12,266,196,147</u>	<u>11,159,881,336</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	₹	₹
Details of products sold :		
Finished goods sold :		
Hot Metal / Pig Iron - Qty 2,312 MTs (Previous Year 3,200 MTs)	67,038,380	92,473,015
Blooms and Rounds - Qty 16,047 MTs (Previous Year 36,055 MTs)	647,805,575	1,707,407,673
Rolled Products - Qty 201,770 MTs (Previous Year 167,576 MTs)	11,676,083,083	9,209,134,119
TOTAL	12,390,927,038	11,009,014,807
Traded goods sold :		
Coal - Qty 9,000 MTs (Previous Year Nil MTs)	65,448,000	—
Rolled Products - Qty 115.18 MTs (Previous Year Nil MTs)	7,456,488	—
Coke Fines - Qty Nil MTs (Previous Year 8,700 MTs)	—	76,734,000
Nickel - Qty Nil MTs (Previous Year 8 MTs)	—	7,249,156
TOTAL	72,904,488	83,983,156
Job Work Sales :		
Hot Metal & Pig Iron - Qty 310,768 MTs (Previous Year 281,804 MTs)	2,029,695,853	1,863,659,007
Rolled Products - Qty 118,884 MTs (Previous Year 113,491 MTs)	862,092,981	918,342,532
TOTAL	2,891,788,834	2,782,001,539
NOTE '19' : OTHER INCOME :		
Dividend :		
From Trade Investments	—	10,630,027
Others	993,863	1,108,426
	993,863	11,738,453
Interest from Deposits and Loans	20,029,690	38,630,145
Miscellaneous receipts	2,084,907	55,549,633
Profit on sale of assets	150,531	95,084
Sundry credit balances appropriated	1,060,297	1,274,624
Provision no longer required	2,808,822	10,634,029
TOTAL	27,128,110	117,921,968
NOTE '20' : COST OF RAW MATERIAL CONSUMED :		
Stock at commencement	564,337,500	617,625,933
Add : Purchases	5,640,889,885	5,952,396,983
	6,205,227,385	6,570,022,916
Less : Sale of Raw Material	24,124,656	121,544,570
Less : Stock at close	472,136,695	564,337,500
TOTAL	5,708,966,034	5,884,140,846

	For the Year Ended 31st March, 2015		For the Year Ended 31st March, 2014	
	MTs	₹	MTs	₹
Details of Raw Material Consumed :				
Coke / Coke Fines	147,913	2,119,845,540	151,624	2,623,579,286
Iron Ore / Iron Ore Fines	370,536	1,767,413,363	373,948	1,712,692,239
Ferro Alloys		971,860,234		959,252,297
Others		849,846,897		588,617,024
TOTAL	5,708,966,034		5,884,140,846	



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

	For the year ended 31st March, 2015		For the year ended 31st March, 2014	
	₹	Percentage	₹	Percentage
Imported & Indigenous Raw Materials Consumed :				
Imported (Direct Imports only)	2,668,322,953	47%	2,711,336,899	46%
Indigenous	3,040,643,081	53%	3,172,803,947	54%
TOTAL	5,708,966,034	100%	5,884,140,846	100%

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	₹	₹
NOTE '21' : PURCHASES OF TRADED GOODS :		
Coal	64,622,700	—
Blooms and Rounds	7,312,486	—
Nickel	—	7,249,156
Coke Fines	—	76,671,451
TOTAL	71,935,186	83,920,607

NOTE '22' : (INCREASE) / DECREASE IN INVENTORIES :

Inventories at the end of the year		
Work-in-progress	268,051,412	272,696,366
Finished Goods	476,017,728	525,195,338
Scrap	3,712,353	20,011,699
	747,781,493	817,903,403
Inventories at the beginning of the year		
Work-in-progress	272,696,366	187,550,283
Finished Goods	525,195,338	237,917,356
Scrap	20,011,699	10,434,539
	817,903,403	435,902,178
TOTAL	70,121,910	(382,001,225)

NOTE '23' : EMPLOYEES BENEFITS EXPENSE :

Salary, wages, bonus etc.	613,265,581	533,430,444
Contribution to Provident and other Funds etc.	35,449,013	31,915,596
Welfare expenses	15,434,932	12,474,889
TOTAL	664,149,526	577,820,929

NOTE '24' : FINANCE COSTS :

Interest expenses	90,750,557	105,753,051
Other borrowings costs	56,989,510	64,269,614
TOTAL	147,740,067	170,022,665

NOTE '25' : DEPRECIATION & AMORTISATION EXPENSES

Leasehold land amortised	610,821	1,463,775
Depreciation	309,545,534	338,099,697
TOTAL	310,156,355	339,563,472

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

	For the year ended 31st March, 2015 ₹	For the year ended 31st March, 2014 ₹
NOTE '26' : OTHER EXPENSES :		
Stores and spares consumed	683,235,780	631,192,054
Job work and Manufacturing Charges	1,476,421,296	1,297,594,081
Power and Fuel	900,661,546	832,936,072
Building and Road repairs	23,396,664	49,056,481
Machinery repairs	93,841,512	50,454,613
(Increase) / decrease of excise duty on Inventory	337,311	41,150,618
Rent	6,597,054	2,041,958
Rates & Taxes	137,844	166,374
Insurance	9,800,158	8,526,676
Legal & Professional charges	36,205,235	18,400,524
Miscellaneous expenses	163,050,027	121,900,139
CSR Expenditure (See Note 40)	2,651,640	—
Donations (See Note 39)	20,194,035	29,125,000
Freight Outward	436,296,987	384,723,663
Brokerage and Discount	6,149,897	3,602,228
Commission on sales	6,508,466	17,208,516
Payment to Auditor (Refer details below)	3,627,844	3,462,798
Directors Fees and Travelling Expenses	1,728,565	1,308,087
Directors Commission	21,000,000	14,900,000
Loss on Foreign Exchange Fluctuation	88,406,969	131,979,147
Loss on Assets sold or scrapped	291,743	14,318
Receivables provided for / written off (net)	33,089,485	593,091
Facility charges under Strategic Alliance	65,581,931	68,910,733
Prior Period Expenditure	883,869	497,382
TOTAL	<u>4,080,095,858</u>	<u>3,709,744,553</u>
Payment to Auditor :		
As Statutory Auditors	2,500,000	2,500,000
In Other capacity :		
Tax Audit Fee	500,000	500,000
Limited Review	300,000	300,000
Certification	248,000	109,000
	<u>3,548,000</u>	<u>3,409,000</u>
For expenses	79,844	53,798
TOTAL	<u>3,627,844</u>	<u>3,462,798</u>
	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
NOTE '27' : EARNINGS PER EQUITY SHARE :		
Earning per Share : (Face Value of ₹ 5/-)		
Net Profit after Taxation	833,139,425	585,868,583
Number of Shares Issued and Subscribed	43,653,060	43,653,060
Basic and Diluted	19.09	13.42

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :**

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
NOTE '28' : CONTINGENT LIABILITIES :		
Contingent Liabilities not provided for in respect of :		
a) Claims against the Company not acknowledged as debts	2,718,858	2,718,858
b) Excise & Service Tax Demands - Matter under dispute	25,128,296	29,483,533
c) Customers' Bill Discounting	411,325,445	547,855,470
d) Iron Ore Supplier - Rate Difference Claim - Disputed	255,198,766	255,198,766
e) Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	33,487,315	33,487,315
f) Others	1,404,328	1,404,328
NOTE '29' : CAPITAL AND OTHER COMMITMENTS :		
1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	253,475,203	247,808,935
2. Other Commitments on account of :		
Purchase of Raw Material through E-Auction	157,918,056	53,455,500
Supply of Gases - Minimum Take Over Price	855,452,790	923,619,906
TOTAL	<u>1,266,846,049</u>	<u>1,224,884,341</u>
NOTE '30' : CIF VALUE OF IMPORTS :		
CIF value of Imports :		
Direct imports only : (including goods in Bonded Warehouse, if any)		
i) Raw material :		
- Coke / Coke Fines	1,824,636,288	2,183,597,206
- Coal	117,546,175	122,934,808
- Ferro Alloys	327,948,515	247,709,763
ii) Goods Traded in :		
- Coal	64,622,700	—
- Coke Fines	—	76,671,451
iii) Capital Goods	363,239,001	17,211,811
NOTE '31' : EXPENDITURE IN FOREIGN CURRENCY :		
Interest	68,512,990	76,460,958
Travelling	245,473	—
Commission & Brokerage	—	53,642
Others	281,222	390,227
NOTE '32' : EARNINGS IN FOREIGN CURRENCY :		
FOB value of Exports	332,038,887	242,560,197

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
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	49,941,460	136,631,618
Assets	—	—
ii) Recognised in the Statement of Profit and Loss :		
a) On settlement / revolarisation of borrowings as part of 'Finance Cost'	180,629,773	47,439,251
b) On open forward contracts at the close of the year as part of 'Finance Cost'	(94,836,859)	75,891,659
c) On settlement of other transactions as a part of 'Other Income / Other Expenses'	2,614,055	8,648,237

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, 2015	31st March, 2014
i) Forward Contracts	USD	Buyer's Credit	—	27,795,111
	USD	Sale	—	—
	USD	Interest	—	—

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

B) Import / Exports not hedged :

Nature of Instrument	Currency	31st March, 2015	31st March, 2014
i) Buyer's Credit	USD	3,986,573	—
ii) Payables	USD	11,189,080	—
iii) Receivable	USD	804,614	1,249,596
iv) Interest	USD	19,229	15,434
v) Loan	USD	30,990,785	24,502,650



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

NOTE '35' : INFORMATION ON JOINT VENTURE :

i Jointly Controlled Entity :

Sr. No.	Name of the Company	Country of Incorporation	Percentage of ownership interest	
			2014-15	2013-14
1	Hospet Steels Limited	India	49.99%	49.99%

	2014-15 ₹	2013-14 ₹
ii Share of the Company in the contingent liabilities incurred by jointly controlled entity	—	—
iii Share of the Company in capital commitments which have been incurred jointly with the venture	—	—
iv Interest in Equity and Liabilities, Assets, Income and Expenses with respect to Jointly Controlled Entity are as below :		

	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
Equity and Liabilities :		
Shareholders Funds	(2,548,673)	(4,883,362)
Non Current Liabilities	4,367,092	3,914,520
Current Liabilities	79,140,437	79,820,018
Assets :		
Fixed Assets (net)	3,202,885	6,101,787
Deferred Tax Assets (net)	2,112,749	2,280,202
Long Term Loans & Advances	150,350	938,535
Current Assets	75,492,872	69,530,652
	2014-15 ₹	2013-14 ₹
Income :		
Other Income	3,500,445	433,286
Reimbursement of Expenses	525,389,145	442,821,409
Expenses :		
Employee Benefits expense	267,221,855	230,469,237
Other Expenses	255,202,695	213,795,933
Finance costs	97,253	22,418
Depreciation & amortisation expense	2,950,417	865,159
Provision for Taxation	915,228	—
Deferred Tax	167,454	(547,065)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :

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

Name of the Related Party and nature of relationship	Nature of Transactions	2014-15		2013-14	
		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 Preference Shares subscribed Contribution to Equity (1,000,000 shares of ₹ 10/- each) Preference Shares (4,100,000 shares of ₹ 10/- each) Preference Shares (41,083,500 shares of ₹ 10/- each)	— 410,835,000 — — —	— — 10,000,000 41,000,000 410,835,000	19,332,309 — — — —	385,769,530 — 10,000,000 41,000,000 —
B) Joint Venture :					
Hospet Steels Limited	Reimbursement of Expenses Contribution to Equity (124,997 shares of ₹ 10/- each)	626,949,477 —	(69,132,219) 1,249,970	556,653,808 —	(72,541,224) 1,249,970
C) Companies under Common Control :					
1. Bharat Forge Limited	Sales (net of rejections) Purchases Interest paid on Trade Advance Reimbursement of Expenses Paid Rent Paid Trade Advance received	4,133,164,547 19,130,514 22,500,000 403,766 126,000 —	707,720,334 (7,232,359) — — — 770,000,000	3,187,388,281 7,801,073 22,500,000 473,336 268,850 125,000,000	294,165,068 (1,643,693) — (362,942) — 770,000,000
2. Kalyani Carpenter Special Steels Private Limited	Sales (net of rejections) Purchases Conversion Charges paid Machinery Hire Charges paid Reimbursement of Expenses paid Interest received on ICD Reimbursement of Expenses received Inter Corporate Deposit given Inter Corporate Deposit Refund	174,142,250 18,817,478 120,386,310 — 1,554,766 3,951,109 22,908 350,000,000 (350,000,000)	23,584,773 (75,569,084) — — — — — — —	404,353,457 23,947,166 30,516,272 874,000 1,705,499 5,140,410 107,538 175,000,000 (175,000,000)	190,736,612 (5,630,135) (30,991,900) — (325,532) — — — —
3. Kalyani Investment Company Limited	Dividend Received on 14% Preference Shares Reimbursement of Expenses received Management and administrative Services received Interest Paid on ICD 14% Preference Shares (18,600,000 shares of ₹ 10/- each) Inter Corporate Deposit given Inter Corporate Deposit Refund	— 41,956 — 20,224,800 4,178,062 — 207,000,000 (207,000,000)	— 23,557 5,056,200 — — — — —	10,630,027 — 20,224,800 1,197,249 — (186,000,000) 183,700,000 (183,700,000)	— — — (1,077,524) — — — —
4. BF Investments Limited	Dividend Paid on equity shares	51,157,263	—	25,578,632	—
D) Key Managerial Personnel and their relatives :					
1. Mr.R.K Goyal Managing Director	Remuneration	48,692,300	(15,330,861)	41,006,600	(11,122,416)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (continued) :****NOTE '37' :** 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, 2015	31st March, 2014	2014-15	2013-14	31st March, 2015	31st March, 2014
	₹	₹	₹	₹	₹	₹
Associates :						
Kalyani Mukand Limited	—	—	—	—	10,050,000	10,050,000
Hospet Steels Limited	—	—	—	—	1,249,970	1,249,970
Lord Ganesha Minerals Private Limited	—	385,769,530	410,835,000	399,537,756	461,835,000	51,000,000
Other Companies * \$						
India International Infrastructure Engineers Limited						
	—	300,000	300,000	300,000	—	—
Advances in the nature of loans * \$						
KSL Group Welfare Trust						
	—	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.

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' :

During the year, the Company has given a Donation of ₹ 2 Crore to a Political Party viz. Bharatiya Janata Party.

NOTE '40' :

Corporate Social Responsibility Expenditure (CSR) amounting to ₹ 2,651,640/- is shown below in major head.

(a) Gross amount required to be spent by the Company during the year ₹ 9,975,704/-

(b) Amount spent during the year on :

Sr. No.	Particulars	In Cash ₹	Yet to be paid in Cash ₹	Total ₹
1	Construction / acquisition of any asset	—	—	—
2	On purposes other than (1)	2,651,640	—	2,651,640

NOTE '41' :**Previous Year Figures :**

Previous year figures have been regrouped and reclassified wherever necessary to make them comparable with current period.

As per our attached Report of even date

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Mrs.D.R. Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : 21st May, 2015

Pune
Date : 21st May, 2015



KALYANI

DRIVING INNOVATION

KALYANI STEELS LIMITED

MUNDHWA, PUNE - 411 036
MAHARASHTRA, INDIA.

KALYANI STEELS LIMITED

CIN : L27104MH1973PLC016350

Registered Office : Mundhwa, Pune 411 036

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

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



KALYANI

NOTICE

NOTICE is hereby given that the FORTY-SECOND Annual General Meeting of the Members of Kalyani Steels Limited will be held on Thursday, the 13th day of August, 2015, at 11.00 a.m. (I.S.T), at the Registered Office of the Company at Mundhwa, Pune - 411 036, to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Amit B. Kalyani (DIN 00089430), who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the resolution passed by the members at the Forty-First Annual General Meeting held on 5th September, 2014, the Company hereby ratifies the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration No.101118W), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the Forty-Third Annual General Meeting of the Company to be held in 2016, on such remuneration plus service tax thereon and reimbursement of out of pocket and travelling expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors based on the recommendation of the Audit Committee."

SPECIAL BUSINESS

4. Appointment of Mrs.Sunita B. Kalyani as a Director

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

"RESOLVED THAT Mrs.Sunita B. Kalyani (DIN 00089496) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 30th March, 2015 and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 ("Act") and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. Appointment of Mr.C.G. Patankar as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr.C.G. Patankar (DIN 00136573), who has submitted a declaration that he meets the criteria for independence as prescribed in Section 149(6) of the Act and Clause 49 of the Listing Agreement and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from 13th August, 2015 to 12th August, 2020."

6. To approve the Remuneration of the Cost Auditors

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded for the payment of remuneration of ₹ 500,000/- (Rupees Five Hundred Thousand only) (plus Service Tax at the applicable rates and reimbursement of out of pocket expenses) to Company's Cost Auditors, M/s.S.R. Bhargave & Co., Cost Accountants, Pune, for auditing the cost records maintained by the Company for the financial year ending 31st March, 2016."

By Order of the Board of Directors
For Kalyani Steels Limited

Pune
21st May, 2015

Mrs. Deepti R. Puranik
Company Secretary

NOTES :

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

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

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business under Item Nos.4 to 6 of the Notice to be transacted at the Annual General Meeting is annexed hereto.

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

4. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details, ECS details etc. to their respective Depository Participants and those holding shares in physical form are to intimate the said changes to the Registrar and Transfer Agent of the Company, at their address given below.

5. The Share Transfer Books and the Register of Members of the Company will remain closed on Thursday, 13th August, 2015 as an Annual Closure for Annual General Meeting.

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

7. Dividends which remain unencashed / unclaimed over a period of 7 years will have to be transferred by the Company to the Investor Education and Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim by the shareholders shall lie for the unclaimed dividend transferred by the Company to IEPF. Pursuant to the provisions of the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of the unclaimed amounts lying with the Company as on 5th September, 2014 (date of last Annual General Meeting) on the website of the Company (www.kalyanisteels.com).

8. Equity Shares of the Company are under compulsory demat trading by all investors. Those



shareholders, who have not dematerialised their shareholding, are advised to dematerialise the same to avoid any inconvenience in future.

9. Brief Profile of Directors proposed to be appointed / re-appointed, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in dematerialised form are therefore requested to submit their PAN to the Depository Participants with whom they are maintaining the demat account. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent of the Company, at their address given below.
11. The Ministry of Corporate Affairs (MCA), Government of India, had taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and had issued circulars stating that service of notice / documents including Annual Report can be done by e-mail to its members.

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

The Notice of the Annual General Meeting along with the Annual Report 2014-15 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company /

Depositories, unless any member has requested for the physical copy of the same.

12. Voting through Electronic Means :

- i) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members, holding shares as on 6th August, 2015 being the Cut-off date, facility to exercise their right to vote at the Forty-Second Annual General Meeting (AGM) by electronic means and the business shall be transacted through e-voting Services. The facility of casting the votes by members using the electronic voting system from a place other than the venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The remote e-voting rights of members / beneficial owners shall be reckoned on the Equity Shares held by them as on 6th August, 2015, i.e. Cut-off date for the purpose.

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

- A) Member receiving an e-mail from NSDL (for members whose e-mail IDs are registered with the Company / Depository Participant(s)):
- Open e-mail and open PDF file viz. "kalyanisteels e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and Password / PIN for remote e-voting. Please note that the password is an initial password.
 - Launch internet browser by typing the URL : <https://www.evoting.nsdl.com>
 - Click on Shareholder Login
 - Put User ID and Password as initial Password / PIN noted in Step (i) above. Click Login.

- e) Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f) Home page of remote e-voting opens. Click on remote e-voting : Active Voting Cycles.
 - g) Select "EVEN" (e-voting Event Number) of "Kalyani Steels Limited."
 - h) Now you are ready for remote e-voting as Cast Vote page opens.
 - i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - j) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - k) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - l) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to evoting@kalyanisteels.com with a copy marked to evoting@nsdl.co.in
- B) Member receiving physical copy of the Notice of AGM (for members whose e-mail IDs are not registered with the Company / Depository Participant(s) or members requesting physical copy) :

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

e-voting Event Number ("EVEN")	USER ID	PASSWORD
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- ii) Please follow all steps from Serial No.A(b) to Serial No.A(l) above, to cast vote.
- C) i) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 6th August, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and Password for casting vote. If you forgot your Password, you can reset your Password by using "Forgot User Details / Password" option available on www.evoting.nsdl.com or contact NSDL at the toll free No.1800-222-990.
- ii) In case of any queries, you may refer the Frequently asked Questions (FAQs) for Shareholders and e-voting user manual for shareholders available at the Downloads Section of www.evoting.nsdl.com or call on toll free no. 1800-222-990.
 - iii) If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for casting your vote.
 - iv) You can also update your mobile number and E-Mail ID in the user profile details of the folio which may be used for sending future communication(s).
 - v) The e-voting commences on Monday, 10th August, 2015 (9.00 a.m.) and ends on Wednesday, 12th August, 2015 (5.00 p.m.). During this period members of



the Company, holding shares either in physical form or in dematerialised form, as on cut-off date of 6th August, 2015, may cast their vote(s) electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote is cast by the member, the member shall not be allowed to change it subsequently.

- vi) The voting rights of members shall be in proportion to shares held by them as on the cut-off date viz. 6th August, 2015.
- vii) The facility for voting, either through electronic voting system or ballot paper shall also be made available at the Annual General Meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting.
- viii) The members who have cast their vote by remote e-voting prior to meeting may also attend the meeting but shall not be entitled to cast their vote again.
- ix) Mr.S.V. Deulkar, Partner of SVD & Associates, Company Secretaries (Membership No. FCS 1321 & CP No. 965) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- x) The Scrutinizer shall immediately after conclusion of voting at Annual General Meeting, first count, the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses

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

13. For members who wish to vote using Ballot Paper :

Pursuant to Clause 35B of the Listing Agreement, Members who do not have access to remote e-voting facility may fill in the Ballot Paper enclosed with the Notice (a copy of the same is also part of the soft copy of the Notice) and submit the same in a sealed envelope to the Scrutinizer appointed by the Board of Directors of the Company, Mr.S.V. Deulkar, Partner of SVD & Associates, Company Secretaries, at C/o Kalyani Steels Limited, Secretarial Department, Mundhwa, Pune - 411036 so as to reach not later than 12th August, 2015 by 5:00 p.m. Ballot Paper received after this date will be treated as invalid.

14. A member shall opt for only one mode of voting i.e either through remote e-voting or by Ballot Paper. If the member casts vote through both the modes, the votes in the electronic system would be considered and the Ballot Paper would be ignored.

15. The results of voting along with the Scrutinizer's Report shall be placed on the Company's website www.kalyanisteels.com and on the website of NSDL with three (3) days of passing of the resolutions at the Annual General Meeting of the Company and shall be communicated to the Stock Exchanges.

Registrar & Transfer Agent

LINK INTIME INDIA PRIVATE LIMITED

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

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

E-mail : pune@linkintime.co.in

ANNEXURE TO THE NOTICE

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

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out, the material facts relating to Special Business mentioned under Item Nos. 4 to 6 in the accompanying Notice dated 21st May, 2015

ITEM NO.4

Mrs.Sunita B. Kalyani was appointed as an Additional Director on the Board of Directors of the Company, with effect from 30th March, 2015, in exercise of the powers conferred to the directors under Article 148 of the Articles of Association of the Company. By virtue of the provisions of Section 161 of the Companies Act, 2013, Mrs.Sunita B. Kalyani, would be holding office as Director only upto the date of this Annual General Meeting.

Notice in writing has been received from a member of the Company along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013, signifying his intention to propose Mrs.Sunita B. Kalyani as candidate for the office of Director. The resolution for her appointment as a Director, liable to retire by rotation, is recommended for approval of the members.

Profile of Mrs.Sunita B. Kalyani, as required by the Corporate Governance Code (Clause 49 of the Listing Agreement), is provided in the report on Corporate Governance.

Mrs.Sunita B. Kalyani, being appointee may be regarded as concerned with or interested in the resolution. Except Mr.B.N. Kalyani, Chairman and Mr.Amit Kalyani and Mr.S.M. Kheny, Directors, none of the Directors / Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the resolution set out at Item No.4 of the Notice.

ITEM NO.5

Pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, it is proposed to appoint Mr.C.G. Patankar, as an Independent Director of the Company for a term of 5 (five) consecutive years from 13th August, 2015 to 12th August, 2020.

The Company has received a declaration in writing from Mr.Patankar that he meets the criteria of independence as provided in sub-Section (6) of Section 149 of the Act and Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr.Patankar fulfill the criteria specified in the Companies Act, 2013 and rules made thereunder and Clause 49 of the Listing Agreement for his appointment as an Independent Director of the Company. The Board also considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director on the Board of the Company.

The Company has received notice in writing from member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr.Patankar as an Independent Director of the Company.

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

Profile of Mr.Patankar, as required by the Corporate Governance Code (Clause 49 of the Listing Agreement), is provided in the report on Corporate Governance.

Except Mr.Patankar being appointee, none of the Directors / Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the resolution set out at Item No.5 of the Notice.

ITEM NO.6

The Board of Directors at their meeting held on 21st May, 2015, based on the recommendation of the Audit Committee, had appointed M/s.S.R. Bhargave & Co., Cost Accountants, Pune, as Cost Auditors of the Company for auditing the cost records maintained by the Company for the financial year ending 31st March, 2016, at remuneration of ₹ 500,000/-



KALYANI

(Rupees Five Hundred Thousand only) plus Service Tax at the applicable rates and reimbursement of out of pocket expenses.

Pursuant to the provisions of Section 148 and any other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. The Board recommends the resolution set out at Item

No.6 of the Notice, for the approval of the members of the Company.

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

By Order of the Board of Directors
For Kalyani Steels Limited

Pune
21st May, 2015

Mrs. Deepti R. Puranik
Company Secretary

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KALYANI STEELS LIMITED

CIN : L27104MH1973PLC016350

Registered Office : Mundhwa, Pune 411 036

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

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



KALYANI

PROXY FORM

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

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

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

- (1) Name Address.....
E-mail ID Signature or failing him / her
- (2) Name Address.....
E-mail ID Signature or failing him / her
- (3) Name Address
E-mail ID Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Forty-Second Annual General Meeting of the Company, to be held on Thursday, the 13th day of August, 2015 at 11.00 a.m. at the Registered Office of the Company at Mundhwa, Pune - 411 036 and at any adjournment thereof in respect of such resolutions as are indicated below :

Item No.	Resolution (For details, refer Notice of Forty-Second Annual General Meeting dated 21st May, 2015)	Vote *(Optional See Note 4)		
		For	Against	Abstain
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 and the reports of the Board of Directors and Auditors thereon.			
2.	Appointment of Mr.Amit B. Kalyani, as a Director, who retires by rotation, and being eligible, offers himself for re-appointment.			
3.	Ratification of Appointment of M/s.P.G. Bhagwat, Chartered Accountants, Pune as Auditors of the Company			
4.	Appointment of Mrs.Sunita B. Kalyani as a Director			
5.	Appointment of Mr.C.G. Patankar as an Independent Director			
6.	To approve the Remuneration of the Cost Auditors			

Signed this day of 2015

Signature of member :

Please affix
Revenue
Stamp

Signature of Proxy holder(s) :

(Please refer Instructions overleaf)

Notes :

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

KALYANI STEELS LIMITED

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



BALLOT PAPER (In lieu of remote e-voting)

Sr. No.	Particulars	Details
1	Name of the First Named Shareholder	
2	Postal Address	
3	Registered Folio No. / * DP ID & Client ID	
4	Class of Shares	

(*Applicable to investors holding shares in dematerialised form)

I/We hereby exercise my/our vote in respect of Ordinary Resolution(s) enumerated below, by recording my/our assent or dissent to the said Resolution(s) in the following manner :

No.	Item Description (For details, refer Notice of Forty-Second Annual General Meeting dated 21st May, 2015)	No. of Equity Shares held	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 and the reports of the Board of Directors and Auditors thereon.			
2.	Appointment of Mr.Amit B. Kalyani, as a Director, who retires by rotation, and being eligible, offers himself for re-appointment.			
3.	Ratification of Appointment of M/s.P.G. Bhagwat, Chartered Accountants, Pune as Auditors of the Company			
4.	Appointment of Mrs.Sunita B. Kalyani as a Director			
5.	Appointment of Mr.C.G. Patankar as an Independent Director			
6.	To approve the Remuneration of the Cost Auditors			

Place : _____

Date : _____

Signature of the Shareholder(s)

(Please refer instructions overleaf)

INSTRUCTIONS

1. Members may fill up the Ballot Paper by placing the Tick (✓) Mark at the appropriate box above and submit the same in a sealed envelope to the Scrutinizer, Mr.S.V. Deulkar of SVD & Associates, Company Secretaries, C/o Kalyani Steels Limited, Secretarial Department, Mundhwa, Pune - 411 036 so as to reach not later than 12th August, 2015 by 5:00 p.m. Ballot Paper received thereafter will be treated as invalid.
2. The Company will not be responsible if the envelope containing the Ballot Paper is lost in transit.
3. Unsigned, incomplete or incorrectly ticked Ballot Papers are liable to be rejected and the decision of the Scrutinizer on the validity of the Ballot Papers will be final.
4. In the event member casts his votes through both the processes i.e. remote e-voting and Ballot Paper, the votes in the electronic system would be considered and the Ballot Paper would be ignored.
5. The right of voting by Ballot Paper shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the Registrar & Transfer Agent of the Company. Members are requested to keep the same updated.
7. There will be only one Ballot Paper for every Folio/ DP ID & Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Paper should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot Paper signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Paper signed by other joint holders.
9. Where the Ballot Paper has been signed by an authorised representative of the body corporate / Trust / Society etc. a certified copy of the relevant authorisation / Board resolution to vote should accompany the Ballot Paper.
10. Instructions for remote e-voting procedure are available in the Notice of Annual General Meeting and are also placed on the website of the Company.